

The Honourable James M. Flaherty, Minister of Finance
Department of Finance
Government of Canada

More CDIC deposit protection needed for registered retirement investments

Dear Minister Flaherty,

The Government needs to recognize that all guaranteed registered retirement investment products, whether it's RRSP, RRIFs or LIFs held at Canada Deposit Insurance Corporation (CDIC) member financial institutions, should carry 100% Deposit Insurance protection.

CDIC coverage protects retirement deposits to a maximum of \$100,000 per individual, per institution. Yet half of provincial deposit insurance schemes across Canada insure retirement accounts to 100% of the accumulating value.

CDIC member insured deposits for retirement accounts are the only **safe-haven for income-dependent seniors retirement savings**. The disparities between types of institutions or location of issuer's, should not be a factor when it comes to retirement income, yet it is. This fact means the majority of retirement accounts are, or could be under insured, thus under protected.

Moreover, married seniors are especially concerned that retirement accounts held by both spouses and concentrated at one issuer - separately insured until the death of either party are endemically problematic. The demise of a spouse causes the retirement account to be automatically transferred into their name, and unless the registered monies are transferred to a new carrier (impractical or prohibited within a fixed term), the surviving spouse's combined retirement monies then are likely to exceed the CDIC limit and unbeknownst to them - put at risk!

It's widely recognized that the senses of seniors often become dulled after the loss of a life partner, therefore I respectfully and urgently suggest how imperative it is to provide more insurance protection in such circumstances, and/or a least provide a provision in the income tax and retirement account rules for the investment to maintain its full coverage prior to its maturity.

As we've seen in recent events, financial institutions are not immune from debacles happening around the globe - we need to act positively and add more protection for retirement accounts. Full coverage by CDIC will ensure a higher watermark for guaranteed registered investments and relief to income-dependent seniors and a wider safe harbour for all fixed income recipients.

As you're aware, the additional coverage cost is not an expense of government - it's initially an operational cost borne by the financial institution. Furthermore, similar to any CDIC expense, it is ultimately included in the price of the financial product purchased - therefore at my cost.

Yours truly,
Signature

Name:
Print

Date: _____

Address:
Print
