

CANADIAN LABOUR MARKET AND SKILLS RESEARCHER NETWORK

CALL FOR PROPOSALS ON

CHALLENGES FOR CANADA'S RETIREMENT INCOME SYSTEM

This is a Request for Proposals (RFP) for research studies on Canada's retirement income system (RIS). The Canadian Labour Market Skills Researcher Network (CLSRN) is organizing a research team in response to the Human Resources and Social Development Canada (HRSDC) RFP "Challenges for Canada's Retirement Income System". CLSRN is seeking researchers who wish to become members of this team. The co-ordinators of this research team are Kevin Milligan (University of British Columbia) and Tammy Schirle (Wilfrid Laurier University).

CLSRN expects to support several research papers in this area. The specific topics of interest are detailed at the back of this document. In addition to those topics, complementary topics on the theme of Canada's RIS are encouraged. For example, papers that addressed the coverage of public and private pensions, the potential for creating new or supplementary pension arrangements, interprovincial and federal-provincial cooperation in pension policy, or other current policy topics are encouraged.

Papers are to be of the quality of papers submitted to peer-reviewed, refereed journals and authors are encouraged to ultimately submit to such forums (with appropriate acknowledgement of the funding source). Research studies will generally provide new empirical evidence that supports evidence-based policy decision making. Qualitative studies and critical reviews of existing literature are also of interest. CLSRN is particularly interested in supporting the research of new researchers in this area. For established researchers, proposals that involve graduate students or recent graduates in a significant role are also encouraged. CLSRN is also interested organizing a multi-disciplinary research team.

For the purposes of research support, the final product of the research will be a peer-reviewed working paper. CLSRN will be organizing two workshops at which researchers will present their research. Copyright of the research paper remains with the author(s). The working paper will appear in the CLSRN Working Paper Series, may be posted on a HRSDC web site, and may be reported in the CLSRN Newsletter. Working papers are expected to be 20-40 pages in length, although they could be somewhat longer than this standard in order to provide sufficient detail on methods used, results obtained, and discussion of policy implications.

Proposal requirements

Proposals should be brief (e.g. 3-4 pages in length) and can take the form of the proposed outline of the research paper. Proposals and final working papers may be written in English or French. The proposal should include the following:

- a. A brief description of the proposed research project contextualized within the existing literature and including the conceptual/theoretical framework to be used in the research;

- b. A description of, and rationale for, the data sources and research methods to be utilized as well as a discussion of potential challenges or research limitations;
- c. A discussion of how the data, methods and analysis proposed will address gender-based analysis;
- d. The anticipated total duration of the project;
- e. The names of the researcher(s), research assistants, etc. involved in the project with the activities to be carried out; proposals should demonstrate how the researcher(s) is/are qualified to carry out the various components of the proposed research;
- f. A breakdown of the level of effort by each research project member.

Researchers must also provide a budget with a brief justification of the budget (including a breakdown of all costs). The budget can be used by researchers to meet any legitimate expenses associated with carrying out the research. Such expenses can include: teaching or administrative release (at the relevant local university rates for such release); research assistance; data collection; honorarium for author(s); and travel associated with conducting the research. The maximum budget for a project involving a literature review would be \$15,000. The maximum budget for a project involving the analysis of secondary data would be \$25,000. For projects requiring primary data collection, additional costs may be allowed if justified. Travel associated with presenting the paper at workshops and conferences organized by CLSRN will be covered separately. Additional amounts are available to cover the costs of accessing data at a Statistics Canada Research Data Centre (RDC).

Researchers must also submit a current copy of their CV with their proposal.

General Information

- If researchers plan to use data housed in an RDC, their proposal should (i) demonstrate need for access to confidential micro-data and (ii) the viability of the methods to be applied given the data to be analyzed.
- Government researchers are also invited to submit proposals, either as principal investigators or as co-investigators. However, government researchers are not eligible for financial support.
- Proposals must involve new research that is not supported by other organizations. However, the proposed research may be related to, or an extension of, research supported elsewhere.

Timelines – Proposals, deliverables, and payments

Proposals are due by Friday, October 20, 2009. If the application is successful, payments will be made upon submission of each deliverable as outlined below. The schedule is tentative and specific dates are to be determined.

October 20, 2009	Proposals due
December 2009-January 2010	Notification of RFP results (15% of budget)
August 2010	Detailed outline (20% of budget)
December 2010	Progress report (10% of budget)
June 2011	Draft research report (25% of budget)
June 2012	Final research report (20% of budget)
June 2012	Presentation of research report (10% of budget)

Workshop dates will be announced at a later date.

Proposals should be sent to: Katherine Meredith
Canadian Labour Market and Skills Researcher Network
Department of Economics
University of British Columbia
#997 – 1873 East Mall
Vancouver, BC V6T 1Z1

Proposals can also be submitted by email to: clsrn@interchange.ubc.ca

Enquiries about this research project can be directed to:

Tammy Schirle
Department of Economics
Wilfrid Laurier University
tschirle@wlu.ca

Kevin Milligan
Department of Economics
University of British Columbia
kevin.milligan@ubc.ca

To learn more about CLSRN, please visit www.clsrn.econ.ubc.ca .

Research Program – Topics and Requirements

Canada's RIS is multi-pillared. Tier 1 is comprised of Old Age Security (OAS) and the Guaranteed Income Supplement (GIS). Tier 2 is comprised of the Quebec/Canada Pension Plan (Q/CPP). Tier 3 is comprised of private Registered Pension Plans and individual savings (whether tax sheltered or not). HRSDC has identified a number of key knowledge gaps and issues regarding Canada's RIS. These include the following:

- a. *Evaluate the sustainability of the decline in low-income rates for seniors.* This would involve reassessing the decline in low-income rates among seniors over the past two decades and the roles played by changes in OAS and the maturation of the Q/CPP and of RPPs. This project could be based either on cross-sectional or longitudinal data such as SLID or LWF.
- b. *Understanding causes of receipt of the GIS, including patterns of entry into the program post-age 65.* This would include analysis of what factors prior to age 65 years led people to become GIS recipients. This project could be based either on cross-sectional or longitudinal data such as the SLID or LWF.
- c. *Understanding the effects of different types of RPPs on labour mobility and income in retirement (e.g., DB plan portability and vesting).* This project could be based either on cross-sectional or longitudinal data such as the SLID or LWF. However, lack of detail on pension type in most data sources limits the possibilities. The issue of including data on pension type in the LWF could be explored.
- d. *Changing cohort patterns in the sources of future retirement income (e.g., declines in DB plan coverage, increased RRSP contributions, lower earnings, and a delayed start to savings by younger cohorts).* This project would largely be based on a synthetic cohort analysis using either data from the Survey of Consumer Finances, SLID or administrative data (e.g. LWF).
- e. *RPPs in the context of employee compensation and human resource strategies.* What are the plans/objectives of firms? How do these vary by sector? This project could involve a survey of employers.
- f. *Financing of DB plans – how critical an issue?* (e.g., costs of DB plans, management of DB plan surpluses/deficits, the composition of DB plan investments). This would involve a more extensive discussion of the theoretical literature e.g. the “financial economics” view of pensions with reference to the Canadian situation including data.
- g. *Macro-economic issues related to a pay-as-you-go (PAYG) RIS versus a savings-based RIS.* Issues could include: balance of risks and costs for individuals, cyclical stability of PAYG systems and the personal saving rate; the role of changing asset prices in both systems; and the longer-term implications of claims on future output (notably in a context of population ageing). This project would largely be based on a discussion of the theoretical literature but could include as an examination of empirical evidence e.g. savings-rate behaviour.
- h. *Impacts of cyclical downturns on the third pillar of the RIS and potential policy responses.* The project should include a discussion of the implications of:

- i. Effects on DB plans, including declining DB plan funds, changes to contributions and/or benefits and employer bankruptcy;
- ii. Declines in the value of DC plans;
- iii. Declines in the value of individual retirement savings (e.g. RRSPs).

The project would consider the implications of individual responses to these developments such as increased saving or deferred retirement.

- i. *What factors explain the level of RRSP contributions and/or assets of households?* The analysis should include a discussion of the role of tax incentives for RRSP saving and the household budget constraint e.g., constraints imposed on RRSP saving arising from other obligations such as mortgages.
- j. *What factors influence the strategies/abilities of individuals/households to manage assets/debts?* Use could be made of the Canadian Financial Capability Survey (CFCS) of Statistics Canada.

Researchers are encouraged to propose research projects which fill these research gaps or address complementary research gaps not specifically identified above.

Gender-based analysis (GBA) – GBA means looking at the differences between women and men in both outcomes and determinants. Researchers shall identify, where possible, how the data, methods and analysis proposed will address GBA. Where the researcher does not believe GBA is possible, for example due to data limitations, an explanation should be provided.