



April 6, 2020

The Honourable Steven Guilbeault
Department of Canadian Heritage
15 Eddy Street
Gatineau, QC K1A 0M5

The Honourable William Francis Morneau, Minister of Finance
Department of Finance Canada
90 Elgin Street
Ottawa, ON K1A 0G5

The Honourable Diane Lebouthillier, P.C., M.P.
Department of National Revenue
Confederation Building, Room 207
House of Commons
Ottawa, ON K1A 0A6

Dear Mr. Morneau, Mr. Guilbeault, and Ms. Lebouthillier:

Subject: Canadian Entertainment Industry Retirement Plan (CEIRP) proposal for temporary pandemic relief loan for RRSPs

The COVID-19 pandemic hasn't spared any sector of economic and cultural activity. As you are aware, the entertainment industry has been brought to a standstill due to the pandemic. The Sponsors and Directors of CEIRP want to help in a way that does not undermine the long-term retirement income security of CEIRP beneficiaries. **Our request is for the Federal Government to use existing loan programs to allow members and all Canadians temporary access to their retirement savings on a loan basis.** We believe this proposal imposes no additional cost on the government and mitigates the impact on this pandemic on the economy by putting money in the hands of our members and all Canadians to meet urgent needs.

CEIRP is a federally incorporated not-for-profit corporation. The CEIRP Plan is a group RRSP with \$645 million in assets managed by Canada Life, and is the savings & retirement plan of choice for most IATSE Locals, which represent the vast majority of entertainment industry crew, as well as the Directors Guild of Canada (DGC), Entertainment Partners (EP) Canada, and Actsafe Safety Association. Collectively, over 25,000 Canadians in the film, television, and live performance industry are contributing to the CEIRP in order to save for retirement.

A significant portion of these savings are sourced from employers through collective bargaining. CEIRP restricts the opportunity for plan members to make withdrawals (prior to retirement) to the following:

- 1) The Home Buyers' Plan (HBP)² a Federal program that assists Canadians in achieving home ownership by allowing a withdrawal from a registered retirement savings plans (RRSP) to buy or build a home. The current HBP withdrawal limit is set at \$35,000 and the plan allows them to pay back the withdrawn funds within a 15-year period.

- 2) The Lifelong Learning Plan (LLP)³ is another Federal Program that allows Canadians to withdraw amounts from a registered retirement savings plan (to a maximum of \$20,000 over two years) to finance full-time training or education for RRSP contributors or their immediate family.
- 3) In addition, the CEIRP plan allows members, in situations deemed to be “**extreme hardship**” to withdraw funds to pay rent or mortgage payments. In these situations, any withdrawals are deemed taxable to the member, and permanently reduce their retirement savings. Wholesale withdrawals of this type from the CEIRP plan, and RRSP plans in general, will have a long-lasting effect on the retirement savings of individual Canadians and will increase the financial burden on the Old Age Security and Guaranteed Income Supplement Benefits when these workers retire.

The nontaxable withdrawal and systematic payback programs, currently available under the Homebuyer’s and Life Long Learning plans, provide what we believe is a workable template to assist those Canadians who will require additional funds to meet their financial obligations as a result of the COVID-19 crisis.

Both the HBP and the LLP programs provide a loan to eligible Canadians from their personal RRSP savings, with repayment scheduled over a period of time. We see a unique opportunity for the government to make “exceptional” RRSP withdrawals more flexible (for a limited period of time) in response to the current extraordinary circumstances resulting from COVID-19. This added flexibility could be simplified by following the same structure as the HBP and LLP and the Canada Revenue Agency (CRA) could allow Canadians the option to withdraw from their RRSP for emergency relief.

CEIRP respectfully requests the Department of Finance and the Canada Revenue Agency create a limited window of emergency relief by allowing repayable RRSP withdrawals. This new emergency relief mechanism would have the benefit of making cash available to Canadians in need. Like the HBP and LLP, this temporary program would take the form of a repayable loan and the funds would be made available between now and the end of the fiscal year on December 31st, 2020 (or extended due to the pandemic).

As point of reference, the HBP repayment period starts the second year after the funds are first withdrawn. We propose that the repayment of this emergency RRSP loan should also start in two years (in 2022) recognizing the time it may take for the economy and business to return to health. As with the HBP, the total repayment period could be distributed over 15 years, with total amounts available for withdrawal determined by the government.

We would suggest that Canadians be permitted to withdraw funds as required, up to the maximum allowable - in other words withdraw such funds as needed/when needed. We anticipate that this would be a measure of last resort however - as the plan provides for repayment, we view this option as preferable to an outright withdrawal of retirement savings. Lastly, as with the existing programs, if the individual who contracted the loan is unable to make the required annual repayment amount, then the annual repayment amount would be added to their income and subject to income tax.

Given the financial stresses that many of our members are experiencing, we are concerned that the alternative to a repayable loan is the high likelihood that many will simply withdraw their RRSP savings altogether. This will result in a significant reduction in their retirement savings and, as previously mentioned, place a greater burden on both the Old Age Security and Guaranteed Income Supplement Programs when these individuals reach retirement.

It is CEIRP’s belief that the government already has all the tools to provide a new emergency measure that will help Canadians through this difficult time. We view this new measure as a modest adjustment to provide relief for Canadians without an income due to the pandemic, while creating a path to restoring their savings over time and protecting their long-term future.

A further advantage of this proposed emergency measure is its mechanism - we are not requesting the government spend additional public funds, but rather add flexibility to an existing program.

This is a critical moment, and we commend the government for proactively creating measures to protect the creative workforce across Canada, and we trust that government will take all the necessary steps to provide relief and support to the most affected Canadians.

Thank you for considering this proposal. We would welcome the opportunity to speak with you to discuss our proposal and will follow up with your office in the coming days to explore availabilities.

Sincerely,

A handwritten signature in black ink, appearing to read 'Haddad', written in a cursive style.

Frank Haddad, Chair
CEIRP

¹ <http://angusreid.org/covid-19-economic-impact-canada/>

² <https://www.canada.ca/en/revenue-agency/services/tax/individuals/topics/rrsps-related-plans/what-home-buyers-plan.html>

³ <https://www.canada.ca/en/revenue-agency/services/tax/individuals/topics/rrsps-related-plans/lifelong-learning-plan.html>