CANADIAN ASSOCIATION OF RETIRED PERSONS

Government of Canada

Standing Committee on Finance
Sixth Floor, 131 Queen Street
House of Commons
Ottawa ON K1A 0A6

Brief for the Pre-Budget Consultations in Advance of the Fall 2025 Budget

Submitted By:
The Canadian Association of Retired Persons (CARP)
70 Jefferson Ave. Toronto, ON M6K 1Y4
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RECOMMENDATIONS

- **Recommendation 1:** That the government maintain the integrity of the Old Age Security (OAS).

- **Recommendation 2:** That the government eliminate mandatory registered retirement income fund (RRIF) withdrawals.

- **Recommendation 3:** That the government end the exploitation of retail investors by holding banks and regulators accountable, enforcing fiduciary standards and ensuring fair competition and investment choice especially for seniors.

- **Recommendation 4:** That the government strengthen the Criminal Code and enforcement against frauds and scams targeting seniors treating them as serious criminal offences, with dedicated resources for investigation, prosecution and penalties.

- **Recommendation 5:** That the government unequivocally denounce the implementation of a Home Equity tax and avoid pitting generations against each other when discussing budget priorities.

Recommendation 1

OAS is not a luxury; it is a promise and the backbone of retirement income for millions of Canadians. For many seniors, particularly those without private pensions or substantial savings, OAS makes up nearly half or more of their annual income. Undermining it in any form would be a direct assault on retirement security in this country.

Canada's retirement system is no longer supported by the pillars it once relied on. Historically, workplace pension plans have helped bridge the income gap by providing a reliable lifetime income. But this is no longer the reality. Approximately 12 million working Canadians are heading toward retirement without a workplace pension and a median retirement savings of just $3,000. This is not a policy failure waiting to happen; it is a full-blown retirement crisis already unfolding.

Seniors are already falling through the cracks. Even with OAS and the Guaranteed Income Supplement (GIS), financial insecurity persists. One in five Canadians aged 50 and older lives at or near poverty levels, according to the Material Deprivation Index. Senior poverty rates are increasing - more than tripling from 3.1% in 2020 to 9.9% in 2022. Women, immigrants, and single seniors face the highest risk.

Meanwhile, skyrocketing costs for housing, food, and basic necessities have made survival precarious for those on fixed incomes. Even modest gains in inflation indexing are quickly outpaced by the real cost of living for seniors. Government deficits and tariff threats from abroad are real, but forcing older Canadians to shoulder that burden is not a solution. It is a betrayal.

CARP urges the federal government to make an unequivocal commitment to protecting OAS in full:

- No increase in the ages of eligibility.
- No changes to income thresholds or clawback levels.
- No reduction in benefits.
- Continued full indexation to inflation.

If the government attacks OAS, senior poverty will worsen. If there are cuts or delays in OAS, the consequences will be immediate and devastating. Canada cannot build a fair or sustainable future by hollowing out the financial foundation of those who built this country and who are also the fastest-growing demographic.

Recommendation 2:

Current RRIF withdrawal rules are outdated and harmful. Designed nearly 50 years ago, these rules were based on a very different economic and demographic reality, when people died younger, returns were higher and most retirees had workplace pensions.

In today's Canada, this framework no longer serves seniors. People are living longer; life expectancy in Canada is now 83.26 years (2025). RRIF rules were designed when life expectancy was much lower. At the same time, safe investments yield far lower returns than in the past, which means seniors are forced to draw down their savings faster than intended, especially as many retirees now lack a defined benefit pension from workplaces compared to previous generations and rely almost entirely on their registered savings to fund their later years. Yet despite this changing reality, the government continues to enforce a rigid RRIF withdrawal schedule that risks prematurely depleting seniors' savings, especially as life expectancy continues to increase.

The result is a triple threat: financial strain from faster savings depletion, heavier tax burdens that punish responsible savers and lost flexibility that prevents seniors from adapting to their personal and financial circumstances. Nearly half of Canadians (47.9%) expect to receive no income from retirement savings. Those who do rely on RRIFs risk running out of money just as their healthcare and long-term care costs begin to rise - all this, when money from RRIFs is guaranteed to become the government's tax revenue upon death. CARP is simply asking for a deferral of these taxes.

CARP calls on the government to

- Eliminate mandatory RRIF withdrawal rules to better reflect this reality, and consider greater deferrals of RRIF withdrawals while seniors are working. Overall, let seniors and their trusted financial advisors decide when and how much to withdraw, based on their needs rather than an outdated formula that ignores today's realities and economy.

Recommendation 3

Canada's financial system is failing retail investors, especially seniors. At a time when older Canadians are doing everything right by saving, investing and seeking advice to maintain financial independence in retirement, they are being routinely steered into low-return investment products (net of fees) by bank advisors, who are not legally obligated to act in their clients' best interests and are pressured by head offices to sell only bank funds. This exploitation is well known to both banks and regulators, yet no meaningful action is being taken.

Many seniors rely on financial advice provided at the bank branch level, often as loyal customers, for many decades. Yet these branch-level advisors do a disservice to their customers by being required to push underperforming, in-house investment products with limited transparency, little choice and no fiduciary duty. In fact, a joint Canadian Investment Regulatory Organization (CIRO) and Ontario Securities Commission (OSC) survey of bank branch advisors published in July 2025 revealed:

- The vast majority (94%) of representatives report that they are only able to offer clients bank mutual funds (i.e., proprietary mutual funds) and are not able to offer external (i.e., third-party) mutual funds.
- When asked '*if there were comparable third-party funds available with a similar cost to those available at my bank - but with better performance - it would be in my clients' best interest [to] offer these,'* more than two-thirds of representatives agreed with this statement.
- 25% of representatives across banks reported that clients have been recommended products or services **that are not in their interests at least 'sometimes'**, which suggests that product recommendations may not always be in the interests of clients.

In Canada's financial industry, where the largest financial institutions enjoy a dominant position, seniors are left with shrinking returns and eroding nest eggs while these banks post record-breaking profits annually at the expense of the very customers they are meant to serve. This is ageism in action, where vulnerable investors are left to fend for themselves in a financial system pitted against older Canadians, especially as there is a lack of financial literacy and access to resources needed to evaluate investment choices.

The cost of federal inaction is not abstract. When seniors lose their savings for retirement, the burden falls back on public government support, taking away income support for other overburdened areas, such as healthcare. In the long run, a stronger, fairer financial system is not just good for seniors; it is sound long-term fiscal policy.

CARP calls on the federal government to act decisively to protect senior retail investors by:

- Requiring stronger competition, expanded investment choices at banks and firm regulatory accountability.
- Working cooperatively with provinces and territories to close jurisdictional gaps and create unified, enforceable protections for retail investors in Canada.
- Ensuring the 2025 Bank Act Review enhances competition and choice at the retail level, including at bank branches where most seniors access financial advice.
- Legislating a fiduciary standard requiring financial advisors and banks to act in the best interest of clients, particularly vulnerable investors such as seniors.
- Directing the Competition Bureau to review the big banks' oligopolistic power and collective decision to restrict retail investor choice at bank branches.

Recommendation 4

Frauds and scams are a relentless and serious assault on older Canadians, and yet Canadian authorities continue to turn a blind eye. In 2024 alone, the Canadian Anti-Fraud Centre reported $638 million in fraud losses, a figure dwarfed by the several billions likely stolen and unreported annually. Seniors, targeted for their perceived vulnerabilities, are treated as expendable by a system that shrugs at their plight, allowing criminals to flourish. Seniors aged 60+ accounted for 17,000 reported cases and $138 million in reported loss, lifetime savings that are rarely recovered and cannot be replaced. CARP asserts this aversion to pursuing justice for senior victims is rooted in ageism. Canada's decade-long reliance on education over enforcement has failed, leaving fraudsters free to prey on seniors with impunity.

CARP calls on the federal government to:

- Classify senior-targeted fraud as a serious offence under the Criminal Code.
- Mandate accountability from banks and financial institutions that fail to flag or prevent suspicious transactions.
- Increase resources for fraud investigation and recovery of lost funds—stop abandoning seniors to billion-dollar losses.
- Stronger penalties for financial crimes targeting seniors. Deter fraudsters with real jail time, not leniency.

Recommendation 5

CARP urges the federal government to firmly reject a proposal to impose a home equity tax or capital gains tax on the sale of Canadians' principal residences. Such a tax would devastate the retirement security of millions of older Canadians who have relied on the long-standing exemption as a pillar of financial planning. For Canada's seniors, home equity is not speculative wealth; it is their last line of defence against poverty, rising healthcare costs and income erosion in later life.

As workplace pensions decline and personal savings prove insufficient, many retirees rely on their home's value to supplement fixed incomes. 45% of Canadians aged 55 and older view home equity as a key part of their retirement plan. Proposals to tax principal residences, even those targeting homes over $1 million, would punish long-time owners, many of whom are seniors on modest, fixed incomes facing rising living and healthcare costs. This type of taxation would create cash flow crises, force seniors to sell or borrow against their homes and disincentivize aging in place, contradicting national health and housing goals. Adding another layer of taxation on top of existing taxes, such as property taxes, would be punitive.

Canada already ranks among the lowest in pension replacement rates in OECD countries. Home equity is one of the few tools seniors have to maintain dignity and independence. Taxing it would only deepen financial insecurity for those least able to recover. To tax home equity is to penalize long-term responsibility, displace low and middle-income seniors and break faith with Canadians who built their retirement around government promises. Canada must not balance its housing or fiscal deficits on the back of its seniors.

Moreover, CARP urges the federal government to actively reject the harmful and false narrative that supporting older Canadians must come at the expense of younger generations. This zero-sum framing of fiscal choices is not only inaccurate, but it undermines public trust, fosters divisions and distracts from the real policy challenges facing Canadians of all ages.

Older and younger generations are not competitors for public funding - they are interdependent. Seniors contribute significantly to the economy through consumer spending, caregiving, community leadership and shared intergenerational housing. Today's young adults are tomorrow's retirees. Undermining social support for one group endangers the well-being of all.

CARP calls on the federal government to:

- Explicitly reject any proposal to tax home equity or capital gains on the sale of a principal residence.
- Prioritize policies that foster intergenerational solidarity, including retirement security, affordable housing and caregiving support without pitting one generation against another. Canada must plan for an aging population by building stronger public systems that benefit everyone.

Respectfully submitted.

Anthony Quinn
President,
The Canadian Association of Retired Persons