

Transcript of “Next Alberta” Alberta Pension Survey introductory video

Our next topic is creating an Alberta pension plan with the same or better benefits than the Canada Pension Plan. With a younger and more productive workforce, Alberta workers contribute about \$3 billion more each year to the Canada Pension Plan than Alberta seniors receive in benefits. Alberta has the constitutional right to exit the CPP, and if we did, federal legislation says that Alberta would be entitled to a sizable share of the CPP assets that we could use to start our own provincial pension plan, so long as we guarantee comparable pension benefits for seniors. Quebec made the decision to start its own pension plan decades ago, and they have an agreement with Ottawa so that all retirees receive their full pension benefits, whether they worked in Quebec, retired there, or some mix of both, Alberta could negotiate a similar arrangement with Ottawa if we created our own pension plan. There are more factors to consider as well. Currently, virtually all investment decisions and management of the CPP is conducted by folks working in Ottawa and Toronto rather than Alberta. While the CPP mandate is to maximize pension returns, in recent years the CPP annual reports have shown an increasing focus on emissions reductions and DEI concerns, which do not always result in the highest rate of returns for the pension plan. CPP management has also become bloated and expensive. 20 years ago, the CPP had only 150 employees, with operating costs of \$118 million. Today, it has ballooned to more than 2,100 employees with operating costs of about \$6 billion. If Alberta opted to commence its own pension plan, the fund would be managed out of Alberta by Albertans, and investments could be focused exclusively on maximizing returns rather than adjusting for carbon dioxide and DEI related objectives. With that all said, the CPP has consistently generated healthy returns and is a stable and critical source of income for seniors in Alberta and Canada. So what are the benefits of Alberta choosing to withdraw from the CPP to create its own pension plan? One, a big upfront payout. Alberta would get back a significant lump sum by exiting the CPP. The Chief Actuary in Ottawa has indicated our share would be at least \$140 billion. That's plenty to start and build a strong Alberta pension plan from Day One. Two, better benefits for seniors, lower premiums for Alberta workers. Thanks to our younger, more productive population, an Alberta pension plan could result in Alberta workers paying lower pension premiums on their paychecks, or seniors enjoying higher pension benefits, or a mix of both. Three, local control and boosting our economy. An Alberta pension plan would be managed right here at home, creating more jobs and growing Alberta's financial sector. We would also be insulated from the economic and demographic decline in Canada. Our investment decisions could also be steered clear of ideological decision making, and instead remain focused on the long-term rate of return for Alberta pensioners. But there are some risks to consider. One, uncertain payout. The CPP exit rules aren't clear in the federal legislation, and Ottawa is notoriously anti-Alberta with its decisions. So the size of the lump sum Alberta is offered could be lower than it should be. This could result in a lengthy court battle with the federal government, and it could lower our ability to increase benefit payments for seniors, or lower premiums for workers. Two, long-term risk. As with any pension plan, if the plan is mismanaged or Alberta's economy and demographics fall behind Canada, premiums would have to rise in the future in order to guarantee our seniors the same benefits they enjoy today under the CPP.

Regardless, as with Quebec, Alberta's government would still be able to guarantee that an Alberta pension plan provides the same or better benefits to Alberta seniors as they now enjoy under the CPP. Three, portability concerns. The Quebec Pension Plan and CPP have an agreement in place to ensure pensioners get the same single pension regardless of where they worked or lived in Canada during their career. Alberta would expect a similar arrangement with Ottawa, but it is not guaranteed. So, should Alberta withdraw from the CPP and use Alberta's portion of the CPP to create our own Alberta pension plan? Or should we continue with the CPP as we do now?