

Steelworkers Pension Plan ... **PROTECTING YOUR FUTURE!**

Saving for retirement is hard. As a start, it's tough enough just to find money to put away for the future and direct to your savings. Then, once you make the contributions, it can be harder still to resist the urge to dip into that balance for impulse buys or even to support your current lifestyle needs.

Let's talk first about contributing and saving for your future. Did you know that fewer than 22% of Canadians made contributions to their RRSPs in 2019¹? And, of those who made contributions, 70% had a total income of more than \$80,000². Being able to contribute to an RRSP is difficult for most people who are just trying to make ends meet.

That's why having an employer pension plan that you can count on is so valuable.

Some employers choose to use RRSPs to provide retirement savings. And while having a personal RRSP is an important part of your savings strategy, a company RRSP that lets members make withdrawals introduces a whole new challenge.

For many savers, having access to a pool of retirement contributions can be dangerous. It's constant temptation -- even for the most disciplined savers. And withdrawals from retirement savings have obvious long-term impacts for future income.

That's why having an employer pension plan that protects your retirement savings for your future is a smart choice.

What goes in, needs to stay in!

Let's take a look at a typical person who cannot resist temptation and dips into their company-provided RRSP account for \$2,000 for a vacation or to help pay for home renovations. Aside from the immediate tax implications of the withdrawal, this person now has \$2,000 less in retirement savings **and** \$2,000 less to earn compounded investment returns in the future.

If we assume that the \$2,000 is not repaid (which is often the case), the table below illustrates the long-term impact of being able to make a withdrawal from an employer plan:

	\$10,000 RRSP (no withdrawal)	\$10,000 RRSP – \$2,000 withdrawal \$8,000
Value in 10 years at 5% compounded annually =	\$16,289	\$13,031
Value in 20 years at 5% compounded annually =	\$26,533	\$21,226
The actual cost of \$2,000 withdrawal is \$26,533 – \$21,226 = \$5,307		

It's time to think differently about pensions

While it might feel like a benefit to know that you can tap into your company-provided RRSP account whenever you need, there may actually be more value in knowing that your company retirement plan is protected from any temptation for members to make withdrawals for current spending.

Steelworkers Pension Plan ... security and peace of mind

Steelworkers Pension Plan (SPP) is designed differently than company-provided Group RRSP plans -- to avoid the issues associated with members having RRSP accounts and access to retirement balances.

All SPP contributions earmarked for your future actually provide you with income in your future. You can't make cash withdrawals while you are actively saving for the future. The only time you receive money from the pension plan is when you retire and start receiving your promised pension payments each month.

The entire SPP design is about paying you a monthly pension income for life in retirement. In SPP, there is no such thing as an "account" that you can dip into or that makes your retirement nest egg sound like a daily savings account.

Instead, in SPP contributions go in and pension payments come out. It's that simple.

Just ask the people who have retired from SPP. They understand the value of protecting their contributions for the future and are living retirement to the fullest without having to think about next month's cheque. They know that a pension cheque will come for them each month, every month for as long as they live. And they know that these cheques will continue to their spouses if they die. That's security. And that's the peace of mind that you get with SPP.

It's just a different kind of pension plan that puts your future first and protects the plan contributions for what's important ... *your* retirement!

¹ Statistics Canada. Table 11-10-0044-01 Selected characteristics of tax filers with Registered Retirement Savings Plan (RRSP) contributions

² Statistics Canada. Table 11-10-0239-01 Income of individuals by age group, sex and income source, Canada, provinces, and selected census metropolitan areas