



FEDERAL LEGISLATIVE CHANGES

19-17

Canada Pension Plan enhancement

As you may have heard, changes to the Canada Pension Plan (CPP) were implemented in January 2019.

Here is what you should know about the recent and future changes:

- The CPP enhancement is designed to provide better retirement security for all Canadians.
- Increased CPP contributions mean that you will receive higher benefits.
- The enhancement will be phased-in gradually over a seven-year time frame.
- From 2019 to 2023, the contribution rate will gradually increase to reach 5.95% in 2023. This means that employees will have slightly more CPP contributions deducted from each paycheque. Employers will pay the same increase in contributions as their employees.
- Starting in 2024, individuals earning more than the Year's Maximum Pensionable Earnings (YMPE) will be required to contribute an additional 4% on their earnings between the YMPE and the new upper earnings limit, Year's Additional Maximum Pensionable Earnings (YAMPE).
- Once the changes are fully implemented, the income replacement rate will reach up to 33.33% of an employee's pre-retirement employment earnings, up to a maximum amount.
- People who work in Québec and contribute to the [Québec Pension Plan](#) (QPP) won't be affected by the CPP changes but will benefit from QPP enhancements that have also been implemented.
- CPP contributions will continue to be automatically deducted by your employer.

For more information

Please visit the [Service Canada](#) website to learn more about the CPP enhancement.

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