Public Policy Priorities

CALU calls on the federal government to support Canada's economic recovery and enhance the health and financial well-being of Canadians through the following actions:

Support the small business sector as a key driver of post-pandemic recovery and job creation.

- Collaborate with key stakeholders on implementing Bill C-208 to facilitate genuine intergenerational transfers of shares in small businesses while preventing tax avoidance that undermines the equity of Canada's tax system.
- Support small and family business recovery and financial stability with changes to the tax on split income (TOSI) and passive investment rules:
  - Modify the TOSI rules to ensure they do not apply to spouses except in limited circumstances.
  - Modify the passive investment income claw-back of the small business deduction to take effect on a more gradual basis, thus better supporting the financial stability of small businesses and the retirement income of owner/managers in times of financial downturn.
- Protect the small-business sector and coming generations of Canadians from the risk of significant future tax increases by applying a fiscal anchor that will manage the growth of the deficit in relation to economic growth.

Enhance Canada's retirement savings system to better meet the needs of today.

- Have Finance Canada initiate stakeholder consultation on ways to create greater equity in the retirement income that can be earned through defined-benefit pension plans versus defined-contribution pension and registered retirement plans.
- Help Canadians save enough to last through their retirement years by implementing tax rules that facilitate new lifetime retirement income options:
  - Eliminate or modify the RRIF minimum rule to ensure Canadians have sufficient retirement income throughout their expected lifetime.
  - Permit TFSAs to offer retirement income options (this recognizes the growing use of TSFAs for retirement savings and preserves tax-free treatment for the retirement income).
  - Extend variable payment life annuities (VPLAs) to defined contribution registered plans and TFSAs.

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Public Policy Priorities

CALU calls on the federal government to support Canada's economic recovery and enhance the health and financial well-being of Canadians through the following actions:

Improve Canada's healthcare system with sustainable solutions.

- Create incentives for small businesses to provide flexible and competitive group benefits to their employees:
  - Ensure the tax and administrative rules for employee health and welfare plans appropriately accommodate smaller employers and their employees.
- Develop a new Canadian policy framework and strategy for long-term care, leveraging federal-provincial cooperation, other countries' successes and the existing model of collaboration (e.g., CPP/RRSP/TFSA):
  - Establish a public long-term care insurance plan to provide a dedicated source of funding to support Canadians' care in their own home or in a long-term care facility.
  - Modify tax rules to support the development of financial products/savings plans geared towards helping individuals and families fund the growing costs of long-term care support beyond the public plan.
- Employ a practical and prudent approach to providing pharmacare to all Canadians:
  - Preserve existing employer-sponsored drug benefit plans and introduce public programs solely to fill the gaps.
  - Establish a standard list of drugs that would have to be met by both government and workplace group insurance plans.
  - Tackle high-cost drugs with a new pan-Canadian partnership that includes governments, insurers and advisors to ensure that those facing catastrophic drug costs for rare diseases do not have to bear that financial burden.

Reduce costs for Canadians to secure their financial futures.

- Eliminate GST on investment management fees to enhance investment returns and savings.
- Ensure that GST is not imposed on compensation payable to intermediaries involved in the delivery of financial services to Canadians, recognizing that the cost will ultimately be borne by the consumer.
- Modify the deduction for fees paid for investment counsel to equitably apply to similar investment products offered by different financial institutions including segregated fund policies offered by life insurers.

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