



Bill no. 149 came into effect on February 22, 2018. It enhances the Québec Pension Plan (QPP), the public plan for all workers. This enhancement applies to all workers and increases the contributions paid by employees and employers.

Sources of income at retirement



3rd floor – Personal savings

- RRSP, TFSA, properties, etc.

2nd floor – Employer plan

- RREGOP pension

1st floor – Public plans

- Old Age Security Pension (OAS) + 🇨🇦
- Québec Pension Plan (QPP) 🇸🇰

Who is it for?

- ➔ All workers who will gradually accumulate additional benefits, starting in 2019
- ➔ Young people and future generations who will benefit from the full enhancement starting in 2065

What does it entail?

A gradual increase, from 25% to 33%, of the income replacement rate, starting in 2019, and the pensionable salary, from \$57,400 to \$65,400, beginning in 2024 (see figure 1).

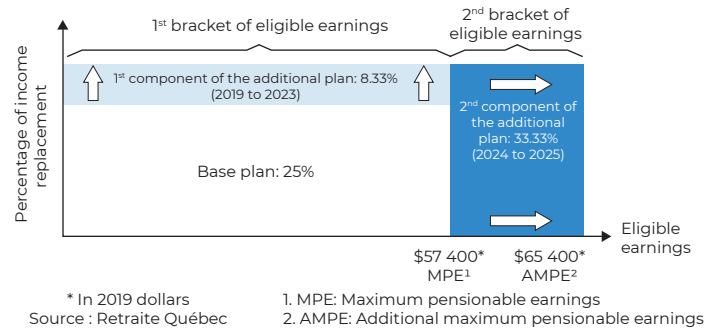


Fig. 1 - Québec Pension Plan enhancement

To learn more

The enhancement will be based on the contributions made to the new component starting in 2019.

Therefore, a person who retired in 2018 will not benefit because they will not have contributed to this new component, whereas a person who retires in 2040 will obtain nearly half the complete attainable enhancement, which should in fact be attributed to retirees as of 2065.

Example for a retirement as of 2065: An additional \$4,000 (in today's dollars) pension at age 65 for a pensionable salary of \$50,000 and nearly \$7,000 for a \$70,000 salary.

What does it cost?

Starting in 2025, an additional contribution (deduction at source) between 0.9% and 1.3% of the full pay. The increase will be done gradually over 5 years (for a salary below the MPE) and 7 years (for a salary above the MPE), starting in 2019 (see figures 2 to 4).

THINGS HAVE TO CHANGE NOW!

RETIREMENT ISSUE QUÉBEC PENSION PLAN ENHANCEMENT

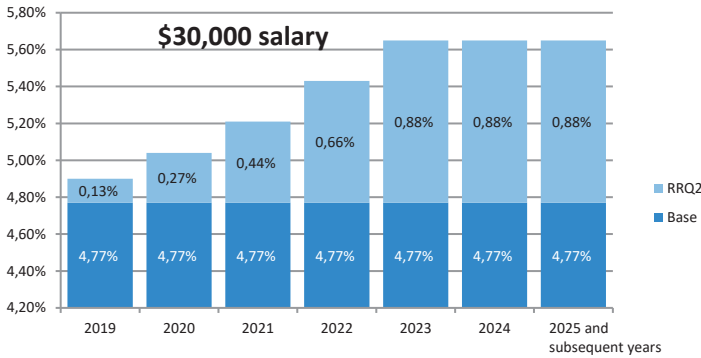


Fig. 2 – Contribution rate on full pay (\$30 000)

It should be noted that:

- ➔ The maximum contribution to the additional plan will be 1.3% (expressed on the full pay) for a salary of \$65,400.
- ➔ The employer will contribute the same amount as this plan is equally funded between the employer and the workers.

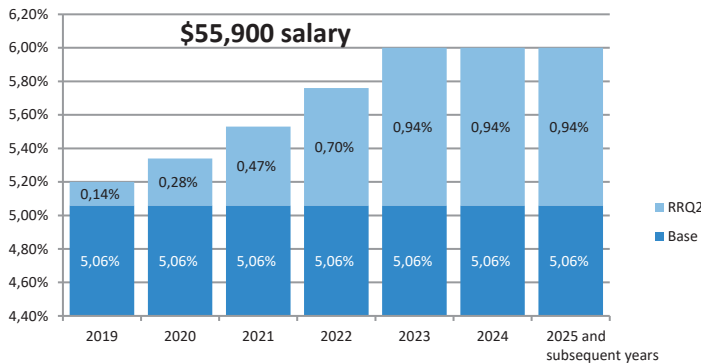


Fig. 3 – Contribution rate on full pay (\$55,900)

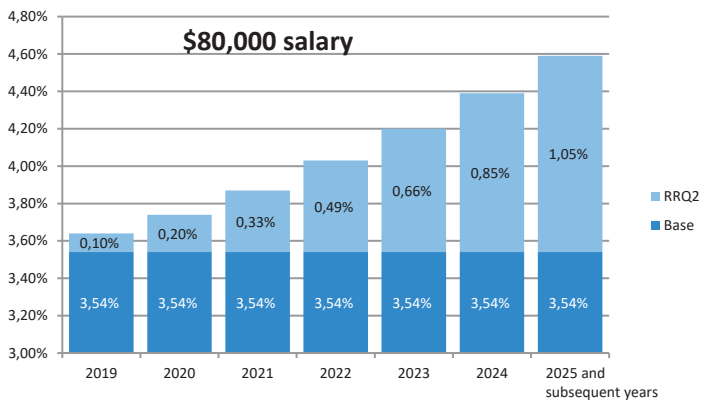


Fig. 4 – Contribution rate on full pay (\$80,000)