



Smart Health Benefits Association

The Small Employer Retirement Plan Tax Credit

A targeted federal tax credit to close Canada's workplace retirement coverage gap

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The Problem

More than 9 million Canadian employees have no workplace retirement plan, mainly because small and mid-sized employers don't offer one. Fewer than 19% of businesses with 5–499 employees do, versus nearly half in the U.S. Cost is the top reason cited, and 78% of employers say a tax credit would make offering a plan more attractive. Over half of workers without a plan have less than \$5,000 saved for retirement.

The Solution: A Small Employer Retirement Plan Tax Credit (SERPTC)

The [Smart Health Benefits Association \(SHBA\)](#) recommends and supports the introduction of a SERPTC, as proposed in the [February, 2026 C.D. Howe Institute paper](#) by Keith Ambachtsheer and Alex Mazer. The paper proposes a targeted, refundable federal tax credit that makes it affordable for small employers (1–99 employees, businesses and not-for-profits) to launch a retirement plan:

- **Set-up Credit:** up to \$5,000/year for three years, covering advisor, plan design, and administration costs.
- **Employer Contribution Credit:** up to \$1,000/employee/year for three years, for employees earning under \$150,000.
- **Simple to implement:** CRA-administered, refundable, and actionable by the federal government alone.

For a typical 30-person employer, the credit cuts the cost of offering a plan by over 40% in the first three years. It mirrors the U.S. SECURE Act credits, which helped add roughly 150,000 new 401(k) plans with strong bipartisan support.

Economic Benefits

- **Helps the middle class** – Supports the affordability agenda by making it easier for everyday Canadians to build savings and wealth.
- **Helps small business** – A tax break that will help businesses attract and retain talent, increasingly competitiveness and boosting productivity by reducing employee financial stress.
- **Fiscally responsible** – Reduces cost pressures on Old Age Security by encouraging savings. OAS accounts for nearly \$1 for every \$5 of federal spending.



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Projected Impact		
\$1–2B Estimated program cost over 5 years	125K–500K Additional workers covered over 5 years	>40% Cost reduction for a typical SME (yrs 1–3)

Program cost is under 1% of federal OAS spending, modest relative to the number of Canadians who would gain retirement security, including women (see Appendix).

Stakeholder Support

The SERPTC has the active support of the Benefits Alliance and the Smart Health Benefits Association (SHBA), two of the benefits industry's leading associations representing benefits advisors and their small business clients. The SHBA represents advisors serving 10 million Canadians across 65K employers and nearly 5K union plans. The tax credit's supporters have created www.retirementforall.ca to promote the SERPTC with elected officials and other stakeholders. The SERPTC has received coverage in the Globe and Mail, La Presse, Financial Post, Hill Times, and a wide variety of industry publications.