

# A secure retirement for every Ontarian

Horwath calls for Ontario Retirement Plan to offer secure, reliable retirement option

**QUEEN'S PARK** – All Ontarians would have the opportunity to retire with the security of a decent, dependable retirement income under a new province-wide pension plan unveiled today by Ontario NDP Leader Andrea Horwath.

“No matter where they work, all Ontarians should be able to retire with dignity, security and without worry,” Horwath said. “An Ontario Retirement Plan is a sensible idea that would allow people who want to save for their retirement the chance to do so, wherever they work.”

An Ontario Retirement Plan would ensure the 65 per cent of Ontarians who lack a pension plan at work would have access to a worry-free retirement savings option that would provide secure, stable retirement income.

Horwath proposes a flexible plan that reflects the realities of today's modern workforce:

- Employees can take their pension with them when they change jobs;
- The plan protects against stock-market volatility thereby guarding against sudden drops in retirement savings; and
- Available to any working Ontarian without a workplace pension.
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Horwath and New Democrat Pensions Critic Paul Miller have been meeting with concerned retirees, private and public pension providers across Ontario .

“There are millions of people without enough retirement savings and Ontario 's government can't ignore them,” said Miller. “The federal government should be moving now to expand the Canada Pension Plan – but the McGuinty Liberals can't sit on the sidelines and wait.”

Susan Eng of the Canadian Association of Retired People echoed Horwath's call. “This is a sensible, modern plan that is an important first step to ensuring a decent retirement income for everyone. This plan would offer a flexible, secure retirement savings option to all Ontarians, who presently lack a workplace pension plan.”

“Ontarians have told us they want a retirement savings plan that will let them retire with security, dignity and the quality of life they've worked hard to build,”

Horwath said. "An Ontario Retirement Plan would open the door to a decent, dependable retirement income for every Ontarian."

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### **How an Ontario Retirement Plan would work**

- An Ontario Retirement Plan (ORP) would be a "targeted" benefit plan with partial cost of living indexing guaranteed. Unlike a defined contribution plan, the assets of the plan are invested for the plan as a whole, and not on an individual basis. The maximum benefit would be between \$600-\$700/month in 2010 dollars.
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### **Contributions**

Every employee not enrolled in a pension plan that matches or exceeds the benefits provided under the ORP would be automatically enrolled in the ORP. All automatically enrolled employees would be able to opt out individually. All employees that have opted-out could opt back in any time they want. Employers would be expected to contribute to the new plan – just as they contribute to the Canada Pension Plan. The full contribution rate would be phased in over time to minimize burdens on business. The full contribution rate for employees would be phased in over a five year period.

### **Governance and Administration**

Large Ontario public sector pension funds such as OMERS, the Ontario *Teachers' Pension Plan*, the *Hospitals of Ontario Pension Plan* have an outstanding track record in both investing and accountability to members and should take a role in administering the plan.

The plan would have an independent governance structure set out in provincial enabling legislation. Representation on the governing board would be broadly representative of Ontario society and have the requisite financial expertise required to govern a large fund of this kind.

Existing smaller plans would be allowed to collapse into the plan by using plan assets to buy past service credits for members.