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The Association of Canadian Pension Management

L'Association canadienne des administrateurs de régimes de retraite

PREBUDGET SUBMISSION IN ADVANCE OF THE UPCOMING 2026 FEDERAL BUDGET

SUBMITTED TO:

**The Honourable François-Philippe Champagne
Minister of Finance Canada**

SUBMITTED BY:

The Association of Canadian Pension Management

April 2026

Summary of Recommendations

1. Enable Pooling and Portability of Retirement Savings
2. Align Tax and Regulatory Frameworks with Modern Work and Retirement Patterns
3. Create a More Inclusive, Portable and Scalable Workplace Retirement System

Who we Are

ACPM is the leading advocacy organization for a balanced, effective, and sustainable retirement income system in Canada. Our private and public sector retirement plan sponsors and administrators manage retirement plans for millions of plan members.

Our membership is comprised of plan sponsors, administrators and service providers who work in the retirement income industry daily. Collectively, their priority is to ensure the best possible outcome that will provide their plan members with the pension and retirement security that they expect.

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.

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 for a broad range of Canadians while maintaining fiscal sustainability.

Recommendation #1 – 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.

Recommendation #2 – 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/QPP 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.

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.

Recommendation #3 - 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 credits 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 which have thus far prevented Pooled Retirement Pension Plans (PRPPs) and Voluntary Retirement Savings Plans (VRSPs) from being viable programs would simplify the governance responsibilities of small to mid-sized employers.

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 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, it could be a routine and defaulted function to transfer retirement savings from the prior employer to the new employer's program. 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. If the individual starts a job with an employer sponsored pension plan, they should be able to easily transfer their savings to their new employer's pension plan.

Summary

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 would welcome an opportunity to meet with officials to discuss our recommendations in greater detail and/or to provide more detailed suggestions for specific changes.