

The Alberta Federation of Labour has created this fact sheet because the UCP government is not providing full, fair or unbiased information to Albertans about their radical proposal to pull all Albertans out of the Canada Pension Plan (CPP) and replace it with a smaller, riskier Alberta Pension Plan (APP).

If implemented, the government's scheme to pull Alberta out of CPP would be irreversible and could have serious negative impacts on Albertans' retirement security. Workers and retirees should have reliable information to make such a significant decision, but the information the UCP government is putting out is being questioned, even by their own panel tasked with engaging Albertans on the topic.

It's impossible for Albertans to make an informed decision based on what's being presented to them.

It's time to cut through the spin: pulling Albertans' retirement savings out of the Canada Pension Plan. It is simply too risky. Here's why:

Is Alberta entitled to more than half (53%), or \$334 billion, of the CPP's base assets?

Alberta workers and employers contributed about 16% of the Canada Pension Plan assets, not more than half, which Danielle Smith and the UCP claim we're owed. Their number is based on a report that uses an "alternative interpretation" of the law that protects your CPP retirement funds and it's the only one that says we're owed that much.

Other studies put Alberta's share far lower – in the 13 to 20% range. It's important for Albertans to know what this number is, because it will determine the costs and benefits of an Alberta pension.

If we leave the Canada Pension Plan 13 to 20% of its base assets, the supposed savings of an APP, are small and disappear in the near future. This would put our retirement security at risk.

The government says that if we leave the CPP, we MIGHT save \$1,425 on our paycheques, but is that true?

The government's case is built on the idea that if Alberta pulls out of the Canada Pension Plan, we could get 53% of its assets. Only with such massive assets could Alberta see the sort of savings they say we could, but that amount is unreasonable and unlikely to happen. Other provinces will likely challenge this because it will hurt other Canadians' retirement security by weakening the CPP.

If Alberta pulls out of the CPP, would the billions of dollars in our retirement security fund be handled by investment experts?

The plan to pull Alberta out of the Canada Pension Plan adds political risk to our retirement security. The Canada Pension Plan has an independent investment board and is not controlled by any government, whereas the APP proposal has no such safeguards. In fact, Danielle Smith is on the record several times saying that she wants the UCP government to direct investments, instead of an independent investment board. This could mean the APP has bad investments based on political whims and insider relationships.

Would it be expensive to create an Alberta pension plan?

A new Alberta pension scheme will be very expensive, perhaps as high as \$2.2 billion, whereas the CPP is already up and running and has been a stable source of retirement income for generations of Albertans.

It would also require a new provincial tax collection agency to deduct the pension contributions that would be separate from CPP off Albertans' paycheques. A new Alberta tax collection agency would cost billions of dollars and add red tape for everyone.

If Alberta pulls out of the CPP, would Albertans be able to work in other provinces and contribute to just one pension?

With the Smith government's APP scheme, there are no guarantees that Alberta workers could work in other provinces and continue to contribute to one pension, which is how things currently operate with the Canada Pension Plan. It would take complex and lengthy negotiations with other provinces for this to happen. Other premiers have already spoken out about weakening the Canada Pension Plan by Alberta leaving, so the outcome of negotiations would be questionable. The leader of the Conservative Party of Canada, Pierre Poilievre, and the federal NDP leader, Jagmeet Singh, also strongly support Alberta staying in the Canada Pension Plan.

Quebec has its own pension plan instead of the CPP, if they can do it, why can't we?

When Quebec created the Quebec Pension Plan (QPP) in the 1960s, its workforce was younger than the Canadian average. Now, its workforce is older than the Canadian average. As a result, Quebecers now pay more for the QPP than the rest of Canada does for the CPP. If Quebec had joined the CPP when it started instead of going it alone, their premiums would be lower than they are now. Quebec's case shows that smaller pensions are not as strong as larger ones when it comes to changing populations; something Albertans should consider with the Alberta pension plan proposal.

Would an Alberta pension plan be as stable as the CPP?

No, an Alberta pension plan would not enjoy the same stability as the Canada Pension Plan. In pensions, bigger is better. An Alberta pension would be smaller than the CPP, so less stable in terms of investment returns and weathering changes to population.

Would Alberta be able to rejoin CPP after leaving?

No, Alberta would not be able to rejoin the Canada Pension Plan if we leave. The decision to leave is irreversible. That's why it's so important that Alberta workers have accurate information if they are going to be asked to make such an important decision.

