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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

September 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. 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, significant gaps in workplace pension coverage, portability, and retirement income design continue to produce uneven outcomes across the labour market.

These gaps are increasingly consequential. Canadians are facing economic uncertainty, affordability pressures, changing employment patterns, and longer retirements. Simultaneously, population aging is increasing pressure on public finances, healthcare systems, and labour force participation. Strengthening retirement security should therefore be viewed not only as pension policy, but as an important element of Canada's broader economic resilience.

Canada continues to operate with retirement savings rules and structures that are too fragmented by jurisdiction, plan type, and employment relationship. These barriers can make it harder and more costly to preserve and consolidate retirement savings as Canadians move between jobs, sectors, provinces, or forms of work. These differences create unnecessary barriers, costs, and administrative complexity for both workers and employers.

Recommendation #1 – Enable Greater Pooling and Portability of Retirement Savings

Greater pooling and portability of retirement savings are essential to improving efficiency, governance, and retirement outcomes in an increasingly mobile labour market. Policy frameworks should make it easier for individuals to remain connected to effective retirement arrangements as they change jobs, sectors, employment status or province.

One promising approach is to enable retirement arrangements organized around industry sectors, professions, or affinity associations. Plans established on this basis can pool participants with similar characteristics and employment patterns, supporting more efficient risk management, improved governance, and stronger member engagement. For small and mid-sized employers, these arrangements can provide access to well-governed retirement programs without requiring each employer to set up and administer a separate pension plan.

Such arrangements can also provide greater continuity for workers. Allowing individuals to remain in a familiar retirement arrangement as they move between employers within a sector or affiliated group would reduce the proliferation of small and inactive accounts, and support cost-effective long-term saving.

Transfer rules should also be streamlined and standardized. Processes for transferring retirement assets between registered plans and products remain unnecessarily complex and can differ across jurisdictions. Greater harmonization would reduce administrative friction, lower costs, and improve outcomes by encouraging consolidation of assets within fewer, larger arrangements. Where appropriate safeguards are in place, allowing default continuation or transfer mechanisms with a chosen retirement provider when workers change jobs can reduce fragmentation and administrative inefficiencies.

Together, these measures would reduce fragmentation, improve economies of scale, and make Canada's retirement system better suited to a mobile national workforce. These measures would also reduce interprovincial barriers without mandating specific plan designs or limiting individual and employer 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 predictable age and began drawing retirement income shortly thereafter. Increasing longevity, phased retirement, self-employment, contract work, and more frequent employment transitions have made these assumptions outdated.

In the current economic environment, constraints on when and how Canadians use their retirement savings can have meaningful consequences. Rules governing pension commencement, registered savings withdrawals, and public pensions should provide flexibility to allow individuals to respond to changing employment and financial circumstances.

One area requiring review 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 adequately reflect longer life expectancy or the growing prevalence of delayed or gradual retirement.

Providing greater flexibility to defer withdrawals and pension commencement could allow individuals to better align retirement income with employment patterns, longevity risk, and personal circumstances.

Similarly, minimum RRIF withdrawal rates should be reviewed. Requiring individuals to withdraw assets too quickly can increase the risk of premature asset depletion, particularly for Canadians living into their 80s and 90s. Changes in this area would improve the sustainability of retirement income without placing any additional burden on public retirement programs.

Greater integration with CPP/QPP incentives is also warranted. Registered savings withdrawal rules should support, not work against, the financial benefits of delaying commencement of CPP/QPP.

Finally, tax and regulatory frameworks should accommodate intermittent and multiple income streams, including self-employment, contract work, and phased retirement. Contribution, consolidation, and withdrawal rules should be flexible to accommodate these realities.

Modernizing these rules is necessary to improve individual decision-making, reduce complexity, and ensure that the retirement system supports modern work and retirement patterns.

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. Persistent coverage gaps, particularly in the private sector and among employees of small and mid-sized organizations, should be addressed as a priority. Policy frameworks should support a workplace retirement system that is broader, more portable, easier to administer, and capable of scaling across diverse employment arrangements and provincial boundaries.

Incentivize first-time plan adoption among small and mid-sized employers.
Small and mid-sized employers face significant barriers to establishing retirement plans, including administrative complexity, cost uncertainty, regulatory obligations, and limited internal expertise. Targeted incentives, such as tax credits or other fiscal measures for employers establishing new retirement arrangements could encourage broader adoption while preserving flexibility across plan types. Regulatory simplification should accompany these incentives.

Pooled Retirement Pension Plans (PRPPs) and Voluntary Retirement Savings Plans (VRSPs), for example, have not achieved their full potential of increasing coverage. Rules that make them unnecessarily complex or unattractive to implement have resulted in virtually no viable PRPPs to choose from. If the rules could be streamlined to encourage the creation of viable PRPPs, small and mid-sized employers could join, significantly simplifying their governance responsibilities.

Furthermore, greater harmonization of comparable retirement arrangements across Canada would improve their viability, particularly for employers operating in more than one province.

Increase portability and accessibility by removing unnecessary barriers.
As labour mobility increases, retirement systems should function effectively across multiple employers, provinces, and employment relationships. Rules that restrict access to retirement arrangements solely based on current employer affiliation can interrupt saving and contribute to unnecessary account fragmentation. Retirement savings should be capable of following individuals throughout their careers with minimal friction.

Portability should become a routine feature of the Canadian retirement system. When an individual changes jobs, transferring savings from the prior employer’s program to the new employer’s program should be straightforward and supported through default mechanisms. If the employer does not sponsor a pension plan, then the employee should be able to continue saving through a PRPP/VRSP. If the individual later 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.

Achieving this objective will require greater federal-provincial coordination. Inconsistent transfer rules, differing eligibility requirements, and jurisdiction-specific restrictions create costs and complexity without necessarily improving retirement outcomes. Reducing these interprovincial barriers would strengthen retirement security, support labour mobility across Canada, reduce compliance costs for employers, and allow retirement savings to move more freely with Canadians throughout their working lives.

Finalize framework for adoption of VPLAs

Variable payment life annuities (VPLAs) represent an important addition to the retirement income landscape in Canada, offering members of defined contribution pension plans and pooled registered pension plans a means of securing lifetime income while pooling longevity and investment risk. 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 would allow more Canadians to apply this pooled approach to a greater portion of their retirement savings. VPLAs have the potential to significantly reduce cost and invest in assets that may not otherwise be available to retail investors.

Although the enabling framework for VPLAs was introduced in the 2019 federal budget and the governing provisions of the Income Tax Act have been in force for several years, the rules necessary to make these arrangements workable in practice remain incomplete. This uncertainty has discouraged plan administrators, insurers, and sponsors from developing and offering VPLA products, leaving Canadian retirees without access to a decumulation option that could improve their retirement security. We respectfully urge the Department of Finance to prioritize and finalize the outstanding regulatory and administrative rules governing VPLAs, including guidance on funding, actuarial standards, governance, and permissible plan design. Prompt action would provide certainty that stakeholders need to bring these products to market and would allow a growing population of retiring Canadians to benefit from a secure, pooled source of lifetime income that Parliament intended to make available. While amendments to the *Pension Benefits Standards Act, 1985* would facilitate the introduction of VPLAs by federally registered defined contribution plans, we also encourage the Department of Finance to lead the development of a national framework that may generate adoption of comparable rules across all Canadian jurisdictions.

Summary

Canada's retirement income system has served Canadians well, but some elements are not keeping pace with how Canadians now work, save, move between jurisdictions, and retire. Persistent workplace coverage gaps, fragmented retirement savings, and inflexible decumulation rules contribute to uneven outcomes and long-term pressure on public programs.

Workplace coverage remains uneven. Retirement savings remain unnecessarily fragmented. Portability between employers and provinces is more difficult than it should be. Decumulation rules can be inflexible and continue to reflect outdated assumptions about retirement.

These weaknesses matter more in the current economic environment. Canadians are being asked to navigate greater financial uncertainty when longer retirements and an aging population are making strong private retirement savings increasingly important.

The reforms proposed by ACPM are practical and achievable. Greater pooling and portability, modernization of tax and decumulation rules, improved workplace coverage, and the removal of unnecessary interprovincial barriers can improve outcomes for Canadians without fundamentally changing the system.

ACPM encourages governments to prioritize reforms that can operate at scale. Existing structures can be used more effectively, but this requires better coordination across jurisdictions, fewer unnecessary restrictions, and a stronger focus on the outcomes that matter to Canadians.

A more harmonized and portable retirement system would benefit not only individuals, but also employers, plan administrators, service providers, and the broader Canadian economy.

With its diverse membership and technical expertise, ACPM is well positioned to contribute to policy development and implementation, and to assist governments in identifying specific legislative, tax, and regulatory reforms.

Strengthening retirement security is not only a matter of individual financial well-being. It is an investment in Canada's economic resilience, fiscal sustainability, and labour market. The current environment provides both a compelling reason and an opportunity to act now to ensure that Canada's retirement income system remains resilient, effective, portable, and inclusive for future generations. We are urging governments, including the federal government, to remove barriers that prevent the retirement system from working as effectively as possible for all Canadians.

ACPM would welcome the opportunity to meet with officials to discuss these recommendations and to provide more detailed proposals for specific legislative, tax, and regulatory changes.