

Employers and the 2024 CPP changes



Ichika

- Employer
- Wants to know how employer's Canada Pension Plan (CPP) obligations will change in 2024



How will the 2024 CPP changes affect Ichika?

In 2024, the Year's Maximum Pensionable Earnings (YMPE) will be referred to as the **"first earnings ceiling"**, and a higher **"second earnings ceiling"** will be introduced. Canadian employees who earn an annual income higher than the first earnings ceiling will make second additional CPP contributions (CPP2).

Employers will remit their share of CPP2 contributions on behalf of employees who have to contribute to CPP2.



How will the changes affect their employees?

For Ichika's employees who will reach retirement age in approximately 40 years, the CPP will provide up to 50% more benefit income.



How does Ichika calculate CPP2 contributions?

Employee CPP2 contributions equal 4% of income between the first and second earnings ceiling. Employers deduct this amount from the paycheques of their higher-earning employees and remit it with their matching CPP2 contribution.

In 2024: the second earnings ceiling is approximately YMPE plus 7%.

In 2025 and every year after: the second earnings ceiling is approximately YMPE plus 14%.

When it's time to prepare 2024 T4s, Ichika will record the employee's portion of CPP2 contributions in the new Box 16A, separate from base and first enhanced CPP contributions that are recorded in Box 16.



To learn more, visit:

canada.ca/cpp-enhancement

