

Human Resources Legislative Update

Federal Government Introduces Amending Legislation to Support CPP Enhancement

Date: October 6, 2016

On October 6, 2016, the federal government introduced Bill C-26, [*An Act to amend the Canada Pension Plan, the Canada Pension Plan Investment Board Act and the Income Tax Act*](#), new omnibus legislation to support Canada Pension Plan (CPP) enhancement.

If passed, Bill C-26 would, among other things, amend the CPP to:

- increase the maximum level of pensionable earnings by 14% as of 2025
- provide for the making of additional contributions by employers and employees, beginning in 2019
- increase the retirement pension amount, the survivor's and disability pensions and the post-retirement benefit, subject to the amount of additional contributions made and the number of years over which those contributions are made
- create the Additional Canada Pension Plan Account within the government's Consolidated Revenue Fund to track the contributions, expenses and payments associated with the enhancement
- include the additional contributions and increased benefits in the financial review provisions of the CPP and authorize the government to make regulations in relation to those provisions.

Amendments to the *Canada Pension Plan Investment Board Act* would:

- provide for the transfer of funds between the Investment Board and the Additional Canada Pension Plan Account
- provide for the preparation of financial statements in relation to amounts managed by the Investment Board in relation to the additional contributions and increased benefits.

Additional related amendments to the *Income Tax Act* outlined in Bill C-26 would:

- increase the Working Income Tax Benefit
- provide a deduction for additional employee contributions.

As we previously reported, the provincial and federal governments reached an agreement on enhanced CPP on June 20, 2016, with an implementation date of January 1, 2018. As of October

4, 2016, all nine participating provinces have confirmed their support for the agreement (the exception being Quebec).

Key insights and background information on this important joint initiative between Canadian governments are available in our prior publications, including:

- [CPP Expansion and the \(Likely\) Demise of Ontario's Provincial Pension Plan](#) (June 21, 2016)
- [ORPP Act Passes Third Reading as Amended by Committee](#) (June 2, 2016)
- [Countdown to ORPP: Ontario Tables New Implementation Legislation](#) (April 18, 2016)
- [Preparing for the ORPP](#) (May 31, 2016)
- [Ontario Budget 2016](#) (February 29, 2016)
- [ORPP Implementation Delayed to January 1, 2018](#) (February 17, 2016)
- [Ontario Government Announces Additional ORPP Design Details](#) (January 28, 2016)
- [2015 Federal Election Update: ORPP or CPP – Which Will it be?](#) (October 26, 2015)
- [ORPP: Ontario Government Announces Implementation Details](#) (August 11, 2015)
- [Ontario Budget 2014](#) (July 17, 2014)