CANADIAN ASSOCIATION OF RETIRED PERSONS

CARP response to Ontario pension unlocking consultation

October 2, 2026

To the Ontario Ministry of Finance

Re: Proposal 26-MOF010 — Unlocking Pension Funds in Locked-in Accounts

Pension policy seeks to preserve income security throughout retirement. It responds to a predictable feature of human behaviour: immediate financial demands tend to receive greater weight than needs decades into the future. Contributions set aside a portion of employment compensation to provide income after working life. Locked-in accounts preserve that retirement purpose when accrued benefits are transferred out of a workplace pension plan. The policy rationale is to reduce the risk that short-term pressures exhaust savings intended to support decades of retirement.

The biblical account of Joseph storing grain during Egypt's years of plenty for the lean years ahead illustrates the same principle. Pension arrangements institutionalize that foresight, reducing dependence on individual willpower and the ability to predict future needs.

CARP has fought for pensioners' super-priority in corporate insolvency because pensions are earned compensation. An employer's failure should not erase a retirement income earned over decades. The same concern for financial security informs CARP's approach to this consultation: money accumulated for retirement deserves serious protection.[1]

In CARP's view, the erosion of workplace pensions, particularly defined-benefit plans, has been a net loss for Ontarians and Canadians. It has shifted investment and longevity risk onto individuals and made retirement income less predictable, leaving people more dependent on their own savings and the public retirement-income system. Public programs are essential. Employers should meet their pension obligations rather than leave individuals and taxpayers to absorb the consequences.

At the same time, the money in a locked-in account belongs to its owner. CARP members have worked, saved, raised families and made consequential decisions throughout their lives. Retirement does not cancel that judgment. Older adults already encounter too much paternalism from people who presume to know how they should use their savings. Age is not a proxy for incapacity.

CARP is therefore not taking a blanket position for or against full unlocking. People's circumstances differ. Greater access may help someone meet a serious need; another person may rightly value the discipline and income protection of keeping funds locked in. CARP gives substantial weight to individual freedom. CARP's position is firm on the conditions of that freedom: decisions must be informed and voluntary, and institutions must be accountable for their conduct.

Evidence and accountability

Ontario's 2026 Budget presents expanded unlocking as a response to affordability pressures and a way to give eligible account holders greater control over their money. Making accumulated savings easier to spend creates no additional retirement wealth. The Ministry must assess whether relief today could mean hardship later, especially for people who have little opportunity to rebuild their savings.[2]

CARP is concerned about whose interests may be driving this proposal. The Ministry identifies net cost savings for financial institutions, but institutional convenience should not set the direction of retirement policy. Any change should be grounded in account holders' needs and protect their long-term financial security.

This is CARP's primary concern as we respond to this consultation. What is driving this proposed change? It is certainly not something coming from grassroots retirees or soon-to-retire Canadians. And younger Canadians who would want access to those funds are likely not weighing the potential negative effects on their retirement prospects.

Consultation submissions should be published with appropriate privacy protections, together with the Ministry's response. CARP is asking for transparency about whose interests the change serves. The answers belong on the public record.

The quality of advice is also a top priority for savers and investors. CARP has raised concerns with the Ontario Ministry of Finance, the Ontario Securities Commission, and the federal Competition Bureau about restricted investment choice and sales incentives in bank branches. The OSC and CIRO have documented concerns about sales pressure and recommendations that may fail to serve clients' interests. A policy that expands access to pension assets must address the conduct of those recommending what happens to the money next. [3]

Conditions for expanded unlocking

If Ontario proceeds, CARP calls for the following requirements, implemented through pension rules and coordinated regulatory action where responsibilities cross jurisdictions.

1. Make the consequences clear before the decision. Require a short, accessible statement distinguishing a cash withdrawal from a direct transfer to an unlocked registered account, where federal tax rules permit. Show fees and net cash proceeds in dollars, explain withholding versus final tax liability, and flag possible effects on GIS, OAS, and provincial income-tested benefits. Explain changes to survivor rights and protection under Ontario's Pension Benefits Act. Include realistic retirement-income illustrations with assumptions clearly stated. [4]

2. Provide independent help without an adviser veto. Make independent planning guidance mandatory, at no charge, including telephone and in-person access. It should explain partial access, retaining funds and available retirement-income options. Account holders must be able to decline advice. Access to their money must not depend on paying an adviser, buying a product or persuading an intermediary to approve their spending.

3. Put enforceable obligations on institutions and advisers. Prohibit tying access to a new investment, insurance or credit product, and prohibit sales targets that reward staff for inducing unlocking. Require disclosure of compensation, referral arrangements and material conflicts, with amounts in dollars where practicable. A signed disclosure must not excuse an unsuitable recommendation or a failure to address conflicts in the client's interests. People who retain locked-in funds should face no new penalty for that choice.

4. Protect genuine consent and respond to evidence of abuse. Retain applicable spousal-consent requirements and ensure spouses receive a clear explanation of the rights affected, with an opportunity to express consent privately. Require institutions to verify suspicious instructions and respond to signs of scams, coercion or financial abuse. Any protective hold should have a stated reason, a time limit and an accessible review process. Age alone must not trigger a presumption of incapacity or a family veto.

5. Keep access practical for people in urgent need. Preserve a prompt hardship process and publish processing standards, charges and written reasons for refusals. People facing urgent needs should have an expedited route to assistance. Clarify whether the new small-balance test aggregates all Ontario locked-in holdings and how it would address account splitting. Institutions must explain which jurisdiction's rules govern an account.

6. Measure outcomes and provide effective recourse. Assign clear responsibility for supervision, complaints and redress across FSRA and other relevant regulators. Require records of recommendations, disclosures and consent. Publish aggregate data on uptake, fees, complaints and reported fraud, and evaluate effects on retirement income. Set a review date before implementation and explain what evidence of harm would trigger corrective action.

This consultation concerns voluntary access to Ontario-regulated locked-in accounts. CARP's separate call to eliminate mandatory federal RRIF withdrawals remains unchanged. Individuals should have greater control over retirement savings in both cases, with a clear understanding of the consequences. Ontario should coordinate with the federal government on tax and benefit interactions; provincial unlocking cannot remove federal obligations.

CARP members' money must serve their lives, including the years still ahead of them. CARP will defend their right to make an informed choice and insist on enforceable protections against those who would exploit it. The Ministry should bring at least as much rigour to regulating the conduct of institutions handling pension money as it brings to regulating members' access to it.

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CARP

References

1. CARP — Super-priority for Pensioners An Impact Assessment and Policy Prescription
2. Ontario Ministry of Finance — 2026 Ontario Budget Chapter 1B Unlocking Pension Funds
3. OSC and CIRO — Sales culture concerns at bank-affiliated dealers July 9 2025
4. FSRA — Current Form 5 guide on Ontario locked-in accounts