

Canada Pension Plan (CPP) and Québec Pension Plan (QPP) Changes

The above two government pensions are an integral part of the income that retirees receive. In 2016, the federal and provincial governments announced changes to these two pension programs that will take effect next year.

What will change?

Effective January 1, 2019 the CPP and QPP will gradually be enhanced. This means you will be paid a higher benefit in exchange for making higher contributions.



Benefit increase

The increase will affect CPP retirement, post-retirement, disability and survivor's pensions paid.

The target of income replacement will increase from one quarter to one third of the Year's Maximum Pensionable Earnings (YMPE).

Your pension will increase based on how much and for how long you contribute to the enhanced CPP. Full CPP/QPP benefits will be available after 40 years of contributions.

Contribution increase

Contributions will increase by 1% for the employer and 1% for the employee to fund the increase in benefits paid.

The earnings limit used to calculate contributions will be increased over 7 years, starting with a 2% progressive increase on the current earnings limit from 2019 to 2023 followed by an 8% contribution increase to the earnings limit from 2023 to 2025.

How will these changes impact you?

To learn more regarding CPP, we encourage you to contact Service Canada by calling 1-800-277-9914 or at <https://www.canada.ca/en/services/benefits/publicpensions/cpp/cpp-enhancement.html>. For information on the changes to QPP you may contact Retraite Québec at 1 800 463-5185 or at their website https://www.rrq.gouv.qc.ca/en/programmes/regime_rentes/Pages/regime_rentes.aspx.

You may also contact Reuter Benefits toll-free at 1-800-666-0142 or via email at retire@reuterbenefits.com to discuss the role of government pensions in designing your retirement income stream.