

RRSP is a good device for saving for the middle class people who work hard during their lifetimes to pay for their homes, educate their kids and have something on which to retire. What I was proposing was that we should consider one or two alternative ways for making the withdrawal from a registered retirement savings plan a little more flexible and a little more equitable.

I mentioned earlier that personally I was somewhat shocked, eight years ago, when I found out how limited were the opportunities to make use of an RRSP if you needed to live on that money. Having learned the lesson personally, I can now report to the House that over the last number of years I have heard of increasing numbers of people who have done the very thing we had asked them to do, that is, worked hard all their lives to save money for their old age. Now they are caught in an inflationary spiral where the amount of money they thought was sufficient is proving less and less able to carry them. This type of complaint to a member of parliament moves me tremendously, because the type of people I am talking about are the ones who make our system work. These are the working people in our factories and shops, the self-employed on the farms and in small businesses. They are not the men who make tens of thousands of dollars a year and who do not participate in RRSPs because they know the limitations of the plan.

I would like to conclude by outlining one or two alternative forms to make the closing out more flexible. The first idea I propose is simply to allow the person to take his or her money out of an RRSP and put it into an account in a credit union or any other organization available to him in his community. He would simply report to the Department of National Revenue the amount of money he took out, and the amount of money that comes in on the T slip would be the income on which he is charged that year.

The question arises as to what will happen when he comes to the end of his life. I suggest that this is something that experts could look at, but one of the simplest devices would be to put that money into his estate. If the tax collector has made certain that the man or woman during their lifetime paid their taxes on their income, that would meet the philosophy on which these plans are based. However, if the department wants to get the last cent in the actuarial sense, a formula could be worked out regarding the proportion of the tax that has to be charged. I am not quarreling with the final stages because, to do justice to the person who has saved for himself and his family in his lifetime, once his life is over what happens is not as important as whether the system was fair to him while he was alive. It is the only principle the government should be watching.

The second proposal concerns the number of set payments. We have set this precedent in other regards. If a lump sum comes to a wage or salary earner, he can spread it over five, ten or fifteen years under the act. I think that the same type of condition should apply to the person taking out money from an RRSP. He can decide whether he can take a chance on lasting five, ten or fifteen years to make certain he will get the money

out in those years. When he takes it out, of course he pays tax, but he has the choice of making certain that he can take the money out when he sees fit, whether it is in a five, ten or fifteen year period.

Another alternative is the present one, namely, that you have to take your money out of an RRSP and put it into an annuity. This meets the requirements of many people and should be left as one of the alternatives.

The fourth choice is to take out the payment and to pay the full tax on it, which is logical. Therefore there are four alternatives, some of which already exist as precedents under the Income Tax Act, and others that could be put in there.

If I may speak politically for a moment, let me say that I do not think anything that has happened in the last two years regarding investing for your old age has been as serious as the news story that came out in the *Financial Post* this last year. That newspaper printed a table of figures to make people aware of what would happen if you compared the two systems. Whether or not that comparison in the *Financial Post* was accurate, it really made an impression on people who invest. They feel convinced that what they felt before was true because now the *Financial Post* has stated it. This is also what I felt eight years ago.

Many other people have felt in the last six or eight years that the system is unjust, that one is a prisoner of the person from whom one buys one's annuity. If you had asked all the insurance and trust companies for their rates, you would find quite a gap between them. Even when you take the best offer, sometimes it is not quite as good as what you could get by putting money into straight bonds and living off the interest. That is how bad it is. I suggest you could add a lot to this program if you set aside some money each year on which tax would be deferred, and instead of having about 20 per cent of the working population, or nearly two million people, putting their money into RRSPs, as they do now, if you could get the number up to 60 per cent, 70 per cent or 80 per cent of the people, the great majority of the working force and the self-employed, they would feel part of this country.

That would do two things. First, it would reward these people for the hard work they put in to save; second, it would have the advantage of providing for the capital structure what we need desperately at this time. We are now in a period of capital intensive structures to develop our energy resources and all other resources, and everything we touch today seems to be capital intensive. With this demand for capital being so strong in developing nations like Canada, our interest rates have arisen to prohibitive levels for many people.

● (2010)

Essentially the only way to get interest rates down so the ordinary person buying a home, a farm, a business, or buying on credit can live is to increase the capital supply or to increase the rates of capital turnover. I am suggesting that one of the ways to increase the capital supply would be by following up on what the government did this year in the budget in enlarging the amounts for RRSPs to \$3,500 for people contributing