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POLICY DISCUSSION PAPER

Strengthening Retirement Security in Canada

*An ACPM Discussion Paper on Pension Coverage,
Portability and Lifetime Income Solutions*

Practical policy directions to strengthen retirement
outcomes for Canadians





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Executive Summary

Canada's retirement income system is widely recognized as strong, anchored by effective public programs and a sophisticated private pension sector. However, important gaps in workplace pension coverage and retirement income design continue to produce uneven outcomes across the labour market.

Two key challenges require focused attention. First, access to workplace retirement arrangements remains limited for many Canadians, particularly those employed by small and mid-sized employers (SMEs) and those in non-traditional or intermittent work arrangements. Second, many individuals face difficulty converting accumulated savings into reliable, sustainable lifetime income in retirement, exposing them to longevity, market, and inflation risks.

These challenges affect not only individual financial security, but also broader public policy objectives. As Canada's population ages, gaps in retirement preparedness may increase pressure on public income supports, healthcare systems, and labour force participation at older ages. Strengthening both access to workplace savings and the effectiveness of retirement income solutions can support long-term economic resilience and fiscal sustainability.

Key Takeaways

- Workplace pension coverage remains uneven, particularly among SMEs and non-traditional workers
- Fragmentation of retirement savings reduces efficiency and weakens long-term outcomes
- Many Canadians lack access to effective and affordable lifetime income solutions
- Practical, scalable policy measures can improve participation and outcomes while maintaining system flexibility

While individuals can save independently, evidence suggests that voluntary approaches alone are unlikely to produce consistent and adequate outcomes. More effective results can be achieved by building on existing structures and focusing on practical, scalable policy measures that improve participation, reduce fragmentation, and enhance access to efficient lifetime income options.



This paper identifies three priority areas for action:

1. Expanding workplace retirement coverage through a broad, inclusive approach

Policy frameworks should support the adoption of a range of workplace retirement arrangements — including defined benefit, target benefit, defined contribution, PRPP/VRSPs, and group savings plans — while reducing barriers for SMEs and enabling features that encourage participation, such as automatic enrolment and contribution mechanisms where appropriate.

2. Enabling greater pooling and portability of retirement savings

Reducing fragmentation through improved transfer mechanisms, continuity across employment transitions, and tools to locate and consolidate inactive accounts can improve efficiency, reduce costs, and support stronger long-term outcomes without requiring higher contribution levels.

3. Improving access to affordable and effective lifetime income solutions

Expanding access to pooled decumulation arrangements, including variable payment life annuities and other collective income solutions, can help individuals better manage longevity and market risks. These approaches can enhance income stability while maintaining flexibility and benefiting from scale and governance.

Taken together, these directions highlight the importance of strengthening system design rather than relying solely on individual decision-making. Aligning tax and regulatory frameworks with modern work patterns – including longer careers, multiple employment relationships, and diverse income sources – can further support more efficient accumulation and decumulation of retirement savings.

ACPM encourages governments and industry participants to prioritize pragmatic, coordinated reforms that build on Canada's existing retirement income framework. By expanding access to workplace arrangements, improving portability and pooling, and increasing access to effective lifetime income solutions, Canada can strengthen retirement security for a broader range of workers while maintaining flexibility and sustainability within the system.

Purpose and Scope

This paper takes a high-level, solution-oriented approach, focusing on practical and scalable policy directions rather than detailed implementation. ACPM's role is to support industry dialogue and thought leadership by identifying strategic priorities and frameworks.

Detailed design and implementation will require further work by plan sponsors, service providers, policymakers, and other industry participants. This paper is intended to support and inform that next phase.



This paper is structured around five chapters:

1. Defining the key problems
2. Exploring why the current system has been unable to solve these problems
3. Proposed solutions
4. The role of education and behavioural design
5. Measuring success and a call to action

1. The Two Core Challenges Facing Canadian Retirement Outcomes

Canada's retirement income system combines strong public programs with voluntary workplace and individual savings arrangements. While this model has delivered good outcomes for many Canadians, it is not performing consistently across the labour market. Two challenges in particular are undermining retirement security for a growing share of the population: gaps in workplace retirement coverage in the private sector, and weaknesses in how retirement savings are converted into reliable lifetime income.

1.1 Coverage Gaps in the Private Sector

Pension and workplace retirement plan coverage in Canada remains highly uneven. While most public sector employees participate in registered pension plans, private-sector coverage is lower and has remained persistently weak over time.^{1,2} Coverage gaps are most pronounced among workers employed by small and mid-sized employers, as well as among part-time, contract, and other non-traditional workers.³

Small employers face several barriers to offering retirement plans, including administrative complexity, cost uncertainty, and limited internal expertise.⁴ Even when cost-effective group savings or pension arrangements are available, many employers are uncertain about how to establish plans or perceive the regulatory environment as burdensome. As a result, a sizable

¹ Pension plans in Canada, as of January 1, 2024, Statistics Canada, Released: June 24, 2025 (<https://www150.statcan.gc.ca/n1/daily-quotidien/250624/dq250624c-eng.htm>). Accessed February 4, 2026.

² The real story behind pension plan membership in Canada? The gulf between public and private sectors, Globe and Mail, Frederick Vettese, July 8, 2025 (<https://www.theglobeandmail.com/investing/personal-finance/retirement/article-the-real-story-behind-pension-plan-membership-in-canada-the-gulf/>). Accessed February 4, 2026.

³ Spreading the Benefits: A Targeted Tax Credit Is Needed to Expand Retirement Plan Coverage in Canada's Private Sector, C.D. Howe Institute, Keith Ambachtsheer and Alex Mazer, February 3, 2026 (<https://cdhowe.org/publication/spreading-the-benefits-a-targeted-tax-credit-is-needed-to-expand-retirement-plan-coverage-in-canadas-private-sector/>). Accessed February 4, 2026.

⁴ 2024 Canadian Employer Pension Survey, Healthcare of Ontario Pension Plan (HOOPP), October 2024. (<https://hoopp.com/docs/default-source/research/hoopp-2024-canadian-employer-pension-survey-full-report.pdf>). Accessed February 4, 2026.



portion of the workforce does not have access to payroll-deducted, employer-supported retirement savings vehicles, despite compelling evidence that workplace-based saving materially increases participation and contribution rates.

While individual registered savings vehicles remain available to all Canadians, participation and contribution levels are strongly influenced by income stability, financial capacity, and behavioural factors. (See the next chapter for more on this). Workers without workplace plans are therefore significantly less likely to accumulate sufficient retirement savings, reinforcing disparities between those with and without access to employer-facilitated arrangements.⁵

Labour market mobility further compounds coverage challenges. Many Canadians change employers multiple times over the course of their careers,⁶ often accumulating several small accounts across different plans and providers. We explore the fragmentation issue further in the next chapter.

1.2 Decumulation and Longevity Risk

Even when Canadians are able to accumulate retirement savings, many face substantial challenges in converting those assets into sustainable income once they stop working.⁷ Unlike public pensions and defined benefit workplace plans, most private savings vehicles do not provide automatic lifetime income. Instead, individuals are required to make complex decisions about how quickly to draw down assets, how to manage investment risk, and how to balance spending needs with uncertainty about lifespan.⁸

Longevity risk remains one of the most significant threats to retirement security. Canadians are living longer, and many will spend 25 to 30 years in retirement. Market volatility, inflation, and unexpected healthcare or long-term care costs can materially affect income adequacy over such prolonged periods. Yet many retirees lack access to affordable mechanisms that pool these risks across large populations, which is the most effective way to protect against individual longevity outcomes.

Retail decumulation products, including registered income funds and individual annuities, each present important trade-offs. Drawdown products preserve flexibility and control over assets

⁵ Survey of Financial Security, 2023. Statistics Canada, Released: October 29, 2024. (<https://www150.statcan.gc.ca/n1/daily-quotidien/241029/dq241029a-eng.htm>). Accessed February 4, 2026.

⁶ Study: A 30-year look at the work histories of Canadian workers, Statistics Canada, Released: December 9, 2021. (<https://www150.statcan.gc.ca/n1/daily-quotidien/211209/dq211209e-eng.htm>). Accessed February 4, 2026.

⁷ Profiles of retirement, Ontario Securities Commission, May 29, 2024. (<https://www.getsmarteraboutmoney.ca/learning-path/research-reports/profiles-of-retirement/>). Accessed February 4, 2026.

⁸ More than half of Canadians fear outliving savings in retirement: survey, Benefits Canada, October 30, 2025. (<https://www.benefitscanada.com/pensions/retirement/more-than-half-of-canadians-fear-outliving-savings-in-retirement-survey/>). Accessed February 4, 2026.



but expose individuals to the risk of depleting savings prematurely. Annuities provide longevity protection but may be perceived as inflexible or unattractive due to concerns about capital loss, inflation protection, and pricing. As a result, uptake of annuitization remains low, and many retirees self-manage decumulation without professional guidance.⁹

1.3 The Human Factor: Why Voluntary Individual Saving Is Not Enough

Canada's retirement system relies heavily on voluntary individual action once public pension benefits are considered. Indeed, in the case of Capital Accumulation Plans (CAPs), the Canadian Association of Pension Supervisory Authorities (CAPSA) details a number of significant responsibilities of plan members of CAPs in its Guideline 3¹⁰ including: "making decisions about how much to contribute..." and "determining...how, and how much to withdraw annually for retirement income...", amongst others. This approach assumes that individuals have both the financial capacity and the behavioural inclination to consistently save, invest, and plan for retirement over long periods. In practice, many Canadians face competing financial pressures, including housing costs, debt obligations, childcare expenses, and income volatility, which constrain their ability to prioritize long-term savings.^{11, 12}

Behavioural research also demonstrates that inertia, complexity, and present-bias significantly reduce voluntary participation in retirement savings programs.¹³ Even when individuals understand the importance of saving, they may delay action or contribute less than is needed to achieve adequate income replacement.¹⁴ Education initiatives can improve awareness, but they do not fully overcome structural barriers or behavioural tendencies.

As a result, reliance on voluntary individual saving alone tends to produce uneven outcomes across income groups, employment types, and regions. Structural mechanisms that facilitate

⁹ Decumulation 2.0: Converting Retirement Savings to Lifetime Income - A Prescription to Help Canadians Navigate their Retirement Income Needs, Association of Canadian Pension Management, November 24, 2022. (<https://www.acpm.com/getmedia/9755522a-ce5d-47ed-b206-db6db8de17a5/ACPM-Decumulation-EN-Nov24-2022.pdf>). Accessed February 4, 2026.

¹⁰ Guideline No. 3 - Guideline for Capital Accumulation Plans, Canadian Association of Pension Supervisory Authorities (CAPSA), September 9, 2024, page 8. (chrome-extension://efaidnbmnnnibpcajpcglclefindmkaj/https://www.capsa-acor.org/Documents/View/2099)

¹¹ Canadians Remain Anxious About Retirement, But Planning and Understanding the CPP Can Help Build Confidence, CPP Investments, October 29, 2025. (<https://www.cppinvestments.com/newsroom/canadians-remain-anxious-about-retirement-but-planning-and-understanding-the-cpp-can-help-build-confidence/>). Accessed February 4, 2026.

¹² Canadians struggle to plan for retirement as cost of living continues to climb, Sun Life, July 3, 2024. (<https://www.sunlife.com/en/newsroom/news-releases/announcement/canadians-struggle-to-plan-for-retirement-as-cost-of-living-continues-to-climb/123874/>). Accessed February 4, 2026.

¹³ <https://www.ontario.ca/page/behavioural-insights-ontario-update-report-2020>.

¹⁴ Encouraging Retirement Planning through Behavioural Insights, Ontario Securities Commission, July 27, 2018. (https://www.osc.ca/sites/default/files/2021-01/inv_research_20180727_encouraging-retirement-planning.pdf). February 4, 2026.



participation, reduce friction, and provide access to efficient pooling arrangements are therefore essential complements to personal responsibility within the retirement income system.¹⁵

Together, coverage gaps and decumulation risks form a reinforcing cycle: workers without workplace plans are less likely to accumulate sufficient assets, and those who do accumulate assets often lack efficient pathways to convert them into secure lifetime income. Addressing both challenges in an integrated manner is critical to improving retirement outcomes and ensuring that Canada's retirement income system continues to meet its core policy objectives.

2. Limits of Existing Pillars and Market Solutions

With these challenges in mind, it is important to examine how Canada's existing retirement income pillars currently function, and where their design and interaction leave gaps that contribute to uneven retirement outcomes. Canada's retirement income system is commonly described as resting on three pillars: public income support programs, mandatory public earnings-related pensions, and voluntary workplace and individual savings.¹⁶ Together, these components have contributed to relatively low rates of poverty among seniors and strong outcomes for many middle- and higher-income retirees.^{17, 18} However, the current configuration of these pillars does not adequately address the two core challenges identified in this paper: uneven workplace coverage and weaknesses in the conversion of savings into reliable lifetime income. Indeed, the National Institute on Ageing's revised [framework](#) that distinguishes between foundational lifetime income (CPP/QPP, workplace pension and annuities) and supplemental spending buckets (RRSPs other tax assisted savings) is a much more useful framework.

2.1 Public Programs Provide a Strong Foundation but Are Not Designed to Close Coverage Gaps

Old Age Security and the Guaranteed Income Supplement form the foundation of retirement income security in Canada and remain highly effective at preventing poverty among seniors. The Canada and Quebec Pension Plans provide stable, predictable, and inflation-adjusted

¹⁵ Colour-coded Retirement An intersectional analysis of retirement income and savings in Canada, Sheila Block, Grace-Edward Galabuzi, Hayden King, Canadian Centre for Policy Alternatives, June 2021. (<https://policyalternatives.ca/sites/default/files/uploads/publications/National%20Office/2021/06/Colour%20coded%20retirement.pdf>). Accessed February 4, 2026.

¹⁶ Canada's Retirement Income System, Library of Parliament, July 2, 2020. (https://lop.parl.ca/sites/PublicWebsite/default/en_CA/ResearchPublications/201940E). Accessed February 5, 2026.

¹⁷ The poverty rate and low-income situation of older persons in Canada: An intersectional analysis, Government of Canada, released: December 4, 2024. (<https://www150.statcan.gc.ca/n1/pub/45-20-0002/452000022024002-eng.htm>). Accessed February 5, 2026.

¹⁸ Survey of Financial Security, 2023, Statistics Canada, Released: October 29, 2024. (<https://www150.statcan.gc.ca/n1/daily-quotidien/241029/dq241029a-eng.htm>).



income that reflects lifetime earnings and are financially sustainable over the long term. Recent enhancements to CPP/QPP will further strengthen income replacement for future retirees.

However, public programs are not intended to fully replace employment income for most Canadians,¹⁹ nor are they designed to address disparities in workplace retirement coverage.²⁰ For middle-income earners in particular, public pensions alone are unlikely to maintain pre-retirement living standards. Moreover, expanding public programs to fill workplace coverage gaps would involve significant fiscal costs and political trade-offs that are beyond the scope of near-term policy action.²¹

As a result, public pensions are best understood as providing a necessary foundation for retirement security, requiring complementary workplace and private savings mechanisms to achieve adequate and stable income outcomes.

2.2 Individual Savings Vehicles Are Fragmented and Behaviourally Challenging

Personal registered savings vehicles such as RRSPs and TFSAs are available to all Canadian workers and they play a key role in supporting individual flexibility and personal financial planning. However, reliance on individual savings places significant responsibility on individuals to make complex financial decisions over long periods, including how much to save, how to invest, and how to manage withdrawals in retirement.²²

Fragmentation across multiple accounts and providers further reduces efficiency and transparency. Individuals who change employers frequently may accumulate several small accounts – each subject to separate administrative fees, investment options, and reporting standards – potentially increasing the risk that accounts become inactive or lost altogether.²³

¹⁹ Replacement Rates of Public Pensions in Canada: Heterogeneity across Socio-Economic Status, HEC Montreal, Nicholas-James Clavet, Mayssun El-Attar and Raquel Fonseca, April 2022. (https://creei.ca/wp-content/uploads/2022/04/cahier_22_02_replacement_rates_public_pensions_canada.pdf). Accessed February 5, 2026.

²⁰ The Power of Pensions: The impact of pension income on Canada's economy, Canadian Centre for Policy Alternatives, David MacDonald, November 25, 2024. (<https://www.policyalternatives.ca/news-research/the-power-of-pensions/>). Accessed February 5, 2026.

²¹ Projecting the Adequacy of Canadians' Retirement Incomes: Current Prospects and Possible Reform Options, Institute for Research on Public Policy, Michael C. Wolfson, April 29, 2011. (<https://irpp.org/research-studies/projecting-the-adequacy-of-canadians-retirement-incomes/>). Accessed February 5, 2026.

²² Financial literacy and knowledge of the retirement income system in Canada, David Boisclair, Colin Busby, and Philippe d'Astous, Cambridge University Press, February 23, 2024. (<https://www.cambridge.org/core/journals/journal-of-financial-literacy-and-wellbeing/article/financial-literacy-and-knowledge-of-the-retirement-income-system-in-canada/1D3FFDC3C4AE8F1E15CD2D06AE9B5852>). Accessed February 5, 2026.

²³ Ontario Pensions Sector Overview and Activities Report, Financial Services Regulatory Authority of Ontario, December 31, 2023. (<https://www.fsrao.ca/media/24851/download>). Accessed February 4, 2026.



Over time, this fragmentation erodes net returns and increases the likelihood that savings become inactive or overlooked.²⁴

In addition, participation in individual savings vehicles is strongly correlated with income, financial literacy, and employment stability. Those who would benefit most from structured retirement saving mechanisms are often the least able to take advantage of voluntary individual options, reinforcing disparities in retirement preparedness.²⁵

2.3 Market-Based Decumulation Options Do Not Fully Address Longevity and Cost Risks

When individuals enter retirement, they must convert accumulated savings into income that may need to last several decades. This transition introduces new risks that are difficult to manage at the individual level, including longevity risk, market downturns early in retirement (sequence of returns risk), and inflation over long time horizons.

Registered income funds and similar drawdown products provide flexibility but expose individuals to the risk of depleting savings prematurely, particularly in periods of market volatility. Individual annuities offer protection against longevity risk, but concerns about loss of liquidity, lack of inflation protection, pricing, and bequest motives have limited consumer demand. As a result, annuitization rates in Canada remain low, even when annuities would improve financial security for many retirees.^{26, 27}

Newer pooled decumulation arrangements, such as variable payment life annuities and collective pension drawdown options, have the potential to balance income stability with investment participation and cost efficiency. However, access to these arrangements remains limited, particularly outside large workplace pension plans.

There is some hope for pooled vehicles like the newly introduced VPLA legislation for VRSPs in Québec. Legislation in that province now allows any resident of Québec to transfer moneys from DCPs, RRSPs, RRIFs into a VPLA under a VRSP, a Quebec variation of a PRPP. Other pension regulators are reviewing their own PRPP legislation to allow inclusion of VPLAs.

²⁴ CD Howe Institute pushes for tech-driven fix to Canada's fragmented retirement system, Freschia Gonzales, Benefits and Pensions Monitor, July 10, 2025. (<https://www.benefitsandpensionsmonitor.com/news/industry-news/cd-howe-institute-pushes-for-tech-driven-fix-to-canadas-fragmented-retirement-system/392218>). Accessed February 5, 2026.

²⁵ The Canada Saver's Credit: A proposal to build financial security for lower- and modest-income Canadians, Maytree, February 2019. (https://maytree.com/wp-content/uploads/Canada_Savers_Credit.pdf). Accessed February 5, 2026.

²⁶ Live Long and Prosper? Mandatory RRIF Drawdowns Raise the Risk of Outliving Tax-Deferred Saving, C.D. Howe Institute, William B.P. Robson and Alexandre Laurin, April 2023. (https://cdhowe.org/wp-content/uploads/2025/01/Commentary_641_0.pdf). Accessed February 5, 2026.

²⁷ The Annuity Puzzle: Why Canadians Avoid One of Retirement's Most Misunderstood Tools, Robb Engen, boomer & echo, November 20, 2025. (<https://boomerandecho.com/the-annuity-puzzle-why-canadians-avoid-one-of-retirements-most-misunderstood-tools/>). Accessed February 5, 2026.



However, legislative complexity may continue to limit the development and implementation of VPLAs in PRPPs. Without broader availability of pooled lifetime income options, many retirees remain exposed to risks that are difficult to manage individually not to mention the costs involved with retail products.^{28, 29}

2.4 Why Structural Solutions Are Needed

The limitations of public programs, individual savings vehicles, and retail decumulation products point to the need for structural solutions that improve access, efficiency, and risk-sharing within the existing retirement income framework.³⁰ Expanding workplace-based arrangements, enabling greater pooling and portability, and improving access to lifetime income options can address multiple weaknesses simultaneously.³¹

Importantly, these reforms are grounded in Canada's existing three-pillar retirement income system, strengthening how pillars interact and modernizing regulatory and tax frameworks to reflect longer working lives and evolving labour market patterns.³² By focusing on system design rather than individual behaviour alone, governments can improve outcomes for a broad range of Canadians while maintaining fiscal sustainability.

This context underscores why policy action is needed to improve how Canadians participate in and move through the retirement system. The actions described in this paper will complement

²⁸ Affordable Lifetime Pension Income for a Better Tomorrow. How we can address the \$1.5 trillion decumulation disconnect in the Canadian retirement income system with Dynamic Pension pools. MacDonald, B.-J., Sanders, B., Strachan, L., Frazer, M. (2021). National Institute on Ageing, Ryerson University and Global Risk Institute. (https://rdo.iks.mybluehost.me/website_8ba3989f/wp-content/uploads/2025/10/November-1-2021_Affordable-Lifetime-Pension-Income-for-a-Better-Tomorrow_Report.pdf). Accessed February 4, 2026.

²⁹ Affordable Lifetime Pension Income for a Better Tomorrow. How we can address the \$1.5 trillion decumulation disconnect in the Canadian retirement income system with Dynamic Pension pools. MacDonald, B.-J., Sanders, B., Strachan, L., Frazer, M. (2021). National Institute on Ageing, Ryerson University and Global Risk Institute. (https://rdo.iks.mybluehost.me/website_8ba3989f/wp-content/uploads/2025/10/November-1-2021_Affordable-Lifetime-Pension-Income-for-a-Better-Tomorrow_Report.pdf). Accessed February 4, 2026.

³⁰ Affordable Lifetime Pension Income for a Better Tomorrow. How we can address the \$1.5 trillion decumulation disconnect in the Canadian retirement income system with Dynamic Pension pools. MacDonald, B.-J., Sanders, B., Strachan, L., Frazer, M. (2021). National Institute on Ageing, Ryerson University and Global Risk Institute. (https://rdo.iks.mybluehost.me/website_8ba3989f/wp-content/uploads/2025/10/November-1-2021_Affordable-Lifetime-Pension-Income-for-a-Better-Tomorrow_Report.pdf). Accessed February 4, 2026.

³¹ Money for Life: Putting the "Pension" Back in Employee Pension Plans, Gavin Benjamin, C.D. Howe Institute, October 24, 2022. (<https://cdhowe.org/publication/money-life-putting-pension-back-employee-pension-plans/>). Accessed February 5, 2026.

³² Money for Life: Putting the "Pension" Back in Employee Pension Plans, Gavin Benjamin, C.D. Howe Institute, October 24, 2022. (<https://cdhowe.org/publication/money-life-putting-pension-back-employee-pension-plans/>). Accessed February 5, 2026.



and work in concert with financial literacy and education initiatives that have recently been embraced in Canada.³³

3. Priority Policy Directions for a More Inclusive and Resilient Retirement System

Building on Canada's existing retirement income framework, meaningful improvements in retirement outcomes can be achieved by strengthening workplace participation, improving portability and pooling of assets, and expanding access to efficient lifetime income options. This section outlines four priority policy directions that, taken together, could materially improve coverage and decumulation outcomes over the medium term.³⁴

3.1 Create a More Inclusive, Portable, and Scalable Workplace Retirement System

Expanding access to workplace retirement arrangements remains the most effective way to improve participation and long-term retirement outcomes. To achieve meaningful gains in coverage, particularly in the private sector, policy frameworks could support a workplace retirement system that is inclusive, portable, and capable of scaling across diverse employment arrangements.

Incentivize first-time plan adoption among small and mid-sized employers.

Small and mid-sized employers face distinct barriers to establishing retirement plans, including administrative complexity, cost uncertainty, and limited internal expertise. Targeted incentives, such as tax credits³⁵ or other fiscal measures for employers establishing retirement arrangements for the first time, can encourage adoption while preserving flexibility across plan types. Regulatory simplification and clearer guidance can further reduce perceived barriers for employers with limited resources.

For example, simplifying the rules that have thus far limited the viability of PRPP/VRSPs would reduce the governance burden for small- and mid-sized employers and minimize friction in provider selection, payroll integration, and the implementation of an initial employer match.

Increase portability and accessibility by removing unnecessary barriers.

As labour market mobility increases, retirement systems should function effectively across multiple employers and employment relationships. Removing barriers that restrict access to

³³ Make Change that Counts: National Financial Literacy Strategy 2021-2026, Government of Canada. (<https://www.canada.ca/en/financial-consumer-agency/programs/financial-literacy/financial-literacy-strategy-2021-2026.html>). Accessed February 5, 2026.

³⁴ Decumulation 2.0: Converting Retirement Savings to Lifetime Income - A Prescription to Help Canadians Navigate their Retirement Income Needs, Association of Canadian Pension Management, November 24, 2022. (<https://www.acpm.com/getmedia/9755522a-ce5d-47ed-b206-db6db8de17a5/ACPM-Decumulation-EN-Nov24-2022.pdf>). Accessed February 4, 2026.

³⁵ Spreading the Benefits: A Targeted Tax Credit Is Needed to Expand Retirement Plan Coverage in Canada's Private Sector, Keith Ambachtsheer and Alex Mazer, C.D. Howe Institute, Feb 3, 2026. (<https://cdhowe.org/publication/spreading-the-benefits-a-targeted-tax-credit-is-needed-to-expand-retirement-plan-coverage-in-canadas-private-sector/>). Accessed February 5, 2026.



workplace retirement arrangements solely on the basis of current employer affiliation could improve continuity and participation for individuals with non-traditional or intermittent work patterns. Enhancing portability and accessibility supports individuals in maintaining consistent retirement saving as they change jobs, while also reducing administrative friction for employers.

For example, when an employee changes jobs, transferring retirement savings from the prior employer's plan to the new employer's program could become more routine, and potentially the default termination option, when both arrangements are defined contribution or capital accumulation plans, and such a transfer is permitted by the new employer's plan. If the employer does not sponsor a pension plan, then the employee could be able to select a PRPP/VRSP and keep using that PRPP/VRSP for as long as the individual wishes and if the individual does eventually land a job with an employer sponsored pension plan, he/she could be able to easily transfer his/her savings to his/her employer's pension plan.

Enable consolidation and scalable plan expansion.

Policies that facilitate the expansion of existing workplace and pooled plans can improve efficiency and governance while reducing costs. Encouraging consolidation and participation in larger, well-governed arrangements supports economies of scale, improves investment access, and stronger oversight. These benefits accrue to both employers and plan members, without requiring the creation of new plan structures or increased mandatory contributions.

Taken together, these measures support a workplace retirement system that reflects modern labour market realities, accommodates diverse employment patterns, and delivers better outcomes through scale, continuity, and choice. Importantly, a big-tent approach across plan designs, including defined benefit, target benefit, defined contribution, PRPP/VRSPs, and group savings arrangements ensures that expansion efforts remain inclusive and responsive to employer and worker needs.

We have already seen some innovative plan designs that have allowed small and medium-sized employers join a jointly sponsored/trusted pension plan under flexible benefit accrual designs. Legislators and regulators could encourage this type of innovation and expand it further to other designs.

For example, one approach could include enabling larger, well-governed pension plans to offer complementary arrangements, such as PRPP/VRSP-style structures, to support the transfer and consolidation of defined contribution assets. These arrangements could facilitate participation by employers transitioning into pension plans, as well as by individuals seeking to consolidate personal savings within a professionally governed, pooled environment. Where appropriate, alignment with existing governance and investment structures could further improve efficiency, reduce costs, and expand access to scalable retirement solutions.

3.2 Enable Pooling and Portability of Retirement Savings



Greater pooling and portability of retirement savings are essential to improving efficiency, governance, and retirement outcomes in a labour market characterized by mobility and diverse employment arrangements. Policy frameworks could support structures that allow individuals to remain connected to effective retirement arrangements as they change jobs, sectors, or employment status.

One promising approach is to enable and support retirement arrangements organized around industry sectors, professions, or affinity associations. Plans established on this basis can pool participants with more similar characteristics and employment patterns, supporting more efficient risk management, improved governance, and stronger member engagement. For employers, particularly small and mid-sized organizations, sector- or association-based arrangements can reduce administrative burden while improving access to well-governed retirement programs.

Such arrangements can also improve participant retention and continuity, allowing individuals to remain in a familiar plan as they move between employers within a sector or affiliated group. This continuity reduces the proliferation of small, inactive accounts and supports more consistent long-term saving behaviour.

Facilitating easier transfers among registered plans and products further supports effective pooling. Streamlined and standardized transfer processes can reduce friction, lower costs, and improve outcomes by encouraging consolidation of assets within fewer, larger arrangements. Where appropriate safeguards are in place, allowing default continuation with a chosen retirement provider when workers change jobs can further reduce fragmentation and administrative inefficiencies.

Together, these measures help address inefficiencies associated with excessive fragmentation, including higher costs, governance challenges, and adverse selection. By supporting pooling through scalable arrangements and improving portability across employment transitions, policymakers can strengthen the workplace pillar without mandating specific plan designs or limiting employer and individual choice.

3.3 Improve Access to Lifetime Income Solutions

While improving coverage and accumulation is essential, retirement security depends on the ability to convert savings into reliable income that lasts throughout retirement. Individual responsibility alone is insufficient to manage longevity and market risks effectively; structural, pooled solutions are required to deliver sustainable outcomes at scale.

Policy frameworks could therefore support broader access to pooled lifetime income arrangements that allow individuals to translate accumulated savings, including voluntary contributions, into predictable retirement income. These approaches can provide better value and risk management than individual retail solutions by pooling longevity risk and reducing administrative and pricing inefficiencies.



One such solution is the expanded use of variable payment life annuities (VPLAs) within workplace and pooled retirement arrangements. VPLAs provide lifetime income that adjusts over time based on investment performance and longevity experience, offering a balance between income stability, the level of initial monthly income (in comparison with traditional lifetime annuities), and the possibility of future increases in monthly income. Broader implementation of VPLAs, beyond their current limited applications, would allow more Canadians to apply this pooled approach to a greater portion of their retirement savings. With sufficient scale, VPLAs have the potential to significantly reduce cost and invest in assets that may not otherwise be available to retail investors.

In addition, voluntary contributions structured to support pooled decumulation outcomes could provide individuals, particularly those without consistent access to workplace plans, with a practical mechanism to build additional lifetime income. When combined with pooled payout structures, voluntary savings can play a meaningful role in improving retirement adequacy while maintaining flexibility and choice.

Pooled pension drawdown arrangements can also serve as a complementary option, providing structured income streams that allow retirees to remain invested while benefiting from scale, governance, and cost efficiency. These flexible arrangements may be particularly useful as a means to facilitate delayed commencement government pension or as a transitional solution to lifetime income products, supporting diverse retirement income needs. As shown eloquently in the series entitled *7 Steps Toward Better CPP/QPP Claiming Decisions*³⁶ by the National Institute on Ageing, delaying commencement of public pensions is a highly effective means of increasing inflation protected lifetime income.

Together, these approaches emphasize that effective decumulation requires system-level solutions alongside individual choice. Expanding access to pooled lifetime income options, particularly VPLAs, would strengthen retirement outcomes by ensuring that savings are converted into sustainable income rather than managed in isolation by individuals.

Lifetime income solutions for individually accumulated savings

In addition to expanding pooled and collective decumulation arrangements, policy frameworks could also support improved access to lifetime income solutions for individually accumulated retirement savings, recognizing that many Canadians will retire with a mix of workplace, pooled, and personal savings.

Broader availability of variable payment life annuities (VPLAs) for individual savings would allow retirees to apply pooled longevity risk-sharing to a greater portion of their retirement assets, rather than limiting such approaches to specific plan types or narrow use cases. Enabling

³⁶ [7 Steps Toward Better CPP/QPP Claiming Decisions: Shifting the Paradigm on how we help Canadians - NIA.](#)



individuals to access VPLA-style arrangements for a wider range of registered savings could materially improve retirement income sustainability while preserving flexibility.

Pooled pension drawdown arrangements can further support individuals who prefer to retain investment exposure and income flexibility while benefiting from scale, governance, and cost efficiency. When designed appropriately, such arrangements can provide more stable income outcomes than unmanaged individual drawdown, particularly when combined with partial lifetime income solutions.

Finally, improving the availability of annuities through workplace and pooled plans can enhance affordability and trust by leveraging group pricing and established governance structures. Facilitating access to annuities within these environments can improve take-up relative to retail markets, while allowing individuals to integrate guaranteed income with other retirement income sources.

Together, these approaches recognize that while individual responsibility plays a role in retirement planning, effective decumulation outcomes require access to well-designed, scalable lifetime income solutions. Ensuring that individuals can apply pooled approaches, particularly VPLAs, across a broader range of retirement savings supports better outcomes without relying solely on retail decision-making.

Additional Flexibility to Adapt to Demographic and Economic Change

To complement workplace and pooled decumulation solutions, governments could also explore whether existing public pension infrastructure could support additional voluntary, contributory lifetime income options, without altering the core design or mandatory nature of CPP/QPP.

One potential approach would be to allow individuals to make voluntary supplemental contributions that are administered within a separate, clearly delineated component of the CPP/QPP framework and converted into additional lifetime indexed income at retirement, using a decumulation approach similar to target benefit pension arrangements. Such contributions would be fully optional and distinct from mandatory CPP/QPP contributions.

Leveraging the administrative efficiency, scale, and governance of existing public pension systems could help address two persistent gaps in Canada's retirement system: limited access to workplace coverage, particularly for workers without employer-sponsored plans, and limited access to affordable, reliable lifetime income options in retirement. For individuals without consistent access to workplace arrangements, a voluntary public option could provide a straightforward mechanism to transfer accumulated registered savings at retirement to purchase additional lifetime income, while benefiting from pooled investment and longevity risk-sharing during their retirement.

Importantly, any such approach would need to be carefully designed to complement, not replace, workplace retirement arrangements, and to respect existing federal-provincial governance structures. Further analysis would be required to assess feasibility, design



parameters, and potential interactions with private-sector provision. However, as demographic and labour market patterns continue to evolve, maintaining flexibility within the retirement income system will be essential to ensure that coverage and decumulation solutions remain accessible to a broad range of Canadians.

3.4 Align Tax and Regulatory Frameworks with Modern Work and Retirement Patterns

Tax and regulatory frameworks governing retirement saving and decumulation were designed around traditional career and retirement models, in which individuals stopped working at a fixed age and began drawing income shortly thereafter. Increasing longevity, more flexible retirement transitions, and diverse employment arrangements have reduced the relevance of these assumptions for many Canadians.

As a result, certain rules governing pension commencement, registered savings withdrawals, and interactions with public pension programs may unintentionally constrain individual decision-making or encourage suboptimal outcomes. Reviewing and modernizing these frameworks could better support longer working lives, phased retirement, and more efficient decumulation strategies.

One area for consideration is the alignment of age thresholds across registered savings vehicles and public pension programs. Current maximum ages for pension commencement and mandatory withdrawals, including RRIF minimum withdrawal requirements, may not reflect contemporary longevity trends or the growing prevalence of delayed or gradual retirement. Providing additional flexibility to defer withdrawals and pension commencement could allow individuals to better align income timing with employment patterns and personal circumstances.

Similarly, reviewing minimum RRIF withdrawal rates could help reduce the risk of premature asset depletion, particularly for individuals with longer life expectancy or those seeking to manage income more evenly across retirement. Adjustments in this area would support sustainability of retirement income without increasing public program costs.

Greater integration with CPP/QPP incentives, including clearer alignment between registered savings withdrawal rules and the financial benefits of delayed CPP/QPP³⁷ take-up, could further support informed and coordinated retirement planning. Ensuring that tax and pension rules work together, rather than at cross-purposes, would improve outcomes for individuals navigating complex retirement decisions.

³⁷ Step #7: Strengthening CPP/QPP for Better Outcomes — Two Evidence-Based Reforms. 7 Steps Toward Better CPP/QPP Claiming Decisions Series, MacDonald, B.J., Chandler, D., and Sanders, B., National Institute on Ageing, Toronto Metropolitan University, 2024. (chrome-extension://efaidnbnmnnibpcajpcglclefindmkaj/https://rdo.iks.mybluehost.me/website_8ba3989f/wp-content/uploads/2025/10/December-17-2024_Step-7_Report.pdf)



Finally, tax and regulatory frameworks could better accommodate intermittent and multiple income streams, reflecting the realities of self-employment, contract work, and phased retirement. Supporting flexible contribution, consolidation, and withdrawal approaches across different income sources can improve access and efficiency without altering the fundamental structure of Canada's retirement income system.

Together, these measures would enhance flexibility, support longevity-aware planning, and ensure that retirement policies remain aligned with how Canadians increasingly work and retire.

4. Supporting Role of Financial Education and Behavioural Design

The policy directions outlined in Chapter 3 are necessary, but they are not self-executing. Even if Canada successfully expands workplace coverage, improves portability, and scales pooled lifetime income solutions, outcomes will still depend on whether individuals understand the options available to them and are supported at key decision points (e.g., enrollment, contribution changes, job changes, and the transition into retirement).

Financial education and access to advice remain important, but evidence consistently shows that education alone is insufficient to drive sustained improvements in retirement outcomes. Behavioural factors, complexity, and competing financial priorities limit individuals' ability to translate knowledge into action. As a result, effective system design – including the use of defaults, automatic features, and timely decision supports – plays a critical role in improving participation and retirement outcomes at scale.³⁸

Improving retirement outcomes therefore requires structural changes designed to work in concert with the emphasis on improved financial literacy. It requires a system designed to support appropriate and beneficial decisions by default, complemented by accessible, unbiased guidance.

Specifically, any legislative barriers to enable autoenrollment or auto-escalation could be removed. Pension legislation could also support the ability of a DC plan sponsor to designate a transfer to a PRPP/VRSP as a default settlement termination of employment or the pension plan. The existing legislation of making a deferred annuity the default settlement is often unworkable for small balances or for individuals who are many years away from retirement age.

4.1 Strengthening Financial Literacy Across Life Stages

Foundational financial literacy remains important, particularly when introduced early and reinforced over time. Governments, employers, and industry stakeholders can support improved financial capability through:

³⁸ Encouraging Retirement Planning through Behavioural Insights, Ontario Securities Commission, July 27, 2018. (https://www.osc.ca/sites/default/files/2021-01/inv_research_20180727_encouraging-retirement-planning.pdf). February 4, 2026.



- integration of basic financial literacy concepts into school curricula;
- workplace-based education that is timely, practical, and relevant to employees' circumstances; and
- improved access to certified, unbiased financial professionals, particularly for individuals approaching key retirement decisions.

These efforts are most effective when education is contextual, delivered at decision points, and aligned with available retirement system options rather than abstract financial concepts.

4.2 Behaviourally Informed Decision Support

Behavioural finance research demonstrates that outcomes are strongly influenced by how choices are framed and delivered. Systems that rely heavily on active decision-making place disproportionate burdens on individuals and contribute to uneven outcomes.

Policy frameworks could therefore support behaviourally informed decision support, including:

- clear and consistent income-focused projections that translate account balances into expected retirement income;
- standardized disclosures that simplify comparisons and reduce cognitive overload;
- timely prompts at key life events, such as job changes or the transition into retirement; and
- access to objective, non-conflicted decision support from properly credentialed professional advisors to assist in deciphering the above noted information.

These tools help individuals make better decisions without requiring constant engagement or technical expertise.

4.3 Integrated Retirement Solutions (“Do-It-For-Me” Approaches)

For many Canadians, navigating multiple products, providers, and decumulation choices is impractical. Integrated retirement solutions, sometimes described as “packages” or “do-it-for-me” approaches, can provide a comprehensive framework that combines accumulation, risk management, and income delivery in a coherent and guided manner.

Such approaches can be tailored to different income levels, employment patterns, and risk profiles, while relying on professional governance and default pathways rather than individual product selection. When designed appropriately, integrated solutions can:

- reduce decision fatigue and errors,
- improve take-up of lifetime income options, and
- support more consistent outcomes across diverse populations.

Importantly, these approaches emphasize outcomes and guidance rather than product promotion, aligning system design with how individuals actually engage with financial decisions.

4.4 Public-Private Coordination

Effective education and decision support require coordination across governments, employers, pension plans, service providers, and community organizations. Public policy can play a role in setting standards for projections, disclosures, and guidance, while private-sector delivery can integrate these tools within workplace and pooled retirement environments.

Coordination could focus on ensuring consistent, neutral, and practical guidance, rather than fragmented messaging or sales-driven interactions. Aligning education, behavioural design, and system structures can significantly improve retirement outcomes without increasing complexity or reliance on individual financial sophistication.

5. Measuring Success and Ensuring Accountability

To ensure that reforms deliver meaningful improvements in retirement outcomes, governments could establish clear performance indicators and monitoring mechanisms. Key metrics could include:

- private-sector workplace coverage rates, particularly among SMEs;
- participation and contribution levels within workplace plans;
- reduction in inactive or stranded accounts;
- uptake of pooled lifetime income products; and
- long-term impacts on income adequacy and reliance on public income supports.

Many SMEs will often use structures other than registered pension plans. Group RRSP/DPSP that provide meaningful employer matching (especially those with autoenrollment) could be captured in coverage statistics. The collection of these statistics will require the coordination of efforts from Statistics Canada, pension regulators and the insurance industry and any other large providers of non-pension group savings programs, but this effort will allow us to measure our success as we significantly improve pension coverage.

Regular evaluation allows policymakers to adjust program design and regulatory frameworks as labour markets evolve, ensuring that reforms remain responsive to changing economic and demographic conditions.

Conclusion and Call to Action

Canada's retirement income system has served Canadians well, but it is not keeping pace with changes in how people work, save, and retire. Persistent workplace coverage gaps and



limitations in decumulation pathways are contributing to uneven outcomes and increasing long-term pressure on public programs.

These challenges are neither new nor insurmountable. Practical, incremental reforms that strengthen participation in workplace arrangements, enable pooling and portability, and expand access to efficient lifetime income solutions can materially improve outcomes without requiring wholesale system redesign.

ACPM encourages governments to prioritize scalable reforms that build on existing structures, focus on outcomes rather than plan labels, and support collaboration across employers, service providers, and pension organizations. With its diverse membership and technical expertise, ACPM is well positioned to contribute to policy development and implementation, and to support member engagement in advancing these reforms.

Strengthening retirement security is not only a matter of individual financial well-being, but also of economic stability, fiscal sustainability, and social cohesion. Taking practical steps now will help ensure that Canada's retirement income system remains resilient, effective, and inclusive for future generations.

ACPM encourages governments, regulators, industry participants, and other stakeholders to work collaboratively to advance practical, evidence-based reforms that improve retirement outcomes while preserving the strengths of Canada's retirement income system.

ACPM welcomes ongoing dialogue and collaboration on the ideas presented in this discussion paper.

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The views and recommendations expressed in this paper represent the position of ACPM.

About ACPM

The Association of Canadian Pension Management (ACPM) is the leading advocacy organization for a balanced, effective, and sustainable retirement income system in Canada. ACPM represents plan sponsors, administrators, trustees, service providers, and other retirement system stakeholders across the country.

For more information, visit www.acpm.com.