

Canada Pension Plan (CPP) Enhancement

Canada Pension Plan contribution rates are on the rise, again. You may have noticed the increases over the last several years to how much is coming off your pay cheque for your CPP contributions, and for those of you who reach the annual maximum, you may be noticing that your CPP vacation is coming later and later each year.

This is the result of the Canada Pension Plan Enhancement implemented by the Canadian Government in 2019.

The purpose of the Enhancement is to help Canadians achieve their goals, secure retirement. To achieve this measure, the Government of Canada committed to working with the provinces to strengthen the Canada

In this table we can see how the rates and contribution maximums have increased since 2018 to date:

| Year | Yearly Maximum annual pensionable earnings | Basic exemption amount | Maximum contributory earnings | Employee and employer contribution rate |
|------|--|------------------------|-------------------------------|---|
| | | | | 8.65% (2022) / 8.65% (2023) |

Phase 2: 2024 to 2025

Starting in 2024, a second limit will be introduced, and employees will begin contributing 4% on an additional range of earnings above the Yearly Maximum Pensionable Earnings (YMPE). This new limit, known as the year's additional maximum pensionable earnings, will not replace the first earnings ceiling. Instead, it will subject your earnings to two limits. This additional limit is referred to as the second earnings ceiling.

The value of the second earnings ceiling is based on the value of the first earnings ceiling. In 2024, the second earnings ceiling will be set at an amount that is 7% higher than the first earnings ceiling. It will rise to 14% above the first earnings ceiling in 2025 and the years after. Like the first earnings ceiling, the second earnings ceiling will increase each year to reflect wage growth.

Please note: The enhanced CPP contributions and additional 4% on upper earnings will not be matched by the University of Calgary.

Income Tax Relief on Enhanced CPP Contributions

The highest contribution is \$62 DC 19196 (0.9%) 572-464516 51772 (0.3%) 2019 (0.9%) 241604 (0.253%) 32019 (0.2%) 2019 (0.2%)