Province of British Columbia

Canada Pension Plan Engagement Project

Public Feedback Analysis Report

10/3/2016
Executive Summary:

The Canada Pension Plan Enhancement Engagement was launched on July 15, 2016, and continued through the summer. This summary is current as of Oct. 3, 2016.

Citizens and stakeholders were invited to send their feedback on enhancements to the Canada Pension Plan by emailing CitizenEngagement@gov.bc.ca. To help inform the public, an engagement website was created outlining the changes, the timeline, and what the changes would mean for employees, employers and the general public. This report has been prepared to assist the Minister of Finance in understanding the themes and stories that were received during the engagement.

Analysts were able to discern responses prompted by a number of stakeholder groups. Groups of note were the Canada Labour Congress (CLC), the Canadian Federation of Independent Business (CFIB), Canada Taxpayer Federation (CTF), and the Canadian Association of Retired Persons (CARP).

This engagement followed the typical flow of input that the Citizen Engagement Team\(^1\) encounters with projects this size. That is, the most traffic to the website and feedback submitted was in the first week after launch, followed by a quieter period through the “middle” of the project. At this point, a roughly 2:1 ratio of website visits to feedback received has been observed. This is a fairly high number of responses received compared to website views. As of Oct. 3, 2016, there were 6,268 site visits. The most popular pages on the website have been the Home Page (4,803 visits), General Information (2,491 visits), and For Employees (436 visits).

Demographics:

To determine the demographics of email feedback, we rely on the citizens who included key gender, age or geographic information in their emails. This means we cannot report accurately on the age, gender, or location of participants, but we can describe trends based on the number of people who have self-reported key demographic information.

There was a fairly even split of men and women based on the names of the responders. Some included “both my husband/wife and I” in their feedback, as well some would refer to themselves in their familial position e.g.: mother, father, grandmother/father, widower, single/divorced.

Those who reported their locations were predominantly from Vancouver and the surrounding area. Some of the other, larger cities named were: Victoria, Kamloops, Kelowna, Campbell River, Nanaimo, Vernon, Cranbrook, Salmon Arm, Prince George, Abbotsford, and Chilliwack. Some of the smaller, rural places named were Lake Country, One Hundred Mile House, Coldstream, Salt Spring Island, Nelson, Texada Island, Quesnel, Comox, Roberts Creek, Lumby, Savona, Invermere, Qualicum Beach, Ladysmith, Duncan, Agassiz, Castlegar and Gibsons. Based on the feedback received, we have input from across the province including northern B.C., and from our largest city (Vancouver), to a town as small as Savona, west of Kamloops, population 650.

\(^1\) The Citizen Engagement Team at Government Communications and Public Engagement supports ministries across government with best practice design, delivery and analysis of public engagement projects.
Early on in the engagement, there was a significant response from the CARP membership drawing from across Canada. Some of the places named outside of B.C. were: Toronto, Ontario; Brampton, Ontario; Hubbards, Nova Scotia; Moose Jaw, Saskatchewan; Wasaga Beach, Ontario; Halifax, Nova Scotia; Edmonton, Alberta; Mississauga, Ontario; London, Ontario; and Whitby, Ontario.

**Email Submissions:**

As of October 3, 2016 2,486 email submissions have been received. The comparison breakdown of feedback is as follows:

![Email Submissions Pie Chart]

**A. Supportive:**

There were 1,621 emails as of Oct. 3, 2016 in support of the enhancements. Of these, 842 emails were recognizable email templates originating from Canadian Labour Congress supporters. Support for the enhancements predominantly came from people already retired or close to retirement. Many spoke of the importance of the Canada Pension Plan and its continued importance for future generations. Some themes that came from these responses are as follows:

**Theme A1:** Retired people need more financial help.
The majority of people who submitted feedback supporting the enhancements were concerned with the amount of money seniors receive each month. Many felt it is not enough to survive, especially after the death of a spouse. Feedback was about current poverty among senior citizens, worry about younger generations having the spare income to save independently for retirement, and concern for seniors being forced to continue to work to survive.

**Example:**

- “*We are seeing more and more seniors living in poverty as a result of increased cost of living in this province. There are less and less employers with pension plans and this will have a devastating effect down the road. We need a CPP that will support our seniors in the future. Having seniors living in poverty will cost other government services extraordinary amounts of money in the future unless the CPP is enhanced.*”

**Theme A2:** Frustration about B.C. taking time to consult before ratification.

A large segment of people who submitted feedback supporting the enhancements expressed frustration about the delay in ratification. These responses primarily came from members of CARP. Some saw the delay as British Columbia ‘reneging’ on the federal agreement. Despite voicing support for the enhancements, they expressed frustration about the consultation process, and requested the changes be made as quickly as possible.

**Example:**

- “*Please accept this email as a message to the BC government to do the right thing and support the CPP enhancement initiative. I am so disappointed that our provincial government is standing alone in this delay.*”

**Theme A3:** Concern for/from youth about their retirement.

This theme came from people who offered their ages, or age groups in their feedback. Often this theme was expressed by elderly people who had been receiving CPP and OAS for many years, and wanted to voice their support for future generations. Elderly responders described their own difficulties, and recognized the challenges younger people face regarding cost of living, and unlikelihood of private pensions/savings being enough to complement CPP.

Younger people often described themselves as “late-20s”, “early 30s”, or as being “early in my career”. They voiced concerns about the rising cost of housing, difficulties in contributing to personal retirement savings, the trend toward contract/freelance work, and the lack of private pensions.

**Examples:**

- “*Even though I already collect CPP and will not be impacted by the change I see the strong need for the enhancement for the younger folks. With the increasing cost of living in general and*”
housing prices continuing to skyrocket it is difficult and not really realistic for low to middle income people to set up a separate pension fund.”

- “As a young Canadian, I find that many of my friends and family do not have a pension, and will rely more and more on CPP during their retirement years. That is a great concern that there will not be enough $ to support these folks when the time comes. I participate in many social media forums where I find that so many people are living at the poverty line or even below. The last thing on their mind is retirement, and they surely aren't able to afford small saving let alone an RRSP. These folks will need CPP more than ever. CPP will ensure that these folks are able to retire without fear of living in poverty.”

B. Not Supportive:

As of Oct. 3, 2016, there were 764 emails received expressing opposition to the enhancements. Many contained identical or similar language meaning that this was likely suggested wording from a CFIB letter-writing campaign. In contrast to the group voicing support for the enhancements and frustration about B.C. taking time to consult, the group who were unsupportive overwhelmingly praised the consultation process. This included a number of emails from citizens of other provinces praising B.C. for being one of the only provinces to consult the public before ratifying.

Theme B1: CPP Enhancements will cause businesses to reduce staff and staff-related costs.

The suggested wording seen repeatedly came from the perspective of small business owners around British Columbia with concerns about staffing costs, and ultimately the cost of running their business, should the CPP contributions be raised. Below is an example of the suggested wording set out by the CFIB.

Example:

- “I am not only a resident of British Columbia, but I also employ 10 British Columbians in my business. If the CPP increase goes ahead, it will force me to consider freezing wages, reducing work hours for my staff, and could even lead to layoffs.

  We urge you to listen to the voice of small business owners and to once and for all reject the proposed CPP expansion. It’s never too late to do the right thing!”

Theme B2: CPP Enhancements are a tax-hike that will financially strain Canadians.

Feedback about this theme is attributed to the Canada Taxpayers Federation. This theme presented most often with skepticism that government does not invest and distribute CPP contributions wisely. The Canada Taxpayers Federation urged their supporters to send in feedback in opposition to the
enhancements. Although there was no suggested language used in the feedback, most emails referred to the enhancements as a ‘tax’ or ‘tax grab’. Some contributors described their personal tax burden as too great, and that the CPP enhancements weren’t necessary or available in their budget.

Example:

• “The CPP hike is not necessary. It’s a tax grab designed to make people more reliant on government and will have terrible unintended consequences”

Theme B3: CPP Enhancements will prevent citizens from contributing to their personal retirement savings.

This theme was often presented alongside Theme B2. Many of the unsupportive emails voiced concerns that Canadians should be saving for their retirement themselves, that government shouldn’t be trusted with citizens’ retirement savings and that the CPP enhancement would mean less money available to contribute to their personal retirement savings.

Example:

• “As a Financial Planner, I see firsthand how important it is to save toward future retirement needs, and how valuable the current government benefit plans, including CPP, OAS and GIS are to average Canadians. However, I disagree with the suggestion that an "Enhanced CPP" will provide sufficient benefit to make a real difference. The registered savings plans currently in place, namely RRSPs and TFSAs can provide a better option for Canadians, and would not have the detrimental effect of dramatically increasing premiums to employees and employers alike.”

Theme B4: Concern for surviving family/estate after death of a retiree/CPP contributor.

Examples of input expressing concern about surviving family or estate after the death or a retiree contained differing information on the CPP policy about surviving spouses and their entitled benefits. To summarize, all those mentioning this issue were unsupportive of the enhancements and instead in favour of private retirement savings.

Examples:

• “Consider that a man and wife pay in to the CPP all their lives, and then one of them dies and the CPP pays only half of the pension of the deceased spouse to the surviving spouse. In other words, the government deems it necessary to confiscate the contributions of the deceased spouse thereby reducing the surviving spouse’s income.”
“...Also, there is no survival clause for CPP so that those who contribute to CPP for example for 30 years and die before they can collect cannot leave what they contributed to their estate. Spouses are given compensation but those who are single are not. This is wrong. If people invested in TSFAs and RRSPs they would be further ahead in the long run.”

Of Interest:

There were over 20 emails received as of Oct. 3, 2016, considered to be more thoroughly researched or identified unique points. These were categorized and sent on to the Ministry of Finance ahead of this report.

Some of these were letters sent on behalf of stakeholder organizations like the Public Service Pension Board of Trustees, the Teachers’ Pension Plan Board of Trustees and the College Pension Plan Board of Trustees. Most ideas in this series of emails weren’t repeated often enough to be considered a theme, on the contrary, were points rarely mentioned by the vast majority of citizens providing feedback. Some of the ideas presented were as follows:

- Pension reform is overdue and does not serve today’s workforce as it was created 50 years ago.
- Evidence shows increasing pension contributions does not impact unemployment rates.
- Statistical research presented on international and historical pension plans and their Canadian translation.
- Alternate suggestions for enhancing CPP by changing certain tax policies for wealthy citizens, RRSP/RRIF savings after death, mortgage interest, and capital gains.
- Concerns for people who are self-employed taking on a larger contribution burden.
- Requests to make CPP optional.

Examples:

- I have been reading about the new enhanced CPP program, and I do have some concerns about these proposed changes. The current CPP program is not meeting the needs of the Canadian working citizens and by introducing the same type program but increasing the rate, I do not understand how this will address the real concern which is having people save for their future. The underlying question is why don’t people save for their future? There are only two real reasons; they can’t afford to or don’t realize the fact that they should. If you want people to save for their future, then create a plan where to reduce taxes and create a program to encourage people to save in RRSPs. Will employees have the option of opting out and selecting alternative options for managing their own money or will CPP be mandatory? This is just another form of taxation under the guise of helping Canadian workers.
- I have reviewed details of the proposed CPP enhancements. Based on my scholarly study of this issue over several years, I believe that enhancing CPP retirement benefits (along with the concomitant premium hikes needed to finance the reform) would serve well the interests of future generations of Canadian workers. In fact, I believe that the proposed hikes to the
earnings replacement rate and the yearly maximum pensionable earnings are extremely modest, and that enhancement closer to the levels planned in the Ontario Retirement Pension Plan would have been preferable.

All well-grounded empirical analysis of the impact of premium rate increases (when combined with offsetting benefit increases) suggests that the feared adverse employment effects (touted by the small-business advocacy organizations) are overblown. This is particularly the case for the modest premium rate hikes being phased in with both delay and extended over several years. I have undertaken an extensive scholarly study of payroll taxes, published by the Canadian Tax Foundation: J.R. Kesselman, "General Payroll Taxes: Economics, Politics, and Design." My earlier scholarly study on this topic, undertaken by commission from the University of Calgary's School of Public Policy, is available for online download: http://www.policyschool.ca/wp-content/uploads/2016/03/kesselman-cpp-online.pdf In short, I support the proposed enhancements even though I would have preferred more ambitious enhancement.

Thank you for the opportunity to provide comment on the proposed CPP reforms.

- As a person who has the benefit of pension plan, I can say that I have benefitted by the deductions each pay for my pension plan. I had no choice in this and now that I am retired I REALLY appreciate that these payments were made. I can now enjoy the benefits of this pre-planning on my employer and former union.

I remember how as a young person I complained about this and felt that I could better invest these monies. However, I now compare my situation with my peers who worked for employers and work places were pension plans are not available. They did not choose to submit a significant portion to a retirement plan and now are greatly concerned about how they will support themselves. They also hold a great deal of resentment towards those of us who now benefit from our benefit plan. This shows itself in negative comments directed at public service pension plans (teachers, government workers, crown corporations, etc.).

Increases to CPP contributions have not kept up to inflation and unless something is done soon many who are now in their 30’s and 40’s will have a very difficult time in their senior years.

**Unclear:**

Forty-five emails were received that were difficult to categorize. The majority of these emails were passionate pieces of feedback without clear, defined support or opposition to the enhancements. Often these would be formulated as suggestions for alternative changes to support retirees, or frustrations about running a small business in B.C. A few also discussed frustrations about immigration, the federal government, and specific politicians. Below is an example of an email categorized as “unclear”:

**Example:**

- To Whom It May Concern,
  There is a dire need to increase the financial support to a portion of existing retired Canadians as well as to many of those who will become retired in the future. How to do this fairly, equitably &
objectively without compensating those who do not have a demonstrated need for additional assistance is a major challenge.
The other issue is finding the funding to provide this increased assistance without crippling the populace with increased taxes which are already too high or increasing the national debt load.
Sincerely, Gary

Summary

Minister of Finance Michael de Jong committed to consulting British Columbians before making a decision on the ratification of the Canada Pension Plan Enhancements. During this engagement, almost 2,500 people contributed their feedback by email. There were many ideas, opinions, personal stories, suggestions and requests received, and all were read, categorized and forwarded onto of the Ministry of Finance. The vast majority of feedback (roughly 65%) was supportive of the enhancements.

A number of emails gathered can help tell the overall story of the feedback received. The majority of feedback received came from senior citizens and was overwhelmingly supportive of the enhancements. Feedback from other demographics typically self-described their age/age group, the stage of their career (early on, or near-retirement), or membership to a specific group of people (union, self-employed, contractor, business owner). These descriptions are helpful in creating a story, or series of stories about the citizens who provided feedback. The following are some examples:

Examples:

- I am deeply concerned about the changes to CPP, and feel that not enough information has been provided for me to form a proper opinion.
  I am specifically worried that the new changes might actually be a cloaked attempt to increase contributions due to a looming unfunded liability. If the reports of the Fraser Institute and the like are correct, CPP is going to run out of money while trying to pay out the coming ‘grey wave’ of retirees. If this is the case, the extra money that I will pay now will not be available for me when I retire, and I expect that there will eventually be a reduction in benefits by some unknown future government. These changes may simply be a passing of the buck (literally).
  In order for me to feel comfortable about the changes, I would need to have third party verification, preferably through a credible external audit, that there is no unfunded liability; and that these changes are really being made to help 33 year-olds like me.
  Respectfully,
  Timothy

- To Whom It May Concern,
  As a young member who is working towards a better life once I retire in X amount of years, this change would bring great possibilities to not only me but the members after me as well.
Generally we all want the same thing in life which is being financially stable once we are done working and this could give us a greater chance to get by once we are ready to settle down. A lot of Canadians depend on their CPP and I for one know I will be too once I retire down the road. Canada is already such a great place to grow up and eventually retire in and I for one would love to see Canada get a little more awesome 😊 Thank you for taking the time to listen to the people this will affect.
Meaghan

• As a senior of 75, I am aware of the problems many seniors have regarding retirement and not having enough money for necessities. A plan to help younger people to save more for a successful life after retirement is necessary at this time to make it possible to save more for a successful retirement in the future!
Sincerely, Lindsay

• We are seeing more and more seniors living in poverty as a result of increased cost of living in this province. There are less and less employers with pension plans and this will have a devastating effect down the road. We need a CPP that will support our seniors in the future. Having seniors living in poverty will cost other government services extraordinary amounts of money in the future unless the CPP is enhanced. Please deliberate quickly to resolve this issue!
Sincerely, Larry

• I fully support the Enhanced CPP. I am a small business owner and also receive CPP. There are no valid reasons for not supporting the enhancements as the impact on business and workers is minimal but the increased CPP will be a huge benefit for those workers when they retire.
John

• To My Government:
As an employer and Business owner I am totally in favor of increases to the CPP contribution ...However not by any method currently proposed. I am in support of a living wage or minimum wage increase. Minimum wage should be increased to $22.00 per hour. This would eliminate the current level of "Working Poor"... in turn this would reduce crime ... drug addiction.. suicide and reduce rates of suicide resulting from people working as hard as anyone else but still unable to provide the necessities for themselves.
This new minimum wage would automatically increase payments or CPP contributions collected without the need of increased rates. Possibly adjustments would have to be made within Governmental and Civil Service areas to level the wages earned for work done playing field. Let's stop taking it out on the low man on the pole.
Peter

• As a person who has the benefit of pension plan, I can say that I have benefitted by the deductions each pay for my pension plan. I had no choice in this and now that I am retired I REALLY appreciate that these payments were made. I can now enjoy the benefits of this pre-
planning on my employer and former union. I remember how as a young person I complained about this and felt that I could better invest these monies. However, I now compare my situation with my peers who worked for employers and work places were pension plans are not available. They did not choose to submit a significant portion to a retirement plan and now are greatly concerned about how they will support themselves. They also hold a great deal of resentment towards those of us who now benefit from our benefit plan. This shows itself in negative comments directed at public service pension plans (teachers, government workers, crown corporations, etc.).

Increases to CPP contributions have not kept up to inflation and unless something is done soon many who are now in their 30’s and 40’s will have a very difficult time in their senior years. Respectfully, Thelma