

Self-employed individuals and the 2024 CPP changes



Moswen

- Self-employed freelance writer
- Wants to know if they will be affected by the 2024 Canada Pension Plan (CPP) changes



How will the 2024 CPP changes affect Moswen?

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. Self-employed individuals with net business income higher than the first earnings ceiling will make second additional CPP contributions (CPP2).

The changes to the CPP will provide up to 50% more CPP benefit income for self-employed individuals who retire in approximately 40 years.



How does Moswen calculate CPP2 contributions?

Self-employed CPP2 contributions equal 8% of income between the first earnings ceiling, and the second earnings ceiling.

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%.

Self-employed individuals pay base, first additional, and CPP2 contributions when they file their annual tax return.



To learn more, visit:

canada.ca/cpp-enhancement

