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IIAC Applauds Measures to Strengthen Retirement Savings Programs

Disciplined reforms combined with balanced budget will boost investment and growth

(Toronto) Tuesday, April 21, 2015 – On behalf of the Investment Industry Association of Canada (IIAC)'s [147 investment dealer member firms](#), Ian Russell, IIAC President and CEO, strongly endorses measures announced in today's federal budget to strengthen Canada's retirement savings programs, including an increase in the annual limit for contributions to Tax-Free Savings Accounts (TFSA) and a significant reduction in the Registered Retirement Income Funds (RRIFs) minimum annual withdrawal amounts. "These combined changes represent the most cost-effective approach to strengthening the retirement savings process for all Canadians," Russell says.

"The government's move to increase the annual limit for TFSA contributions from \$5,500 to \$10,000 is a significant step forward for all Canadians saving for retirement, particularly seniors, and those with lower incomes. The IIAC recommended the increase in our [pre-budget submission](#) because of the important role TFSA can play in closing the retirement savings gap for Canadians who are close to retirement," Russell says. "Statistics show that 71% of Canadians maximizing their TFSA are over the age of 55." According to Russell, seniors will benefit from the increased limit because after age 71 they are no longer able to contribute to their RRSPs and TFSA will serve as an ideal savings alternative.

Russell points to additional benefits of the increased TFSA contribution limit for investment and growth: "These increased savings will be channeled to public and private investment across the country, providing much-needed capital for business expansion, jobs and economic growth resulting in additional tax revenue. This will offset the costs of the increased TFSA limit."

As a long-time advocate of removing the minimum annual withdrawal requirements from RRIFs, the IIAC was also pleased to see reforms to these rules in today's budget. "In light of increasing life expectancy, changes to these requirements will provide greater flexibility for Canadians to manage their RRIFs more effectively," Russell says.

Russell concludes: "The tax measures announced today have been designed to achieve overall fiscal balance. The government's commitment on this front is a confidence builder. Strong public finances ensure stable and competitive tax rates, a strong dollar, inflows of foreign investment and a boost to domestic business spending."

The IIAC – Representing Canada's Investment Professionals

The Investment Industry Association of Canada (IIAC) is the national association representing the investment industry's position on securities regulation, public policy and industry issues on behalf of our [147 IIROC-regulated investment dealer member firms](#) in the Canadian securities industry. These dealer

firms are the key intermediaries in Canadian capital markets, accounting for the vast majority of financial advisory services, securities trading and underwriting in public and private markets for governments and corporations. The IIAC provides leadership for the Canadian securities industry with a commitment to a vibrant, prosperous investment industry driven by strong and efficient capital markets.

The IIAC's pre-budget submission is available [here](#) and includes the association's TFSA, balancing the budget, and RRIF recommendations.

For more information, please visit www.iiac.ca.

- 30 -

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