

Recommendation 1:

That the government distribute \$170 billion of the CPP's \$224 billion surplus.

Recommendation 2:

That the government invest every CPP contributors' first \$2,000 in annual contributions directly with CPP Investments, thereby solving income inequality in Canada.

Good day,

As a professor emeritus (Business), for the last seven years, I have thoroughly studied the Canada Pension Plan. Much more extensive research findings can be found on my website, [www.fixthecpp.ca](http://www.fixthecpp.ca). It provides robust validation for the unsettling revelations I have uncovered, as described below.

To establish credibility, it was my research that was used by advocates at CARP to push for legislative changes regarding the Guaranteed Income Supplement (GIS). This advocacy resulted in Finance Minister Morneau passing GIS reform in his March 2019 Budget. As a result, low-income seniors now receive an additional \$440 million annually.

Our CPP's fund value is now a staggering \$570 billion, far beyond the necessary provisions for sustaining all CPP pensions for the ensuing 75 years. Exceptional investment success by CPP Investments has been publicly advertised in The Globe and Mail, underscoring their exceptional achievements over the past decade. In the advertisement, they state,

*"Over the past decade, we've had the highest returns of any global pension fund in the world. Period."*

This remarkable financial performance means our CPP fund now has a \$224 billion surplus.

Applying conventional pension principles, approximately \$170 billion of this surplus should be rightfully disbursed to deserving Canadian citizens. The potential benefits stemming from such a distribution are multifaceted and significant as follows:

- 1. Deserved surplus payments:** Approximately 17 million Canadians would receive an average of \$10,000 each.
- 2. Economic Growth:** Canada's sputtering GDP would experience an estimated 4% increase, fostering economic growth and prosperity.
- 3. Job Creation:** The surplus distribution could create approximately 150,000 new jobs, providing employment opportunities to many.
- 4. Business Prosperity:** Most businesses, excluding the financial industry, could enjoy an average profit increase of 20%, boosting our overall economy.

5. **Reducing the Deficit:** Canada's deficit could decrease by an estimated \$50 billion, thanks to increased income tax, increased HST and reduced social assistance programs.
6. **Fighting Poverty:** Through deficit reduction and increased donations, billions of additional dollars could be directed towards supporting the poor and poverty organizations, alleviating financial hardships.
7. **Encouraging Philanthropy:** Charitable donations might rise by an estimated 10%, contributing to various noble causes across the country.
8. **Ensuring a Sustainable Fund:** Even after distribution, a surplus of \$54 billion would remain within the CPP fund, securing its stability for future generations.
9. **Combatting Income Inequality:** By investing every Canadian's first \$2,000 in annual contributions directly with CPP Investments, considerable progress could be made in solving income inequality. For instance, almost all 25-year-old Canadians could likely see their wealth increase by an astounding \$1.22 million by age 65, with no increase in CPP contributions.

Not one actuary economist journalist or politician has given one reason to NOT distribute this surplus. Hundreds have been consulted.

Historically, when a pension fund accumulates a surplus of 25%, established pension practices dictate a distribution. For instance, in the year 2000, the Ryerson University pension fund, which had an 18% surplus, received a demand from the CRA for such a distribution. My colleagues and I received as much as \$20,000 each.

In comparison, our CPP fund is currently harboring an astonishing 80% surplus. This considerable margin, coupled with CPP Investments' distinct investment advantages over the average investor, suggests that the fund's consistent 10.9% return will likely persist. Moreover, if we adhere to the forecasting approach favored by many pension experts, by reasonably accounting for an ongoing 10.9% return, the CPP's surplus swells to approximately 400%.

CPP Investments has the potential to play a significant role in addressing the growing income inequality problem in Canada. To illustrate, let's consider the situation of nearly all 25-year-old Canadians. With earnings of \$20,000 or more per year, it follows that they will contribute \$2,000 or more per year to the CPP.

To correct income inequality, the CPP could channel the initial \$2,000 in annual contributions from every 25-year-old directly into CPP Investments. By adopting this strategy, almost all 25-year-olds could amass a staggering *\$1.22 million* in additional wealth by the time they reach 65, with no increase in contributions.

They could extract the \$1.22 million or leave it with CPP Investments, thereby likely receiving a *\$50,000 CPP pension, in 2023 dollars*. This is ten times the pension the CPP now promises them for their first \$2,000 in contributions. Now, 33% of Canadian seniors live near the poverty line of \$22,000 in income per year. With this policy, eventually, only roughly 5% of Canadian seniors would be living near the poverty line.

Finance Minister Chrystia Freeland is aware of under-the-radar greed orchestrated by the super-rich. In her book, "PLUTOCRATS," she aptly points out,

*“In an age of super-wealth, we need to be constantly alerted to efforts by the elite to get rich by using their political muscle to increase their share of the pre-existing pie, rather than by adding value to the economy and thus increasing the size of the pie overall.”*

In his book, VALUES, Mark Carney describes Canadians as victims of

*“Twisted economics, an accompanying amoral culture, and degraded institutions whose lack of accountability and integrity accelerate the system’s dysfunction.”*

## **Three industries would lose.**

Substantial evidence strongly suggests the existence of collusion among three influential industries aimed at suppressing awareness of the CPP's surplus from reaching the Canadian populace.

### **1. The at-risk actuarial industry**

The actuarial industry knows that an average Canadian could eventually enjoy a *\$100,000 CPP pension, in 2023 dollars*, if CPP Investments continues investing so successfully. This would mean the need for other pension funds, and hence actuaries, would plummet. That is why the top 10 Canadian actuaries who I have consulted have all denied the surplus with vacuous arguments. However, one top pension expert, in a moment of candor, stated,

*“Our Chief Actuary has invented measures that are easily manipulated so that actuaries can control the narrative and hide things at will...I must remain anonymous because I am not allowed to criticize my fellow actuaries.”*

I agree wholeheartedly with this disturbing assessment of “our” Chief Actuary. He is the officer who reports on our CPP contributions, trillions of Canadians’ hard-earned dollars that represent 10% of most Canadians’ lifetime earnings.

## **The avaricious financial industry**

Canada's financial sector commands a staggering [47%](#) share of the nation's total corporate profits. In the year 2020 alone, the financial industry raked in an astonishing \$125 billion. Curiously, this towering accumulation translates to a mere [7.4%](#) contribution to our faltering GDP.

Imagine if news regarding the CPP's responsibility to distribute its surplus were to reach the millions of Canadians who are now struggling. This revelation would mount pressure on politicians to champion these advantages, thereby benefiting 99% of Canadians. However, such a course of action would inevitably deal a heavy blow to the financial industry. Here's why.

### **The financial industry would experience a decline in investor participation.**

Traditionally, the financial industry has encouraged Canadians to annually allocate and invest 10% of their yearly income toward retirement planning. In return for their advisory services, the industry garners approximately 1% of the accumulated savings, per year, from millions of Canadians. However, if citizens were made aware of a probable \$1.22 million payment (or a \$50,000 CPP pension in 2023 dollars) by age 65, a significant number might opt to scale back or stop their retirement savings efforts.

This potential shift could mean an additional 10% of income becoming available for their immediate consumption, thereby increasing their quality of life, and decreasing retirement-related anxiety. Moreover, their newfound disposable income could stimulate our ailing GDP. However, the financial industry would experience a substantial decrease in profit from investment fees.

### **Decreased demand for mortgages.**

For numerous young Canadians, homeownership represents a vital element of retirement security. Presently, countless individuals in this demographic adhere to

a frugal lifestyle, striving for years to accumulate sufficient funds for a home down payment. Even middle-income Canadians are grappling with the realization that setting aside the typically requisite \$100,000 down payment for a modest residence necessitates years of stringent budgeting.

However, the prospect of a retirement boasting \$1.22 million, or a \$50,000 CPP pension in 2023 dollars, could potentially motivate many young Canadians to prioritize present enjoyment over long-term property investment. This shift in mindset could lead to a substantial elevation in our GDP. However, the financial industry would experience a considerable decrease in profit from reduced mortgage payment activity.

**The entire complicit media, including the disgraceful CBC, refuses to publish this story.**

Equally troubling is the pervasive silence maintained by the complicit media, a lamentable trend that extends to even the esteemed CBC. This complicity is further emphasized when one considers the unprecedented newsworthiness of the above story. Despite multiple submissions on my part, no Canadian publication has demonstrated any willingness to broach the subject of the CPP's massive surplus, which the trusted publication, *The Economist*, has aptly [labeled](#) "gigantic".

One naturally wonders: Why such a conspicuous absence of coverage? Prominent media experts have decried a concerning [prioritization](#) on profit over unwavering journalistic integrity within our media landscape. It is startling to note that a mere 0.8% of the financial industry's annual profits amount to a staggering \$100 million. The financial industry has both the motivation and the resources to procure the silence of the media fraternity regarding the CPP's huge surplus.

## **Questioning the Integrity of Mainstream Political Parties**

The integrity of our three mainstream political parties also warrants scrutiny. Experts specializing in Canadian democracy [assert](#) that instances of bribery permeate Canadian politics. *Any* political party could likely secure a sweeping majority by pledging to extend these benefits to both deserving citizens and the nation. Curiously, none have. Democracy has failed Canadians.

This hypothetical yet illegal \$100 million enticement from the financial sector boasts an unparalleled return on investment. By unethically investing roughly \$200 million annually in silencing the media and politicians, they are safeguarding the

billions of dollars in annual profit they currently collect from investment fees and mortgage income.

## The Growing Awareness Among Canadians

A distribution of the \$170 billion CPP surplus [reveals](#) a striking potential: *Businesses outside the financial sector could enjoy an initial 20% surge in profits, followed by a 5% increase annually.* Business presidents and owners now struggle to secure a mere 1% increase in profits. To accelerate CPP reform, they have been and will be encouraging their employees to advocate for CPP justice. This encouragement is often met with little resistance, given that every Canadian employee deserves a \$10,000 CPP surplus payment, on average.

Because this story is probably more newsworthy and more impactful than any other story ever published in modern-day Canada, it could soon spread virally.

The Liberal party faces the most vulnerability. I recommend that your party circumvent the financial industry's influence and make a resolute decision to distribute the surplus. This act could potentially forestall an impending defeat for the Liberal party in the next election.

In an ideal democratic landscape, the left-leaning NDP party would champion a \$170 billion CPP surplus distribution, especially because it would decrease our deficit by roughly \$50 billion.

Considering this apparent collusion exhibited by all three political parties, I am advising all business executives and their millions of employees to demand a thorough explanation from their respective MPs. When no satisfactory response is forthcoming, they have been urged to exercise their voting power by embracing Canadian voters' only option in this cover-up – vote for "ANYONE BUT THE INCUMBENT". Such an approach would impact most significantly on the Liberal Party because of their larger seat count.

To any Liberal MPs reading this, even though your individual qualifications are far superior to your competing candidates, you could lose your seat in the next election without CPP reform.

Sincerely,

Ross Macnaughton

Professor emeritus

