Human Resources Legislative Update

Quebec Proposes to Mirror CPP Enhancements

Date: November 3, 2017

On November 2, 2017, the Quebec government introduced Bill 149, *An Act to enhance the Québec Pension Plan and to amend various retirement-related legislative provisions*. Among other things, Bill 149 will enhance the Quebec Pension Plan (QPP), in a manner similar to the forthcoming enhancements to the Canada Pension Plan (CPP) outlined in our *FTR Now,* Expanded CPP: The Next Generation.

If passed, Bill 149 would amend the QPP to:

- Increase the benefit formula from a target income replacement of 25% to 33.33% of pensionable earnings;
- Increase the maximum amount of earnings covered by the QPP to 114% of the current limit; and
- Modify survivor benefits with respect to the additional maximum pensionable earnings.

Employers and employees working in Quebec will both contribute more to fund the higher benefit formula and higher earnings limit.

An additional contribution of 1%, payable by each of the employee and employer, on income less than or equal to the employee's maximum pensionable earnings will be phased-in from 2019 to 2023. Then, a second additional contribution equal to 4%, payable by each of the employee and employer, will be phased-in over 2024 and 2025 as the new additional maximum pensionable earnings is implemented over two years.

These changes will be particularly important for employers with employees in Quebec, especially those who provide multi-jurisdictional pension plans, in which contributions and/or the benefit formula is integrated with the employee's maximum pensionable earnings under the QPP. In such plans, the increases to the QPP's maximum pensionable earnings could impact liabilities and funding obligations.