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The ORPP divide: Is plan a 'monster' or an incentive for better pensions?

Yaldaz Sadakova | March 31, 2016



As Ontario inches closer to launching its mandatory pension program, the Ontario Retirement Pension Plan, the pension industry remains polarized about the plan's impact on employers and employees and its fate in the event of an expansion of the Canada Pension Plan.

“One of the great benefits the government has shown in the ORPP is . . . to encourage employers to establish their own plans” because if they have comparable schemes, they won't need to participate, said Hugh O'Reilly, president and chief executive officer of OPTrust, during *Benefits Canada's 2016 Benefits and Pension Summit* in Toronto.

With many employers making low contributions to their defined contribution pension plans, the ORPP could encourage them to step up their game and thus help ease Canada's “retirement income security crisis,” O'Reilly added.

Read: [Ontario Budget: The ORPP pushes ahead, more details to come in spring](#)

Beyond the soul searching it will inspire among employers about what to do about their pension offerings, the ORPP doesn't have a lot going for it, countered Joe Nunes, president of Actuarial Solutions, speaking at the same event. Calling the plan a “monster,” he joked that he had trouble coming up with anything good about it. “The best I can come up with is that it will be really well governed.”

The ORPP aims to replace 15 per cent of earnings up to \$90,000. While the Ontario government announced several details about the plan's design in January, it plans to provide more information about employer eligibility, benefit calculations and the compliance and enforcement regime in the coming months.

Read: [Are employers turning their backs on the ORPP?](#)

Further complicating things for employers is the issue of what an enhanced CPP would mean for the ORPP.

“I think the federal government is serious about CPP expansion,” said O'Reilly, referring to the fact that the federal Liberals included details about CPP expansion in the 2016 budget. Still, he said it's hard to predict if it will happen because it will be difficult to get all of the provinces to approve it. “If we had CPP expansion after the ORPP is in place, that can

create a lot of complexity,” O’Reilly added.

The fact that despite all of the talk about CPP expansion, Ontario Premier Kathleen Wynne is still going ahead with the ORPP is disappointing, said Nunes. “I don’t get it. . . . Kathleen told me if we got a Liberal federal government, this would go away and it’s still here.”

Read: [What can Canada learn from Britain’s pension reforms?](#)

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