Intelligence MEMOS

From: Kathryn Bush

To: Pension Observers

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Re: **A Pension Dashboard Would Help Cut Through Retirement Financial Fog**

Most Canadians have an array of income sources in retirement; government entitlements, retirement savings, annuities, and a trail of other sources from a lifetime of work. In addition, with fewer Canadians having defined benefit pension plans, more Canadians now must figure out how to turn accumulated savings into an income stream for retirement.

Canadians must juggle all this, along with longevity risks and bias, to estimate how much monthly income they can expect in retirement. Without a straightforward way to see how savings and entitlements translate into monthly income, it's difficult to make optimal decisions.

This uncertainty is often reinforced by present bias – the natural tendency to prioritize immediate expenses and desires over long-term goals and needs. Consequently, people often postpone or neglect setting aside money for retirement, underestimating how significantly a short delay can reduce eventual retirement income.

Meanwhile, there is a concern that those who lack dependable lifetime income frequently underspend their retirement savings out of fear of running out of money. Without a clear way to insure against an unpredictable lifespan, retirees may choose caution over enjoying a standard of living their savings could otherwise sustain. This "just-in-case" mentality can lead to a less fulfilling retirement, effectively squandering some of the financial security built up over decades of work, plus result in these Canadians contributing less to the economy as consumers. Conversely, some will overspend, and in fact outlive their savings, with negative consequences, including placing greater pressure on social assistance programs, including with respect to housing and elder care.

A well-designed pension dashboard could greatly improve Canadians' ability to plan for retirement, as I outline in my new C.D. Howe Institute paper. By consolidating account balances, projected benefits, and essential information in one place, individuals could more accurately assess how much income they can expect later in life. Improved financial planning generally makes consumers more confident and active in economic decision-making, which in turn benefits the broader economy.

Further there are significant sums of pension plan monies that have not been claimed by pension plan members, presumably due to members having forgotten

these amounts. For example, Ontario registered pension plan administrators reported nearly 200,000 missing members with an aggregate entitlement of $3.6 billion in 2023. A pension dashboard could assist in reuniting pension plan members with their forgotten monies and release pension plan administrators of the obligations related to those accounts.

Although the basic concept is the same, pension dashboards differ in scope, structure, and funding. Several countries – Australia, Belgium, Denmark, Israel, the Netherlands, and Sweden – already use them. The United Kingdom is currently finalizing its own pension dashboard, and a similar initiative is under discussion in the United States.

Building a Canadian pension dashboard does not require starting from scratch. Significant infrastructure already exists – both in the public and private sectors – that could be adapted or expanded to consolidate key information.

Still, setting up and maintaining a national dashboard would require investments from one or more of the stakeholders, coordinated efforts among multiple stakeholders and careful attention to resource constraints, privacy protections, and user experience.

First, cooperation among federal and provincial governments is essential, given that pension regulations span different jurisdictions. At a minimum, both levels of government will need to align policy goals and data-sharing protocols.

Regulatory backing is also critical. Pension regulators across Canada have expressed support for such an initiative, but they must be prepared to provide ongoing oversight and resources. Clear guidelines for data reporting, user access, and privacy safeguards will be necessary so that practices remain consistent across provinces and plan types.

A pension dashboard must be easy to find and intuitive to use for individuals at all levels of financial literacy. This requires a user-friendly interface, straightforward instructions, and potentially mobile accessibility. Ensuring that the tool is free for users will further broaden its reach, removing a possible barrier for those who might otherwise hesitate to adopt it.

Limiting establishment and maintenance costs is another crucial factor. Governments, plan sponsors, and pension providers may resist participation if the overall expenses are too high. Leveraging existing infrastructure and advanced technologies, such as AI , will help avoid duplicating effort. Nonetheless, some costs will be unavoidable, and stakeholders will need to determine an equitable way to cover them – whether through government funding, industry contributions, or advertising revenue, or a combination thereof – while preserving the dashboard's integrity and broad accessibility.

Finally, the existence of a pension dashboard would need to be widely communicated to Canadians, potentially through statements from CPP, QPP, OAS, private pensions, and RRSPs. Ongoing communication would also be necessary to maximize its usage, especially since private retirement calculators have seen less than optimal uptake.

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A well-designed pension dashboard offers clear advantages for Canadians by making retirement planning more accessible, consolidating important financial information, and safeguarding users' privacy. As long as it can be developed and operated at minimal additional cost, maintain robust data protection, and remain user-friendly, it is unlikely to encounter significant opposition.

With the Canadian Retirement Income Calculator as a starting point, recent advances in AI and enhanced data collection by governments, policymakers can help Canadians make more informed retirement decisions, find missing retirement monies and strengthen the overall security of the country's retirement system.

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