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Premier's New Mandatory Pension Plan Will Hit Ontario Workers Hard

By MPP Julia Munro

The Liberal majority government is implementing a new mandatory Ontario Retirement Pension Plan (ORPP). This e-newsletter is the first in a series to highlight why the ORPP is wrong for Ontario.

At this point, the government will force the ORPP on all workers who do not have a 'defined benefit' workplace pension plan. Regardless of workplace or robust personal savings, every employee will be forced to contribute 1.9% of his income, matched by his employer. This additional 3.8% deducted from Ontarians' cash flow before taxes will be on top of the 9.9% deducted to fund CPP, and the CPP contribution rate was doubled just a decade ago. Further, full benefit from the ORPP would come to a worker after contributing for 40 years.

What would the impact be on workers? Employers will need to find the money to fund this new ORPP, tough choices will need to be made – cut hours and jobs OR raise their prices. Businesses cannot raise prices without pricing themselves out of the marketplace. Employees will be impacted by having their working hours reduced, or even their job cut, as a result of this new ORPP.

Why isn't the government focused on today's ailing economy? Household budgets are thin these days. Electricity costs, taxes, regulatory burdens, fees – this government has already reduced take-home pay more than any previous government. Those with jobs are trying to keep them in this volatile economy. The Premier's ORPP will make it harder for employed Ontarians to keep their jobs; it will make it harder for those who are unemployed to find a job; and, the ORPP will further reduce take-home pay at a time when the real incomes of Ontarians have decreased for the first time in twenty years.

No matter how you spin it, the ORPP will cause long-term damage to our economy. This is not the time to contemplate a new mandatory government-run pension plan deduction from workers' paycheques. This is not the time to make it harder for Ontarians and our businesses to make ends meet. Let's get today back on track before we think about tomorrow.

The pension plan is not a gift from the government – it's funded by your paycheque.

[Next Friday's e-newsletter will be about the ORPP's impact on business]

Please visit: www.juliamunrompp.com