

## **Pension shortfall hits middle class**

About 20 to 25 per cent of Canadians are not saving enough to provide an adequate retirement income, says the chief economist of TD Bank Financial Group.

One of the ironies of that statistic is that these pension laggards fall into the middle class group of those who earn \$30,000 to \$80,000 a year, Craig Alexander said Thursday in Kitchener.

Every Canadian should have a pension that replaces 60 to 70 per cent of their employment income, Alexander said in an interview. Canadians earning more than \$80,000 can generally take care of themselves, while those earning below \$30,000 can replace much of that with a variety of government pension supplements, he said.

It's that middle group that poses one of the biggest challenges, he noted.

Alexander was in Kitchener to attend a roundtable discussion chaired by Ontario Finance Minister Dwight Duncan on ways to improve Canada's retirement income system. About 30 business, labour and pension experts met with Duncan behind closed doors.

It's the last of a handful of meetings Duncan is holding across the province in preparation for a meeting of finance ministers in Prince Edward Island on the weekend of June 12-13 to look at Canada's retirement income system.

While Canada's pension system is not in crisis at the moment, issues such as pension solvency, volatile financial markets, inadequate savings by some individuals and a decrease in the number of workers with defined benefit plans that provide a fixed source of income all mean we can't afford to be complacent, Alexander said.

A variety of options have been trotted out, such as raising Canada Pension Plan contributions, supplementing CPP benefits, raising the age at which retirement savings plans can be cashed in, offering better protection for defined benefit plans or more incentives to set up defined contribution plans, he noted.

"I don't think there is a black and white answer to this one," he said of the retirement income dilemma.

In any case, politicians need more data, and people need more access and knowledge about how to improve their pension coverage, Alexander said. Solutions could come from either the public or private sectors, he added, noting "I am an agnostic on that issue."

He would like to see financial literacy courses on such issues as savings, debt, mortgages and pensions taught in school as early as Grade 8.

In an interview prior to the roundtable meeting, Duncan said that with only about 30 per cent of Canadians covered by private pension plans and more baby boomers heading into retirement, governments need to act so that pension obligations don't cut into health-care spending and other public-sector needs.

The province has already passed one bill on pension reform that addresses some of the less contentious issues, but Duncan said he is planning more legislation in the fall to address more serious issues such as the regulation of defined benefit plans.

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