

## Employees and the 2024 CPP changes



**Miguel**

- Age 28
- A Canadian employee
- Wants to save money for retirement
- Looking to understand their Canada Pension Plan (CPP) contributions



### How will the 2024 CPP changes affect Miguel?

Miguel is considered a higher-income earner because their annual income is higher than the amount of the Year's Maximum Pensionable Earnings (YMPE), or the **"first earnings ceiling"**.

Starting in 2024, higher-income earners like Miguel will begin making second additional CPP contributions (CPP2).

The CPP changes will provide up to 50% more CPP benefit income for employees who reach retirement age in approximately 40 years.



### How are Miguel's CPP2 contributions calculated?

Starting in 2024, anyone who earns annual income higher than the amount of the YMPE will make CPP2 contributions. Employers will make a matching CPP2 contribution.

As an employee, Miguel's CPP2 annual contribution equals 4% of the income they make between the first earnings ceiling and a higher **"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%.

Miguel's employer will deduct CPP2 from their paycheque, just like they do for their regular CPP contributions.



### To learn more, visit:

[canada.ca/cpp-enhancement](https://canada.ca/cpp-enhancement)

