

1. **BE IT RESOLVED**

That the Saskatchewan Seniors Mechanism contact the Federal Government to urge changes in Federal legislation immediately to allow retirees who are enrolled in Defined Contribution Pension Plans to have more options for their plans such as Pooled Risk Pensions or Deferred Life Annuities.

Background

- In Saskatchewan, many retirees are enrolled in Direct Contribution (DC) Pension Plans. As it stands now, DC Plans lack one important element as retirement financial vehicles and that is that they do not actually provide pensions to retirees. It is up to the individual retirees to manage a pot of money so that it lasts for the rest of their lives and because many retirees are living longer now, they may outlive that pot of money.

- New decumulation options need to be provided for people retiring with funds in DC plans or other retirement savings. The shift away from Defined Benefit plans on Saskatchewan and across Canada means that many retiring workers are left to design and implement their own retirement financial strategies but many retirees lack the skills to take on this challenge, thus more options are needed.

- In September 2018, a number of prominent organizations in Canada (many of them with a financial focus and including CARP) signed a collective letter to the Canadian Ministers of Finance and Seniors asking that federal tax legislation be changed to enable the development of new “collective longevity risk pooling arrangements” and offering to work with the federal agencies to identify “the specific legislative and regulatory adjustments required to implement the measures proposed”. To date, there has not been a response on this matter from the federal government.

- Several decumulation options include: a) Pooled Risk Pensions with a variable payout similar to a targeted benefit plan that retirees could buy into. Such a plan provided by a DC or other group retirement plan sponsor, would provide a monthly income and significantly reduce the risk of outliving one`s pension. Monthly payments could be higher than a traditional annuity where the insurer takes all of the risk but for a cost, likely;

b) Deferred Life Annuity which would work like an insurance policy purchased at retirement to provide a guaranteed income after a set age. The pooling of longevity risk would enable the deferred life annuity to be likely offered at a low cost and the certainty of an adequate late life income which would allow the retiree to plan the use of their remaining funds. Unfortunately, federal legislation currently does not allow either option to be available for retirees.

-Considering that October 2019 will witness another Federal election and considering that a senior Cabinet Minister from the current Liberal Government (i.e. Hon. Ralph Goodale) and the Leader of the Federal Opposition (i.e. Andrew Scheer) are both Members of Parliament from Saskatchewan, this would be an opportune time for SSM to:

a) Add their name to the current campaign of letter writing to Federal Ministers and public advocacy regarding the need for changes in Federal legislation to allow pooled risk pensions and deferred life annuities;

b) Contact the Hon. Ralph Goodale and Andrew Scheer, requesting an opportunity to meet with them to obtain their support on this initiative.