



# JULIA MUNRO, MPP



## **Premier's New Mandatory Pension Plan Will Hit Ontario Employers Hard**

By MPP Julia Munro

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

In my last article I laid out that the Premier's new pension plan would deduct 1.9% from a worker's paycheque and that 1.9% contribution would be matched by the worker's employer. The ORPP will apply regardless of workplace or whether the employer offers a group RRSP or a defined contribution workplace pension plan. Only employers who offer a defined benefit pension plan or a "comparable" pension will be outside the ORPP (the government has not yet defined "comparable"). The government is implementing this mandatory pension plan on top of the CPP, no matter how many jobs or hours employers have to cut. This will be another payroll tax on employers.

What would the impact be on employers? The Ontario Chamber of Commerce, the Canadian Federation of Independent Business (CFIB), the Financial Advisors Association of Canada, the Retail Council of Canada, the Ontario Restaurants, Hotels and Motels Association, and many other business groups have surveyed their members on what they would be forced to do under the ORPP. The majority of respondents stated that they would either cut jobs from their workforce or offer severely reduced hours to employees. In addition, business owners said they would have to reduce wages and postpone wage increases.

Why isn't the government focused on today's ailing economy? Why is the government not listening to the business community – the people who actually can create jobs?

Today, there are over 600,000 people out of work in Ontario. How can the government move forward on a plan that will certainly cause more people to be out of work? No jobs will be created because of the ORPP, only jobs lost. Businesses can't offer jobs if they can't afford to. It is estimated that in the year 2020 alone, Ontario could lose 42,000 jobs. The specter of this ORPP is already discouraging business investment in Ontario.

The ORPP is the wrong idea at the wrong time. If the government wants to help people retire, it must first help businesses put people to work.

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***[Next Friday's e-newsletter will be about the ORPP's impact on those with retirement savings already.]***

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