



## **Canada Pension Plan enhancement**

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As of 2019, the Canada Pension Plan (CPP) is being gradually enhanced. This means you will receive higher benefits in exchange for making higher contributions. The CPP enhancement will only affect you if, as of 2019, you work and make contributions to the CPP.

The enhancement increases the CPP retirement pension, post-retirement benefit, disability pension and survivor's pension you may receive. Eligibility for CPP benefits is not affected. For more information about eligibility for CPP benefits, visit:

- [CPP retirement pension](#)
- [CPP post-retirement benefit](#)
- [CPP disability benefits](#)
- [CPP survivor's pension](#)

If you only work in Quebec, you contribute to the [Quebec Pension Plan](#) (QPP) and the CPP enhancement does not affect you. You may be affected by the similar enhancement to the QPP.

## **Effects on CPP retirement pension and post-retirement benefit**

Up until 2019, the [CPP retirement pension](#) replaced **one quarter** of your average work earnings. This average is based on your work earnings, up to a maximum earnings limit each year. Other sources of income—such as the Old Age Security program, workplace pensions and private savings—make up the rest of your retirement income.

The enhancement means that the CPP will begin to grow to replace **one third** of the average work earnings you receive after 2019. The maximum limit used to determine your average work earnings will also gradually increase by 14% by 2025.

Your pension will increase based on how much and for how long you contribute to the enhanced CPP. The CPP enhancements will increase the maximum CPP retirement pension by up to 50% for those who make enhanced contributions for 40 years.

The enhancement also applies to the [CPP post-retirement benefit](#). If you are receiving the CPP (or QPP) retirement pension and you continue to work and make CPP contributions in 2019 or later, your post-retirement benefits will be higher.

## **Effects on CPP disability pension**

The enhancement will also increase the [CPP disability pension](#) starting in 2019. The increase you receive will depend on how much and for how long you contribute to the enhanced CPP. If you began receiving your CPP disability pension before 2019, it will not be affected by the enhancement.

## **Effects on CPP survivor's pension**

The enhancement will also increase the [CPP survivor's pension](#), starting in 2019. The increase you receive will depend on how much and for how long your deceased spouse or common-law partner contributed to the enhanced CPP. If you began receiving your survivor's pension before 2019, it will not be affected by the enhancement.



## Changes to CPP contributions

You contribute to the CPP if you are over the age of 18, work in Canada (outside of Quebec) and earn more than \$3,500 a year.

You only contribute on employment earnings between \$3,500 and an [annual earnings limit](#) (adjusted each year based on changes in the average wage in Canada). In 2019 this limit is \$ 57,400.

Before January 1, 2019, employees contributed 4.95% on these earnings to the CPP. Employers made an equal contribution. If you are self-employed, you contributed both the employee and employer portions, which was equal to 9.9%.

The increase in contributions as a result of the enhancement will be phased in gradually over 7 years