



## MEMBER BULLETIN

June 29, 2016

# Expansion of CPP Contributions Spells the end of the ORPP

Last week, an agreement was reached between federal and provincial finance ministers to expand Canada Pension Plan (CPP) contributions in an effort to enhance retirement benefits for Canadians moving forward. Expanded CPP contributions will come into effect on January 1, 2019. Provinces have until July 15, 2016 to sign on.

Precise implementation details on how much CPP premiums for employees and employers would rise under this new plan are not yet known, however some of the more general aspects of the program have been laid out. Current CPP premiums are set at 4.95% for both employee and employer up to a maximum of \$54,900 in annual earnings. Under the new agreement, this maximum would gradually increase to \$82,700 over seven years between 2019 and 2025.

As a result of this deal, Premier Kathleen Wynne announced that the province will begin the process of collapsing the proposed Ontario Retirement Pension Plan (ORPP) which was set to launch in 2017. This process will take some time, as the ORPP office has been up-and-running for over a year and currently employs 50 people. While the proposed CPP reforms will not increase retirement benefits to the same level as what was proposed under the ORPP, the movement to replace up to one-third of pre-retirement income (up from one-quarter) was deemed agreeable by the province.

As more information becomes available around the employer requirements for expanded CPP contributions, we will send them to OSWCA members. In the meantime, if you have any questions, please contact Patrick McManus ([patrick.mcmanus@oswca.org](mailto:patrick.mcmanus@oswca.org) or 905-629-7766 ext. 222).