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Chief actuary says CPP sustainable over long term

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Canada's chief actuary says the Canada Pension Plan is sustainable over the long term.

The report from the chief actuary comes as Finance Minister Jim Flaherty and his provincial counterparts prepare to meet in Ottawa with expansion of the CPP as a key topic under discussion.

Some provinces, notably Ontario and Prince Edward Island, want to increase CPP benefits to keep seniors who have no other pension plan from falling into poverty.

But Flaherty and some provinces say they don't want to raise premiums at a time of weak economic growth.

Meanwhile, the chief actuary says the current contribution rate of 9.9 per cent of pensionable earnings — shared equally between employers and employees — is sufficient to cover current benefits offered by the CPP until 2022.

After that, a portion of the investment income from the plan will need to be used to pay benefits to the growing number of retired Canadians. But the report notes that CPP should have plenty of investment income to draw on.

Total assets of the plan are expected to rise from $175 billion in 2012 to $300 billion by 2020, with the ratio of assets to expenditures continually rising from the current 4.7 to 5.9 in 2075.

"Under the 9.9 per cent legislated contribution rate, the assets are projected to grow rapidly over the next decade as contribution revenue is expected to exceed expenditures over that period," the report states.

The minimum contribution rate actually needed to sustain the plan is 9.84 per cent for the year 2016 and afterwards, the actuary says.

The report says the number of retired beneficiaries drawing CPP is expected to grow from the current 4.6 million to 10.2 million by 2050.