
NEWS RELEASE

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Ministry of Finance

B.C. unveils new pension option

VICTORIA – New legislation introduced by the B.C. government will create an important option for people to save for retirement and provide an additional financial safety net for the approximately two-thirds of B.C. workers who do not have access to group pension plans, Finance Minister Michael de Jong said today.

Following on the heels of similar legislation enacted by the federal government in December, de Jong introduced the Pooled Registered Pension Plans Act, which will make all workers in B.C. eligible to enrol in defined-contribution pension plans.

The bill is part of a national effort to make well-regulated, low-cost pension plans available to millions of Canadians who do not have occupational pension plans.

Pooled Registered Pension Plans (PRPPs) will be managed by licensed financial institutions, reducing administrative burdens for employers and providing tax advantages to employers that are not available under alternative models such as group RRSPs.

Based on consultations with stakeholder groups, including the Vancouver Board of Trade, the B.C. Chamber of Commerce and the Canadian Federation of Independent Business, B.C. has elected to make employer enrolment in these plans optional. If an employer chooses to offer a PRPP to its employees, they will be automatically enrolled and have the right to opt out.

Employers will not be obligated to make matching contributions. Workers whose employers do not set up a PRPP will be able to deal directly with a PRPP administrator to open an account – similar to opening an RRSP.

The Office of the Superintendent of Financial Institutions, a federal regulatory agency, has established a framework for licensing and regulating financial institutions that are interested in becoming PRPP administrators.

Quebec, Alberta and Saskatchewan have signalled their intention to pass similar PRPP legislation. B.C. has been working closely with the federal government to ensure this additional savings instrument is available to British Columbians as quickly as possible.

Quotes:

Finance Minister Michael de Jong –

“It’s difficult to save for retirement when you’re raising a family, especially if you’re self-employed or work for a small businesses that doesn’t have access to a registered workplace pension plan.”

“This legislation will provide an additional, optional safety net for thousands of British Columbians and make it easier for them to save for retirement.”

Minister of State for Finance Ted Menzies –

“British Columbia can now serve as a valuable role model for other provinces seeking to support their citizens through a new low-cost pension option for employers, employees and the self-employed.”

Mike Klassen, Canadian Federation of Independent Business –

“We support this effort to provide employers with the ability to offer registered workplace pension plans and level the playing field for workers who currently do not have this option.”

Learn More:

- http://www.osfi-bsif.gc.ca/osfi/index_e.aspx?ArticleID=5244
- <http://www.fin.gc.ca/n11/11-119-eng.asp>

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