

Smart Money: If I was Prime Minister

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Prime Minister Justin Trudeau. Photograph By GOVERNMENT OF CANADA

It's election time, and the political promises are thick. This has me thinking what I would do if I was the Prime Minister.

Bearing in mind that I am not running for office, and I am not letting pragmatism get in the way of this column, including costing any of this out. I am not saying I could do all these things and balance the budget too. Given that, here is what I would do if I was the PM.

I would return the annual Tax Free Saving Account contribution limit to \$10,000. Following the 2015 election, the newly elected Liberal government reduced the TFSA contribution limit, calling it a tax loophole for the wealthy. I have never agreed with that position. TFSAs are used by Canadians of all

income levels, and the wealthy don't depend on an incremental increase in TFSA room for their tax planning.

I would make the Registered Education Savings Plan automatic for newborns, and kick the plan off with a \$500 education grant to be used for future post-secondary education as a welcome. A lesser-known feature of RESPs is that you don't need to contribute your own money to benefit from RESP education bonds and provincial grants. The result is that many people who could use the plan are not.

We can solve this by making sure everyone has an RESP, regardless of income level, and I don't mind kicking in a little taxpayer money to give future students a headstart. An educated workforce is good public policy.

I would look at making the Registered Disability Savings Plan more accessible. RDSPs were announced with great fanfare, but they have never really gained traction.

The participation rates are low, and I offer the reason for that is that the plans are complicated and the access to the funds is restricted.

I propose making the RDSP more like the RESP; some bonds for all that qualify, and matching grants for those that can afford to save for the future, and reducing the lengthy time period currently needed before funds are available. Disabilities are expensive, helping people to look after themselves is what compassion looks like in real life.

I would initiate a Retirement Accumulation Plan to improve on the Canada Pension Plan. Retirement savings rates across the country are terribly inadequate.

Simply put, if left to their own devices many Canadians choose not to plan for the future, and this puts a terrible strain on the social safety net.

I propose a 6% payroll deduction, but with the option for employees to contribute an additional 5%, with the voluntary portion to be matched dollar for dollar by the federal government.

Everyone will be saving a little, but there is the encouragement to save a lot, and anyone who took full advantage of this should have confidence that they would not see a drop in their standard of living in retirement.

I would make financial literacy a mandatory part of the high school curriculum. And by financial literacy I don't mean arcane bits of trivia. I mean practical things, like setting financial goals, knowing how much you will spend in interest costs before you borrow money, and how to protect against financial fraud.

Realistically these ideas would need a lot of work before they could actually be implemented, but they have a common thread; encouraging people to look after themselves. Come to think of it, that actually doesn't sound like a bad way to run a country.

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