



Plan Sponsor Notice

Canada Pension Plan Changes

Information for employers - Changes to the Canada Pension Plan starting in January 2011

As an employer, you may be affected by some of these changes. The changes to the Canada Pension Plan (CPP) will be phased in over a six-year period beginning in 2011, with full implementation by 2016.

Many of the changes will reduce barriers to labour force participation for older individuals in Canada. This may also benefit employers, who can access the skills and experience of older workers.

The following two changes are of most importance to you.

Contributors will be able to receive their CPP retirement pension without any work interruption

Starting in 2012, employees will no longer be required to either stop working or significantly reduce their earnings in order to receive their CPP retirement pension.

This will eliminate barriers to workforce participation for those receiving a retirement pension, and it will allow you to retain current staff who might otherwise stop working to receive their CPP retirement pension.

If your employee is under 65 and works while receiving a CPP retirement pension, you and your employee will have to continue making CPP contributions

Before the change, if your employee was receiving a CPP retirement pension and working, regardless of his or her age, the employee did **not** pay CPP contributions.

Starting in 2012, CPP contributions will be mandatory for employees age 60 to 65 who work while receiving a CPP retirement pension **and** their employers. These contributions go toward the new **Post-Retirement-Benefit (PRB)**, which is effective January 1 of the year following the employee's **Post-Retirement Benefit (PRB)** contribution. This additional benefit will be added to the employee's current retirement benefit, gradually increasing his or her retirement income.

If your employee is age 65 to 70 and works while receiving a CPP retirement pension, he or she can choose to continue making CPP contributions

Before the change, if your employee was receiving a CPP retirement pension and working, regardless of his or her age, the employee did **not** pay CPP contributions.

Starting in 2012, employees who are 65 to 70 and decide to work while receiving a CPP retirement pension can either choose to make CPP contributions or can opt out of making these contributions. If they decide to make the contributions, **their employer will also have to make CPP contributions**. These contributions will allow employees to continue building their CPP **Post Retirement Benefit (PRB)**, even if they are already receiving the maximum amount of CPP retirement pension.

An employee who chooses not to contribute to the **Post-Retirement Benefit (PRB)** may later change this decision and start contributing. However, only one change can be made per calendar year.

There are other changes that affect employees. [Read more](#) about how these changes affect CPP contributors.

For more details on these changes, please refer to the following link:

<http://www.servicecanada.gc.ca/eng/isp/cpp/postrrben/employers.shtml>