

June 22, 2010

Hon. James Flaherty
Minister of Finance
House of Commons
Ottawa, ON K1A 0A6

Minister Flaherty:

The Alberta Chambers of Commerce agrees with the Government of Canada that Canadians need to do more to save for their retirement years. However, our federation of 124 chambers of commerce believes your government can take positive steps to create a culture of savings above and beyond the Canadian Pension Plan. We suggest doing so by streamlining and simplifying savings plans registered with the Canada Revenue Agency to encourage more Canadians to save and more employers to assist their employees in establishing savings plans.

Taking the best of the Registered Retirement Savings Plan and combining it with the best of existing programs, such as Registered Education Savings Plans, Registered Disability Savings Plans, and Tax-Free Savings Accounts, will give Canadians a flexible and cost-effective lifestyle funding mechanism. Tax deductible contribution limits and partially tax-free and tax-deferred qualifying withdrawals can encourage Canadians to self-fund many of the cash needs that are currently paid through ad hoc government programs, tax credits, and grants.

The Alberta Chambers of Commerce recommends the Government of Canada create a comprehensive Registered Savings Plan that can complement currently established limits, grants, bonds, and qualifying tax-deferred withdrawals with permitted withdrawals for home purchases, home renovations, child care, temporary loss of employment, and disability.

The Registered Savings Plan can also provide a complete restoration of contribution limits after withdrawal and defined repayment schedules that will encourage a broad use in all income brackets. Fully indexed tax-deductible contributions of 20 per cent of earned income up to the top tax bracket, with matching grants for non-deductible contributions earmarked for education and disability care, and tax-free withdrawals of contributed capital and tax-deferred withdrawals of growth for qualified purposes will allow a Canadian to fund various expenses throughout their lifetimes.

In summary, the Alberta Chambers of Commerce recommends the Government of Canada:

1. Encourage Canadians to develop a “culture of savings” by refining and redefining Registered Retirement Savings Plans and other registered savings plans to create a Registered Savings Plan to encourage Canadians to save for their future and fund their lifestyle needs.

2. Ensure Canadians' savings are protected from unsecured creditors and can transfer easily to beneficiaries through a registration with the Canadian Revenue Agency.
3. Simplify the administration and reduce the administration and reduce the cost of saving for Canadians' future and lessen their dependence on ad hoc tax incentives and government funding.

Minister Flaherty, our federation recognizes the importance of the Canadian Pension Plan and Old Age Security for Canadians' retirement years, but as you have pointed out, these programs simply provide a financial foundation. Canadians need other retirement income to supplement their government programs, and the Alberta Chambers of Commerce believes the Government of Canada can play a vital role in streamlining financial mechanisms that will encourage them to take more personal responsibility to maintain their chosen lifestyles, while also ensuring they have savings for other important events in their lives. Furthermore, we feel it is important to point out that these measures can all be accomplished without increasing the payroll tax burden on employers.

We look forward to hearing from you on this important issue.

Sincerely,



Kay Olsen, MA
Chair



Ken Kobly, FCGA
President and CEO

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cc: Hon. Ted Morton, Alberta Minister of Finance and Enterprise

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