IOPS COUNTRY PROFILE: CANADA

**Demographics and Macroeconomics**

<table>
<thead>
<tr>
<th>Metric</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP per capita (USD) 1</td>
<td>43,132</td>
</tr>
<tr>
<td>Population (000s) 2</td>
<td>35,152</td>
</tr>
<tr>
<td>Labour force (000s) 2</td>
<td>19,394</td>
</tr>
<tr>
<td>Employment rate (%) 3</td>
<td>61.1</td>
</tr>
<tr>
<td>Population 65 and over (%) 2</td>
<td>16.9</td>
</tr>
<tr>
<td>Dependency ratio 4</td>
<td>64.6</td>
</tr>
</tbody>
</table>

1. Calculated using GDP from Statistics Canada CANSIM table 384-0038
3. May 2016, calculated following the methodology used by Statistics Canada
4. Number of dependents per 100 workers calculated as youth (ages 0 to 19) + seniors (age 65 and older) / workers (aged 20-64).

**Canada Country Pension Design**

**Structure of the Pension System**

**Public pensions**
- Old-age security - universal flat-rate pension topped up with income-tested benefit (guaranteed income supplement)
- Tier of earnings-related benefits provided by the Canada Pension Plan (CPP) and Quebec Pension Plan

**Private pensions: occupational (voluntary)**
- Occupational registered pension plans (RPPs): trustee pension funds
- Occupational RPPs: insurance company contracts funds
- Occupational RPPs: consolidated revenue funds
- Pooled Registered Pension Plans (PRPPs)

**Private pensions: personal (voluntary)**
- Personal registered retirement savings plans (RRSPs)
- Tax Free Savings Accounts (TFSA)

Source: OECD Global Pension Statistic

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CANADA: THE PENSION SYSTEM’S KEY CHARACTERISTICS

PUBLIC PENSION

The Canada Pension Plan (CPP) provides contributors and their families with partial replacement of earnings in the case of retirement, disability or death. The CPP operates throughout Canada, except in Quebec, where the Quebec Pension Plan (QPP) provides similar benefits. The amount of CPP retirement pension is based on how much and for how long a person has contributed to the CPP.

The Old Age Security (OAS) program is the Government of Canada’s largest pension program. It is funded out of the general revenues of the Government of Canada, which means residents do not pay directly into it. The OAS pension is a monthly payment available to seniors aged 65 and older who meet the Canadian legal status and residence requirements. The current maximum monthly OAS is $578.53 CAD.

Both CPP and OAS payments are considered to be taxable income.

OCCUPATIONAL VOLUNTARY

Coverage

Employers may define categories of employees covered by a plan and may institute different plans for different categories of employees. Discrimination on the basis of age, sex, or marital status is not permitted. The self-employed are not generally covered by registered pension plans but may contribute to registered retirement savings plans. Pooled Registered Pension Plans (PRPPs), though not currently widely implemented, also allow the self-employed to contribute in some jurisdictions.

According to Statistics Canada, approximately 32.4% of the labour force was covered by a registered pension plan in 2014.

Typical Plan Design

Defined benefit plans have greatest coverage in membership/assets within Canada, although defined contribution pension plans are becoming more popular in the private sector. A typical defined benefit plan would be based on final average earnings with an accrual rate of 2% per year in the public sector and less than this in the private sector.° Defined benefit pension plans are typically integrated with Canada/Quebec pension plans (CPP/QPP) and require employee contributions.

Fees

There are no legal rules concerning fees for registered pension plans. The terms concerning payment of fees from the fund or by the employer are set forth in the plan documents.

° Statistics Canada (2016), Pension Plans in Canada Program.
**Taxation**

Employer and employee contributions are tax deductible, subject to certain limits. Contributions and earnings are tax-exempt, while retirement benefits are taxed.

**PERSONAL VOLUNTARY**

Individuals can save for their retirement on a voluntary basis through Registered Retirement Savings Plans (RRSPs). Contributions are tax-deductible and contributions and earnings are tax-deferred until amounts are withdrawn.

Individuals may also contribute on a voluntary basis through Tax Free Savings Accounts (TFSA). Contributions to a TFSA are not deductible for income tax purposes. However, any amount contributed as well as any income earned in the account (for example, investment income and capital gains) is generally tax-free, even when it is withdrawn. It should also be noted that TFSA{s} are a savings vehicle and can be used for any purpose one of which is retirement savings. TFSA{s} are also not included in the structure of the Canadian Pension Plan System for Statistics Canada’s purposes.

**MARKET INFORMATION**

**Occupational voluntary**

In December 2015 there were 6.2 million Canadian workers participating in employer pension plans and about 5.2 million were active members of trusteeed plans. Assets in these pension funds closed 2015 with a market value of CAD 1.7 trillion (USD 1.29 trillion). The remaining 1 million workers with employer pension plans were covered principally by insurance company contracts.

**Personal voluntary**

At the end of 2015 voluntary individual registered saving plans (RSP) pension assets were valued at CAD 1.1 trillion (USD 839 billion).

The detail available for individual RSPs includes deposit-type registered retirement saving plans (RRSP) in banks and life insurance products, RRSP investments in mutual funds and segregated funds, and other. This last category includes monies in locked-in retirement accounts (LIRA), locked-in life income funds (LRIF), life income funds (LIF), registered retirement income funds (RRIF), payout annuities from life insurance companies and self-directed RRSPs not included elsewhere.

**POTENTIAL REFORM**

1. OAS: Simplifying access to and delivery of benefits
2. CPP: full funding and easier access to the Canadian Pension Plan Disability
3. OAS and CPP: improvement on provisions of electronic services and penalty provisions

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REFERENCE INFORMATION

KEY LEGISLATION
http://198.103.98.49/en/showdoc/cs/C-8.3//en?page=1
-- 1985: Income Tax Act
-- 1985: Pension Benefits Standards Act
-- 1966: Legislation on the Canadian Pension Plan (CPP)
-- 1952: Old Age Security Act

KEY REGULATORY AND SUPERVISORY AUTHORITIES
-- Alberta Treasury Board and Finance: www.finance.gov.ab.ca/business/pensions/
-- British Columbia Financial Institutions Commission: http://www.fic.gov.bc.ca/
-- Canada Revenue Agency: www.cra-arc.gc.ca/menu-e.html
-- Human Resources and Social Development Canada: www.hrsdc.gc.ca/en/home.shtml
-- Newfoundland and Labrador - Deputy Superintendent of Pensions: http://www.gsnb.ca/
-- Retraite Québec: www.rrq.gouv.qc.ca/
-- Revenu Québec: http://www.revenuquebec.ca/fr/default.aspx
-- Saskatchewan – Financial and Consumer Affairs Authority: http://www.fcaa.gov.sk.ca/
KEY OFFICIAL STATISTICAL REFERENCE AND SOURCES ON PRIVATE PENSIONS


www.statcan.gc.ca/daily-quotidien/161215/dq161215d-eng.htm

-- Statistics Canada (2015), Guide to the Pension Satellite Account
www.statcan.gc.ca/pub/13-599-x/13-599-x2010002-eng.htm

- Statistics Canada (2015), Guide to the Labour force Survey
www.statcan.gc.ca/pub/71-543-g/71-543-g2016001-eng.pdf

- Statistics Canada (2016), Labour force Survey
www.statcan.gc.ca/daily-quotidien/160610/dq160610a-eng.htm

-- Statistics Canada (2016), Gross Domestic product, expenditure based
CANSIM table 384-0038,

-- Statistics Canada (2017), Age and sex, and type of dwelling data: Key results from the 2016 Census
www.statcan.gc.ca/daily-quotidien/170503/dq170503a-eng.htm