



POLICY *Paper*



Ponzi Schemes and Intergenerational Equity: The Challenge of Canada's Senior Promise

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Context

- Canada's "Senior Promise" was established in the 1960s and 70s
- Included Canada Pension Plan, OAS, medicare, subsidized care
- Principle: Support for seniors would always be available
- At the time huge working age population (Baby Boomers) in Canada
- "Senior Promise" based on current workforce paying for senior support
- Retiring Baby Boom generation has created huge financial pressure
- Today's subsequent working-age, tax-paying generations are smaller
- Policy issue: How to make the system sustainable?

Considerations

- Recognition today the “Promise” strains government fiscal capacity
- Need to grow working-age population to replace Baby Boomers
- Trudeau government focus: increase labour force through immigration
- The “Ponzi Scheme” approach has a time bomb embedded in it,
- 1960s age-proportion of population must be reproduced in perpetuity
- Younger new Canadians will eventually become seniors
- Subsequent generations need to increase to support older ones
- Canada’s population would have to double every 27 years
 - By 2050 Canada’s population would have to grow to 180 million
 - By 2100 it would have to grow to 660 million.

Questions

- Some say the “Seniors Promise” is a Ponzi Scheme? Do you agree?
- Can immigration be the key solution to funding support for seniors?
- Is ever-increasing population growth attainable, or sustainable?
- Are fundamental adjustments needed in how system is financed?
- If so, what are they? Should provinces be involved?
- What are the issues of inter-generational equity?