

# Affordable Lifetime Pension Income for a Better Tomorrow

**How we can address the \$1.5 trillion  
decumulation disconnect in the Canadian  
retirement income system with Dynamic  
Pension Pools**

Bonnie-Jeanne MacDonald, PhD, FSA, FCIA  
Barbara Sanders, FSA, FCIA  
Laura Strachan, FIA, FCIA  
Mitch Frazer, LLB, MBA

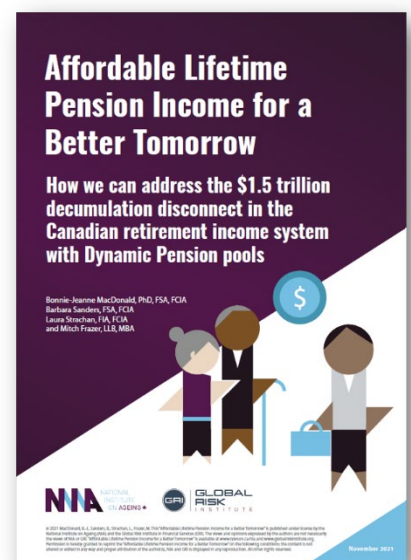


# Affordable Lifetime Pension Income for a Better Tomorrow

The purpose of this handout is to summarize the information captured in my presentation on Dynamic Pension pools, which is based on my recently published report [\*Affordable Lifetime Pension Income for a Better Tomorrow: How We Can Address the \\$1.5-trillion Decumulation Disconnect in the Canadian Retirement Income System with Dynamic Pension Pools\*](#).

## Overview

A new report published by the National Institute on Ageing (NIA) and the Global Risk Institute (GRI), explains why Dynamic Pension (DP) pools are urgently needed to make retirement income security possible for millions of Canadian seniors. With 10 million baby boomers now entering retirement—with longer life expectancies and a greater dependency on private savings to sustain them—it's more important than ever to find solutions that will help retiring Canadians turn their accumulated savings into low-cost lifetime pension income. DP pools are already recognized as a powerful decumulation solution in other ageing countries around the world; however, they aren't broadly available in Canada today. The report provides guidance on how to remove unnecessary obstacles and clear the path for this important solution.



## Report

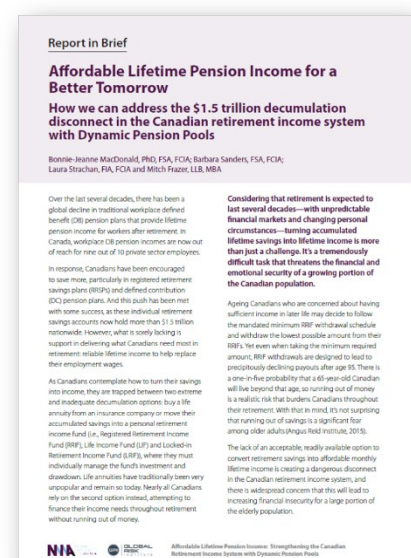
[Read the full report.](#)

## Report In Brief

[Read the Report in Brief.](#)

## Media Release

[Access the media release.](#)



Key Takeaways

- Dynamic Pension (DP) pools are a viable, efficient and transparent decumulation option. By allowing retirees to pool their longevity risk, they deliver higher expected lifetime income and solve the biggest financial threat that Canadian seniors face: running out of money in retirement. Other advantages include continued participation in equity markets, economies of scale and greater investing power.



**NIA** NATIONAL INSTITUTE ON AGEING  
**GRI** GLOBAL RISK INSTITUTE

Source: Tailored tabulation from Statistics Canada

Canadians are increasingly facing the **complex challenge** of turning their savings into lifetime retirement income.

Over the past two decades, the median balance held in individual retirement savings accounts (like RRSPs, LIRAs and defined contribution pension plans) has **increased by a third** for the majority of Canadian households.

- When it comes to expected lifetime retirement income, DP pools substantially outperform the decumulation options currently available to Canadians. Their risk-reward profile is fundamentally different from guaranteed annuities and individual drawdowns: they allow retirees to pool longevity risk without being forced into a conservative asset mix.

Summary of Implementation Options		DP pools with- in DC plans	DP pools within PRPPs	DP pools via securities	Standalone DP pools
1	Uniform treatment of registered savings	✓	✓	✓	✓
2	Universal member eligibility	✳	✳	✓	✓
3	Effective protection from longevity risk	✳	✓	✳	✓
4	Robust governance	✓	✳	✳	✓
5	Providers are willing and able to bring DP pools to scale	✗	✳	✓	✓
6	Clear, simple, harmonized regulations	✗	✳	✳	✓

✓

satisfied

✳

needs adjustment

✗

unlikely to be achieved

- Not only can DP pools protect the financial security of individual Canadians, but they can also protect the public purse by reducing reliance on income-tested federal and provincial senior social programs.

- While the merits of dynamic pensions have been demonstrated both in theory and in practice, their widespread adoption and effective use hinges on swift and successful implementation, with clear regulatory guidance.



Canadians need access to affordable retirement income solutions.

**Dynamic Pension pools could help.**

Learn more about converting personal savings into lifetime retirement income with this proven financial solution:  
[nia-ryerson.ca/reports#dynamicpensions](http://nia-ryerson.ca/reports#dynamicpensions)

**NIA** NATIONAL INSTITUTE ON AGEING  
**GRI** GLOBAL RISK INSTITUTE

- The report urges policymakers to adopt a universal DP pool framework that is available to all Canadians regardless of their employment histories, accepts all types of individual registered retirement savings accounts and encourages a broad range of providers.



A workplace pension plan that provides an ongoing stream of lifetime retirement income is **out of reach for nine out of 10 private sector workers** in Canada.

**NIA** NATIONAL INSTITUTE ON AGEING  
**GRI** GLOBAL RISK INSTITUTE

Source: Tailored tabulation from Statistics Canada

- With supportive legislation, access to DP pools has the potential to transform decumulation and the Canadian retirement income landscape.



Canadians have **\$1,544,500,000,000** in registered retirement savings, with no satisfactory option to turn those savings into lifetime retirement income.

**NIA** NATIONAL INSTITUTE ON AGEING  
**GRI** GLOBAL RISK INSTITUTE

Source: Tailored tabulation from Statistics Canada

## Media Mentions

**The Globe and Mail - Worried about running out of money in retirement? A new type of pension plan may soon solve that problem**

<https://www.theglobeandmail.com/investing/markets/inside-the-market/article-could-dynamic-pension-pools-help-to-ease-investment-stress/>

"Some signs suggest standalone DP pools could quickly become a thriving business."

**Financial Independence Hub - Can Dynamic Pension Pools strengthen Canadians' Retirement Income Security?**

<https://findependencehub.com/can-dynamic-pension-pools-strengthen-canadians-retirement-income-security/>

"Pooling longevity risk allows retirees to spend their savings more confidently while they are alive, says the report."

**Advisor's Edge - DP pools should be available to more retiring Canadians, report says**

<https://www.advisor.ca/retirement/retirement-news/dp-pools-should-be-available-to-more-retiring-canadians-report-says/>

"DP pools should be able to take in assets from all types of registered plans, the report argued, and should be offered to a wider group of retirees regardless of employment history."

**Benefits Canada - Dynamic pension pools a viable decumulation option for Canadians: report**

<https://www.benefitscanada.com/pensions/retirement/dynamic-pension-pools-a-viable-decumulation-option-for-canadians-report/>

"In addition to protecting the financial security of individual Canadians, these pools can also protect the public purse by reducing reliance on income-tested federal and provincial senior social programs."

## Contact

Questions? Contact Bonnie-Jeanne MacDonald, PhD FSA FCIA, Director of Financial Security Research, National Institute on Ageing, Ryerson University at [BJMacDonald@Ryerson.ca](mailto:BJMacDonald@Ryerson.ca)

To learn more about the NIA visit our  
website at [ryerson.ca/nia](http://ryerson.ca/nia) and  
follow us on twitter @RyersonNIA

To learn more about the GRI visit our  
website at [globalriskinstitute.org](http://globalriskinstitute.org) and  
follow us on twitter @globalriskfs

