

PLEASE NOTE:

A summary of the CPP and OAS rates for 2019 is found on Page 2 of this Newsletter.

The CPP Benefit Rates for 2019 do not include the CPP enhancement. Entitlement to the enhancement begins in 2019, but the enhanced benefits commence in 2020, and will be based on the contribution information from the prior year.



Retirement income sources are often compared to a three-legged stool, consisting of government sponsored plans, employer sponsored plans and personal savings. The first tier (government sponsored plans) is addressed in this newsletter.

Contact Us

TT Actuarial Inc.

206 Laird Drive, Suite 208
Toronto, ON M4G 3W4
(416) 424-1765
administration@ttactuarial.ca
www.ttactuarial.ca

[Click here](#) to visit our LinkedIn page and here to visit our [website](#) for more information on our services offered and our team.

HAPPY NEW YEAR!

On behalf of everyone at TT Actuarial, we extend our sincere wishes to you for a healthy and prosperous 2019!

THE CANADA PENSION PLAN ENHANCEMENT

The year 2019 begins with the implementation of a 7-year enhancement process by the Canada Pension Plan (CPP). The enhancement process will be phased in, and will ultimately result in higher benefits received in exchange for making higher contributions. Eligibility for CPP benefits will not be affected.

EFFECT OF THE ENHANCEMENT ON CPP BENEFITS

Up until 2019, the CPP retirement pension replaced one quarter of average work earnings, up to a maximum earnings limit each year. Starting 2019, the CPP will start to grow, so that the targeted maximum retirement pension will replace one third of average work earnings.

The CPP enhancement will also increase the CPP post-retirement benefit, the CPP disability benefit and the CPP survivor pension.

The increase to benefits will depend on the amount and length of time of the contributions to the enhanced CPP.

PHASING IN OF CPP CONTRIBUTION INCREASES

To contribute to the CPP you must be over the age of 18 and work in Canada (excluding Quebec, which is subject to the QPP provisions). Contributions are made on employment earnings between \$3,500 and the annual earnings limit. This annual earnings limit is adjusted each year based on changes to the average wage. In 2019, the limit is \$57,400.

Due to the enhanced CPP the employee and employer contribution rate has increased from 4.95% in 2018 to 5.10% in 2019 (a 0.15% increase). Subsequent to 2019 the contribution rate will continue to gradually increase until it reaches 5.95% in 2023.

A second tier of the enhancement program is scheduled to commence effective 2024. This second-tier enhancement will be geared towards individuals who have earnings above the expected annual earnings limit, allowing investment of an additional portion of earnings to the CPP. The contribution rate is expected to be 4% for both the employee and the employer, calculated on earnings between the regular annual earnings limit and a second-tier upper earnings limit. The second-tier upper earnings limit is expected to be approximately 14% higher than the regular annual earnings limit. This second-tier enhancement will be phased in between 2024 and 2025.

Continue to Page 2 for the 2019 rates update for both CPP and OAS.....

Maximum CPP Benefit Rates Effective January 2019

Type of CPP Benefit	Maximum Benefit Rates
Retirement Pension (at age 65)	\$1,154.58 (monthly)
Post-Retirement Benefit (at age 65, for post-65 contributions)	\$28.86 (monthly)
Disability Pension	\$1,362.30 (monthly)
Death Benefit (one-time payment)	\$2,500.00 (lump sum)
Survivor's Pension (under 65)	\$626.63 (monthly)
Survivor's Pension (65 and older)	\$692.75 (monthly)
Combined Pensions – Survivor/Retirement	\$1,154.58 (monthly)
– Survivor/Disability	\$1,362.30 (monthly)
Children of Disabled or Deceased Contributor	\$250.27 (monthly)
Flat Rate – Survivor's Pension	\$193.66 (monthly)
– Disability Pension	\$496.36 (monthly)

Note: The Post-Retirement Benefit is a supplementary benefit which is in addition to total CPP benefits. Each year that a contribution is made to the CPP while a retirement pension is being received, the contributor becomes eligible for a Post-Retirement Benefit in the following year. Therefore, the contributor can receive more than one Post-Retirement Benefit after age 65.

Other CPP figures for 2019

Year's maximum pensionable earnings (YMPE)	\$57,400.00
Year's Basic Exemption	\$3,500.00
Employee/Employer Maximum Contribution (5.10%)	\$2,748.90
Self-Employed Maximum Contribution (10.20%)	\$5,497.80
CPP Cost of Living Increase (January 1, 2019)	2.3%

Maximum OAS Benefit Rates Effective January 1, 2019

Type of OAS Benefit	Maximum Monthly Benefit Rates – January to March 2019
Basic OAS Pension (at age 65)	\$601.45
Guaranteed Income Supplement (including top-up benefit)	
– Single	\$898.32
– Spouse/Common-law partner of non-pensioner	\$898.32
– Spouse/Common-law partner of pensioner	\$540.77
– Spouse/Common-law partner of Allowance recipient	\$540.77
Total Allowance (including top-up benefit)	
– Regular	\$1,142.22
– Survivor	\$1,361.56

OAS Pension Repayment Range in 2019	\$77,580 to \$125,696
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Notes: All OAS benefits are adjusted quarterly (in January, April, July and October) based on increases in the CPI. The annual OAS repayment amount is equal to 15% of the amount by which net income exceeds \$75,910. The full amount of the OAS benefit is eliminated when net income reaches \$125,696.