

OTTAWA REPORT

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CPP ? Just the Facts

Any productive discussion on the Canada Pension Plan (CPP) needs to be based on facts and not rhetoric.

CPP is a mandatory contributory program that provides partial income replacement for Canadian workers and families in the event of retirement, disability or death. It is not an exclusively federal program and is co-managed with the Provinces and Territories, meaning any changes must be agreed upon by two-thirds of the provinces, representing two-thirds of the population.

There are three types of CPP benefits: retirement pension, disability benefits and survivor benefits. The retirement pension provides income to those who have worked and made contributions to the Plan. The amount of CPP pension depends on how much - and for how long a person has contributed to the Plan and in some cases, the age a person chooses his/her payment to begin.

CPP payments are indexed to the cost of living. Benefit amounts are adjusted in January of each year to reflect increases in the Consumer Price Index published by Statistics Canada. This is particularly valuable given the increasing life expectancy of Canadians. While many Canadians will live longer than expected, the value of CPP benefits is protected against inflation.

The 2007-2009 Triennial Review modernized the CPP by recommending amendments that would enhance flexibility and support both older and younger workers in an equitable and affordable way.

Our government made these amendments through Bill C-51, the Economic Recovery Act. Gradual implementation of the changes started on January 1, 2011, and will be completed by 2016.

With these improvements, CPP will better reflect how Canadians choose to live, work, and retire. Retirement is now a process that often occurs in stages, rather than a one-time event. The changes will allow the CPP to remain financially sustainable while continuing to meet the changing needs of Canada's diverse and aging population and ever evolving labour market.

These changes include: From 2011 to 2016, the monthly pension amount will gradually increase by a larger percentage for those who choose to take it after 65. The monthly pension amount will also decrease by a larger percentage for those who take it before age 65.

CPP contributors are entitled to the General Drop-Out Provision, which allows a portion of their years of low earnings to be excluded from the calculation of their benefits. In 2014, the percentage increased to eight years of a contributor's lowest earnings to be dropped from the calculation, resulting in higher benefits.

As of January 1, 2012, contributors could work and begin receiving their CPP retirement pensions without any work interruption. As of January 1, 2012, CPP retirement pensioners between the ages of 60 and 70 who choose to work are able to continue to make contributions to the Plan that will increase their incomes through the new Post-Retirement Benefit. If they are under age 65, contributions will be mandatory for them and their employers. If they are at least 65 years old but under 70, they can elect not to make contributions. If they do contribute, their employers will have to contribute as well. CPP retirement pensioners between the ages of 60 and 70 who make these contributions may begin to receive their Post-Retirement Benefit the following year. This is a secure, indexed pension that is payable until death.

Canada Summer Jobs for Employers

For many employers, it's already time to start thinking about recruiting students this summer. Through the Government's Canada Summer Jobs program, small businesses, public-sector and not-for-profit organizations have our support in creating jobs for secondary and post-secondary students.

By hiring students, employers benefit from the fresh perspective and new ideas they bring to the workplace. Young Canadians will gain valuable, on-the-job experience. Investing in students benefits our community, economy and society as a whole. It's a win-win for both students and employers.

The employer application period for Canada Summer Jobs 2015 is now open. Applications are available at servicecanada.gc.ca/csj and must be submitted by January 30, 2015.

If you would like to contact me on any issue, please call 905-953-7515 or visit my website at www.loisbrown.ca. I look forward to hearing from you.