

CANADA VOTES 2025: RETIREMENT INCOME SECURITY

Cost of living is a key issue for Canadians, with good reason. Prices for essentials, such as health care, transportation and groceries, have increased. Surging prices and decreased availability mean more Canadian seniors face unaffordable or insecure housing. And with threats of changes to international trade, there's more pressure than before on the savings and purchasing power of seniors and people on fixed incomes.

That's why financial security in retirement is critical – and that's why Federal Retirees is calling for vision and action from our next federal government to support economic security and quality of life in retirement.

Power of pensions

- In *The Power of Pensions* (November 2025), economist David Macdonald highlights how workplace pension plans contribute to national and local economies, government budgets and retirement income security.
- In 2023-2024, every \$1 that a government contributed to their own workers' pension plans returned \$2.38 in higher tax revenues and saved seniors' supports.
- A \$1 pension income increase boosts federal government finances by 24 cents, thanks to income taxes, commodity taxes, and lower Old Age Security (OAS) and Guaranteed Income Supplement (GIS) costs. That means a \$24.5 billion positive impact to the federal government – funds that would not be there without pensions.
- Pensions are vital at the local level, particularly in communities where employment income is below the national average. Here, pensions can make up a large portion of the overall income of cities, often exceeding private savings (like RRSPs), self-employment income, Canada Pension Plan (CPP) and Quebec Pension Plan (QPP) benefits, OAS or employment insurance (EI).
- Pensions have helped achieve this, despite a four-decade decline in defined benefit pension plans. Canada needs a legislative landscape that encourages these pensions – they're good for Canadians, our communities and our economy.
- Defined benefit plans are the most effective means of ensuring retirement income security. The next federal government must ensure that there is a legislative landscape that encourages them.

Defending public pensions

- Canadians depend on a strong CPP/QPP and programs like OAS and GIS.
- The CPP's independence and unity has been under attack, with Alberta proposing its own plan, risking Canadians' retirement security.
- There have been calls for the government to get involved in Canadian pension plans' investment decisions. Pension plans must remain independent, free from political influence and focused on the long term for retirees.

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- Canada has a strong public pension system that includes the CPP, OAS and GIS. These latter two are critical to those who are financially vulnerable. Governments have tried to increase the age of eligibility for OAS and GIS from 65 to 67, and some are still calling for that. The next federal government must ensure that Canadians will continue to be able to start their CPP, OAS and GIS at age 65.

Federal retirees' retirement security

- Phoenix Pay System
 - Since its rollout in 2016, the Phoenix Pay System remains a major frustration for our new federal retirees and affects both active employees and retirees. A 2022 survey by Federal Retirees found that 69.3 per cent of people who retired after 2016 are affected by Phoenix, many experiencing multiple problems.
 - The problems are wide-ranging, with the most common being incorrect regular pay and unpaid severance. More than a quarter were pursued for overpayments, often beyond the six-year limitation period.
 - The financial strain and stress have resulted in severe and even heartbreaking cases. Members have delayed retirement plans and dreams, like trip-of-a-lifetime vacations, renovations or helping their children afford a home. Some have had Phoenix hardship added to circumstances that were already hard, such as compassionate caregiving, critical illness and medical retirement.
 - Retirees and employees deserve accurate, reliable pay and compensation. The government must address retirees' Phoenix cases compassionately and quickly.
- Public Service Pension Plan
 - In 2024, the federal government scooped \$1.9 billion in surplus funds from federal public sector pension funds and moved those funds to the government's central bank account. Though the government says it will engage with stakeholders on next steps, no discussions have yet occurred. Surplus funds need to be reinvested in initiatives that benefit those who helped generate them – retirees – and that should start with improving the Pensioners' Dental Services Plan.
 - After a decade of work, the federal government agreed in July 2024 to expand early retirement eligibility to certain front-line workers, including firefighters, paramedics, border service officers, parliamentary protection officers and search and rescue technicians. The special retirement benefit would allow these workers who do physically and emotionally taxing jobs to retire after completing 25 years of operational service, or at age 50 with at least 10 years of actual and 10 years of "deemed" operational service." Although announced, the legislation was never put in place. The next federal government needs to implement this agreement quickly.

Questions to candidates

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- 1) **Defined benefit pensions:** How will your party ensure more Canadians have access to defined benefit plans and that the security and autonomy of those plans are respected?
 - Ideal response:
Defined benefit plans are the best way to ensure retirement income security. Legislation must prevent employers from walking away from their pension promises and ensure more Canadians have access to good workplace pensions.
- 2) **OAS/GIS:** Will your party keep OAS/GIS eligibility at age 65?
 - Ideal response:
Yes. OAS and GIS are an integral part of the Canadian retirement system. Canadians near retirement have already made their plans and are expecting OAS/GIS at 65.
- 3) **Cost of living:** Many retirees have a fixed income and have been particularly affected by rapid increases in the cost of living. What is your party's plan to address cost of living issues?
 - Ideal response:
The next government will address the housing crisis to ensure seniors have access to safe, reliable accommodations, invest in pharmacare and other social programs to make life more affordable and maintain OAS/GIS and CPP for all Canadians.
- 4) **Federal public sector pensions:** In November 2024, the federal government scooped \$1.9 billion from federal public sector pension funds and transferred it to the government's central account. Will your party engage stakeholders to ensure that their priorities are addressed when deciding what to do with these funds?
 - Ideal response:
These funds are deferred wages, and they belong to people who spent their careers working for Canadians. The funds should be used for their pensions – to enhance or solidify them, not to fund the priorities of the government of the day.

ABOUT FEDERAL RETIREES The National Association of Federal Retirees (Federal Retirees) is the largest national advocacy organization representing active and retired members of the federal public service, Canadian Armed Forces, Royal Canadian Mounted Police (RCMP) and retired federally appointed judges, as well as their partners and survivors. With more than 170,000 members from coast to coast to coast, Federal Retirees has advocated for improvements to the financial security, health and well-being of our members and all Canadians since 1963.

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