The Integration of Occupational Pension Regulations: Lessons for Canada

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Recent initiatives to integrate occupational pension regulations across jurisdictions

Canada: proposed principles for a pension model law (2004, 2005)


International: OECD’s principles for pension regulation and supervision (2004)
Questions

• Which obstacles make occupational pension integration politically difficult?
  – *Canada*: Reciprocal Agreement has not been updated or expanded since the 1960s
  – *EU*: single market in occupational pensions had been blocked for more than 10 years

• Which strategies could overcome these obstacles and make integration politically feasible?
Cases

• **Canada**
  – Only advanced industrialized country in which occupational pensions are regulated at the sub-national level
  – Integration initiative by provincial pension regulators (CAPSA)

• **European Union**
  – Successful adoption of the pension fund directive despite of great diversity among occupational pension systems
Arguments

• Policy legacies in occupational pensions are a significant obstacle to integration
• Three strategies can make occupational pension integration politically feasible
  – *Problem definition*: protection of the diversity of occupational pension systems
  – *Scope of regulation*: focus on financial regulations, exclusion of social regulations
  – *Methods of integration*: use of different methods for financial and social regulations
Implications

• CAPSA’s initiative for a pension model law will likely not lead to progress in occupational pension integration
  – *Problem definition*: sees diversity among occupational pension systems as a problem per se and does not seek to protect it
  – *Scope of regulation*: inclusion of social regulations
  – *Method of integration*: use of a single method for different types of regulation
Suggestions

• Progress in occupational pension integration in Canada would be more likely if policy-makers
  – tried to protect the diverse social regulations in provincial pension systems
  – focused on the integration of financial regulations
  – used multiple methods of integration (harmonization, mutual recognition, voluntary coordination)
Structure of the paper

- Obstacles to integration (policy legacies)
- Problems of fragmentation (problem definitions)
- Scope of regulation (policy alternatives)
- Lessons for Canada

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