

Lorne Gunter: Stop paying MPs twice

Lorne Gunter Jan 20, 2012 – 8:00 AM ET | Last Updated: Jan 20, 2012 12:08 PM ET



Federal politicians should plan their retirements using the same savings rules they impose on everyone else.

Chris Wattie/Reuters

Why should Members of Parliament receive pensions vastly richer than the pensions ordinary working Canadians may obtain? Indeed, tax laws — passed by MPs — would never permit ordinary Canadians to save for themselves enough money to fund pensions anywhere near as rich as those MPs have granted themselves.

Two studies released this week — one by a leading taxpayers' advocacy organization and another by a leading think-tank — have exposed the lavishness of the MP pension plan and the extent to which ordinary Canadians are forking over for their elected representatives' cushy retirement.

According to William Robson, president and CEO of the C.D. Howe Institute, the MP plan “subjects taxpayers to a financial burden and risks that few appreciate.” While MPs are eligible to receive pensions of 50% of their \$157,000-a-year pay beginning at age 55, provided they serve at least six years in Parliament, their plan “has set aside essentially no assets to pay” for these generous benefits.

The federal government's chief pension actuary claimed last year that the MP fund had a surplus of \$176-million. But Mr. Robson asserts that figure is based on wildly unrealistic assumptions about economic growth and interest rates — assumptions no private pension-fund manager would be permitted to get away with using. A “realistic appraisal of its financial condition would show,” according to Mr. Robson, that the MP plan actually has “a deficit as large as \$1-billion.”

The discrepancy between the two figures is hardly a surprise. Consider that MPs only have to contribute about \$11,000 a year for

six years in order to qualify for a pension of a minimum of \$55,000 a year for life. (For most former members, the sum is much higher.) Those MPs who only serve the minimum of six years before retiring, barely put enough into their plan to cover their first year of retirement benefits, much less benefits for the 20 or 30 years most of them will collect.

According to the Canadian Taxpayers Federation, an ordinary working Canadian “would need to save \$129,000 per year over six years to provide the same retirement benefit.” But the average Canadian makes less than half that amount per year and would be prevented by tax laws from putting all of that aside, anyway.

Both the Taxpayers’ and the Howe numbers point to the same conclusion: MP pensions are far from self-funded and must be heavily subsidized by taxpayers. This means Canadians pay MPs generously while they are in office and then pay them generously again once they leave. It really does amount to paying MPs twice.

The Taxpayers Federation calculates that for every dollar MPs contribute to their retirements, working Canadians must contribute \$23.30. That is a far cry from the \$5.80-to-\$1.00, taxpayer-to-MP ratio officially reported by the federal government.

But even if taxpayers did put in just \$5.80 for every dollar MPs themselves contributed (rather than over \$23), the ratio would still be outrageous. Even those in generous private plans contribute \$6 or \$7 for every \$7 or \$8 kicked in by their employers. Ordinary working Canadians simply have no chance of ever retiring as comfortably as their MPs.

The federal Tories have already promised to reform the MP pension plan, but they are unlikely to make it comparable to what ordinary Canadians can afford. Yet they should. Public service is a noble calling, but there is no way a few years in Parliament should be a ticket to life-long financial security. Let them have RSPs and pensions like everyone else. Let them live under the pension laws they impose on everyone else.

National Post

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LORNE GUNTER

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Thylacine

And what about that nonsense about paying politicians a portion of their income tax free??? Politicians should have to pay an income tax premium - 5% more than

everyone else, on all income - so that they think twice about imposing taxes on everyone else.

0 minutes ago

Like



DoctorSmash

Blood suckers.

1 minute ago

Like



BlueScot

I expect the next budget will see civil service & MP pension contributions cut. With the upcoming austerity measures, there will be plenty of cutting to make the numbers work. Can't wait.

4 minutes ago

Like



WestCoastThoughts

Hey, as far as their concerned they deserve it.

The way I see it is if an MP wants to collect his pension then they can wait till their 60 and take a early retirement at a reduced rate or wait till their 65 to get a full pension, but giving an MP a pension after only six years is totally robbery for taxpayers.

7 minutes ago

Like



Angus

This article makes a great point.

11 minutes ago

Like



Stirling Bill

I'll swim against the tide a bit here and suggest that MPs should get something better than a private pension plan. They may set aside careers for 6+ years - long enough to mean that they may not be able to go back to them. Sure, if you're a cabinet minister there will likely be a cushy job waiting for you somewhere, but not necessarily for Joe Backbencher. Having said that, I'm not defending the status quo. Maybe a severance package for those up to 10 years and a more modest pension for the longer serving MPs.

12 minutes ago

Like



Dammet Jim

Politicians will shake the money tree as long as they stand under it. The issue never becomes a campaign issue because no one wants to commit to changing it if they get elected. Harper says they'll address it...we'll see.

15 minutes ago

Like



The Baron Porcelli

Didn't the Reform MPs go to Ottawa (your riding's representative in Ottawa, not Ottawa's representative in your riding .. ha ha remember those days of innocence?) saying they would refuse to opt in to the pension? What happened to that?

How about the NP contact those ol' Reform MPs and ask if they're managing okay, maybe they need help getting down to the food bank today...

23 minutes ago 1 Like

Like



crabby2

Nuf, Nuf, OINK, OINK, nothing more to say to that !! Once they saw that money, it was little piggy all the way to the bank.

16 minutes ago in reply to The Baron Porcelli

Like



BillieBob

They work for us, Public Service working for all Canadians. Since they want to help Canada, then I'm sure they will want to lesson the tax burden on us all.

29 minutes ago 5 Likes

Like



ibmrepair

I agree, I'm starting right now by not paying anymore taxes! p

30 minutes ago 2 Likes

Like



damesbondoo7

Compared to them, I earn peanuts and will have to live on peanuts when I retire and yet, my peanuts are taken from me with the expectation of funding their overly generous salaries and gold plated pensions?

There was NEVER any logic in this! There is no logic in this and there will be no logic in this!

Just lower their pensions to that comparable to the private sector and let them live off the same peanuts we do!!!

30 minutes ago 6 Likes

Like



Torque Bomarc

Hung over, Lorne can't think of anything new to opine about. So he pulls this from the archives.

33 minutes ago 1 Like

Like



crabby2

MP pensions should be in line with the private sector, but this will not happen because they are the ones who have to vote for the change. What is good for you is NOT good for them. That is why they go OINK, OINK every day when they go to so called work !! NUF, NUF, OINK, OINK

46 minutes ago 5 Likes

Like



Sassylassie

MP pensions should be exactly the same as other federal employees, their current plan is beyond greedy it's obscene.

2 hours ago 9 Likes

Like



broke

Correction Sassy. MP and Federal employee pensions should be the same as that of tax-paying Canadians.

18 minutes ago in reply to Sassylassie 1 Like

Like



Dammet Jim

And the plan for federal employees needs an overhaul as well.

19 minutes ago in reply to Sassylassie 1 Like

Like



marjory

When do MP's start collecting their pensions--when they're out of office, or when they reach a certain age (60, eg.)?

2 hours ago

Like



Lancair

They must be minimum 55 years old, minimum 6 years of service and out of office.

2 hours ago in reply to marjory 3 Likes

Like



Geoff E

How is anyone expected to relate to these people? All they have to do is get elected twice, work (sort of) for eight years and they're set for life. Party loyalists like to describe their leaders as "down to earth" and "blue collar", but the fact is that these MPs will NEVER comprehend the economic and emotional toll of trying to save enough to retire on for 25-30 years.

These aren't normal people, but they SHOULD be.

3 hours ago 6 Likes

Like

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