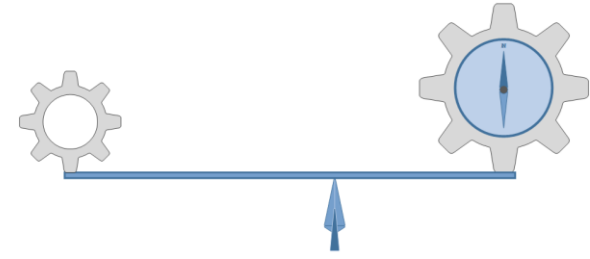


Maximizing Your Future

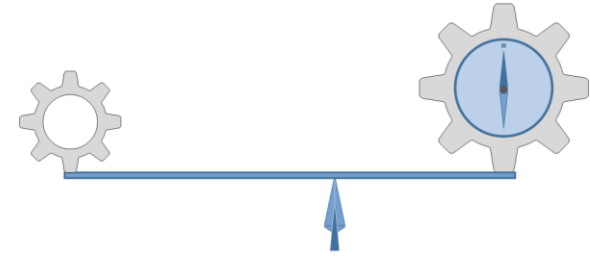
Navigating the Canada Pension Plan Maze

Valuable features of the Canada Pension Plan (CPP)



1. Your money from CPP is guaranteed – *no market risk*.
2. It lasts until you die – *no longevity risk*.
3. CPP provides *inflation protection*.

Purpose of the CPP

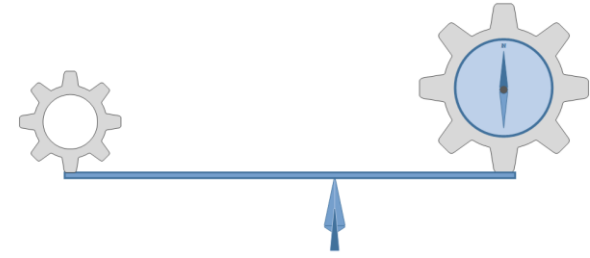


- “The purpose of the Canada Pension Plan is to make reasonable minimum levels of income available at normal retirement ages.”

Source: White paper on the Canada Pension Plan, 1964.

- Also, to make reasonable minimum levels of income to:
 - People who become disabled.
 - Survivors of people who die.

Purpose of the CPP



1. Reasonable

- The more you put in, the more you'll get out.
- Average of earnings over working life (lifetime average earnings).

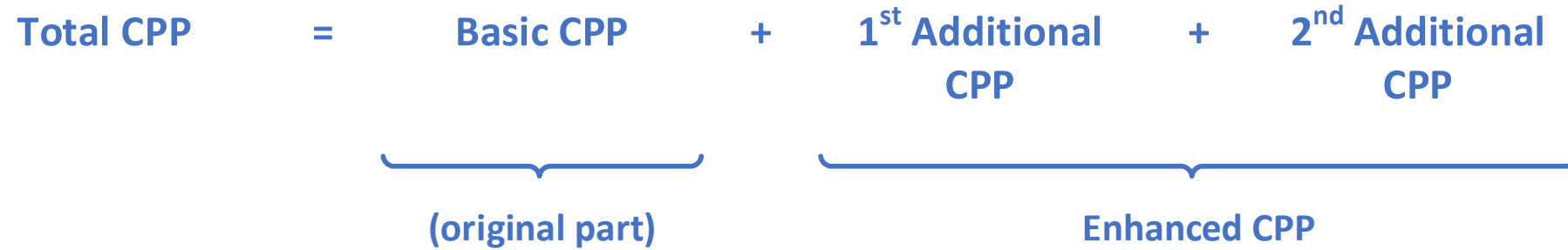
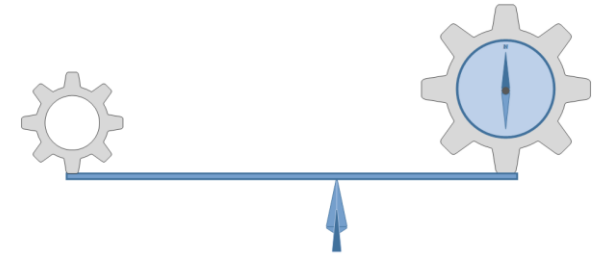
2. Minimum

- Percentage of your own lifetime average you'll get back out as a pension.

3. At normal retirement ages

- Start anywhere from age 60 to 70.
 - You can get money earlier, but if you do that you'll get less money.
 - You can get more money, if you start later.

Parts of the CPP

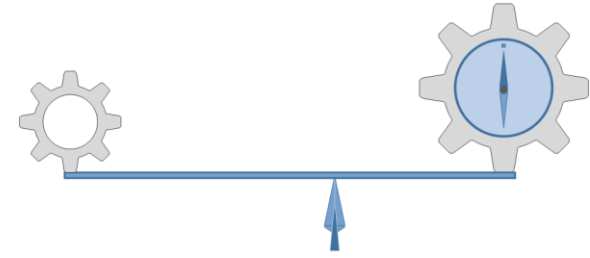


1st Additional CPP
Started in 2019

2nd Additional CPP
Started in 2024

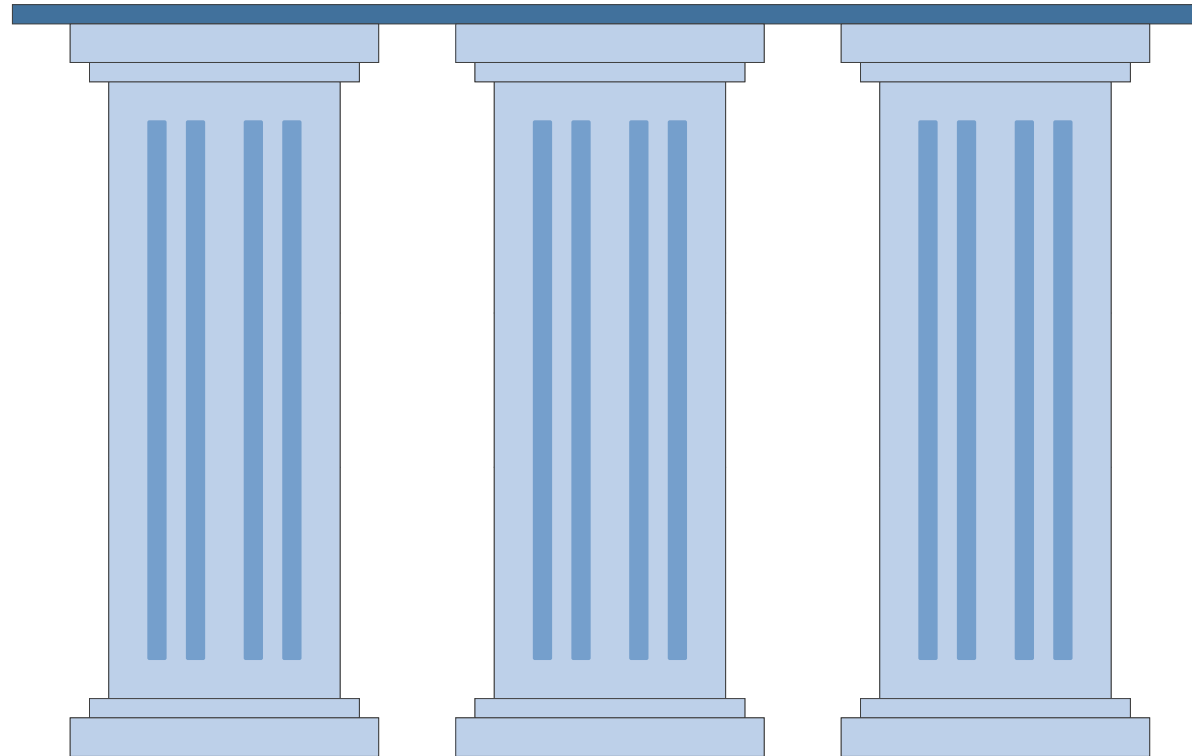
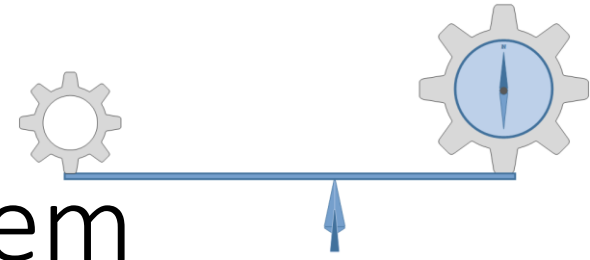
Full benefit of Enhanced CPP takes a 40 year transition period.

Demonstration #1



- CPP lifetime average earnings.
- Dropouts.
- Basic CPP.

CPP part of **First Pillar** of the Canadian Retirement Income System



Pillar 1

Public programs and plans
administered by the
government

Pillar 2

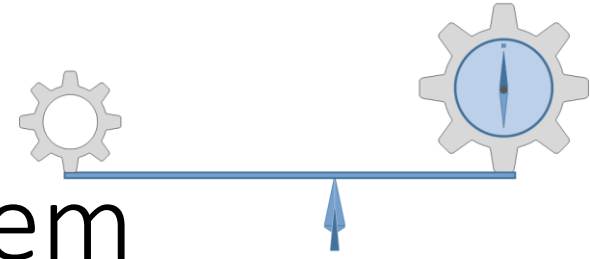
Employment-based
pension plans (registered
and non-registered)

Pillar 3

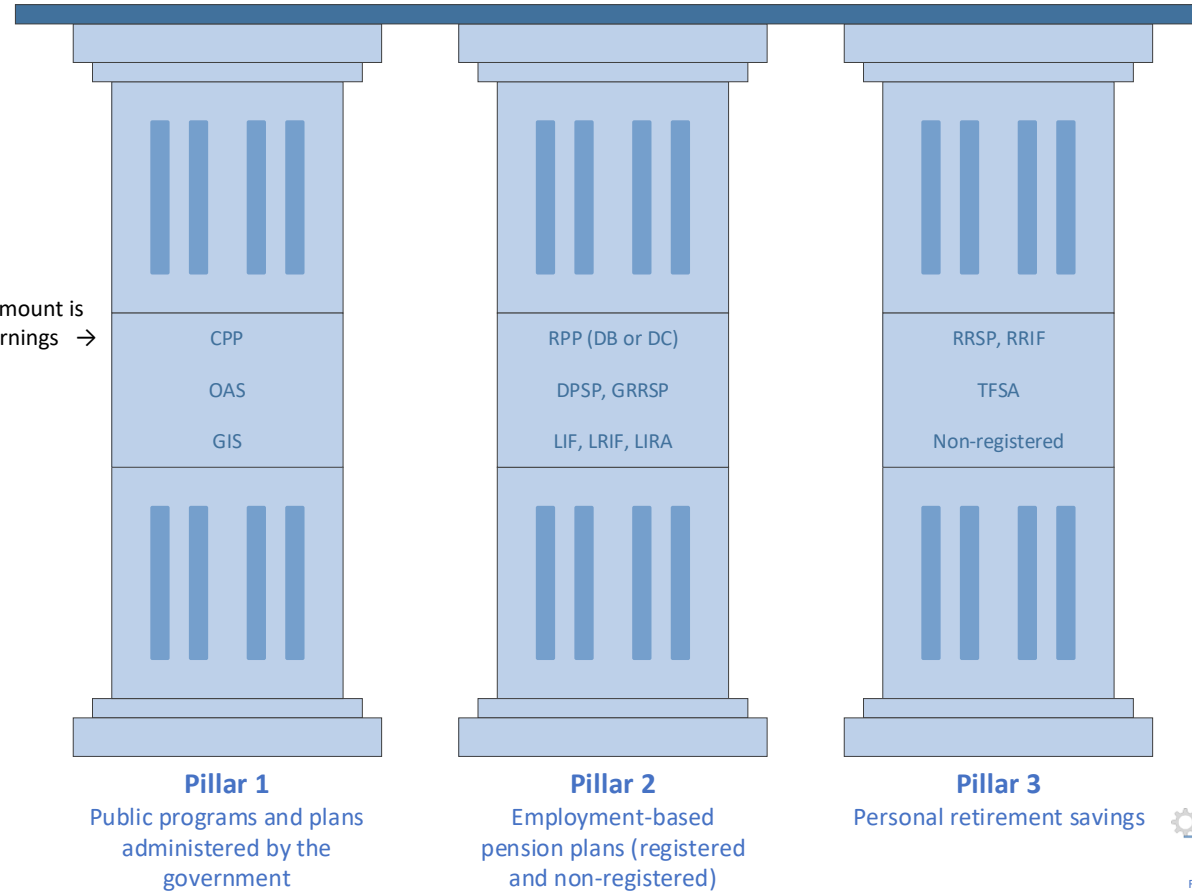
Personal retirement savings



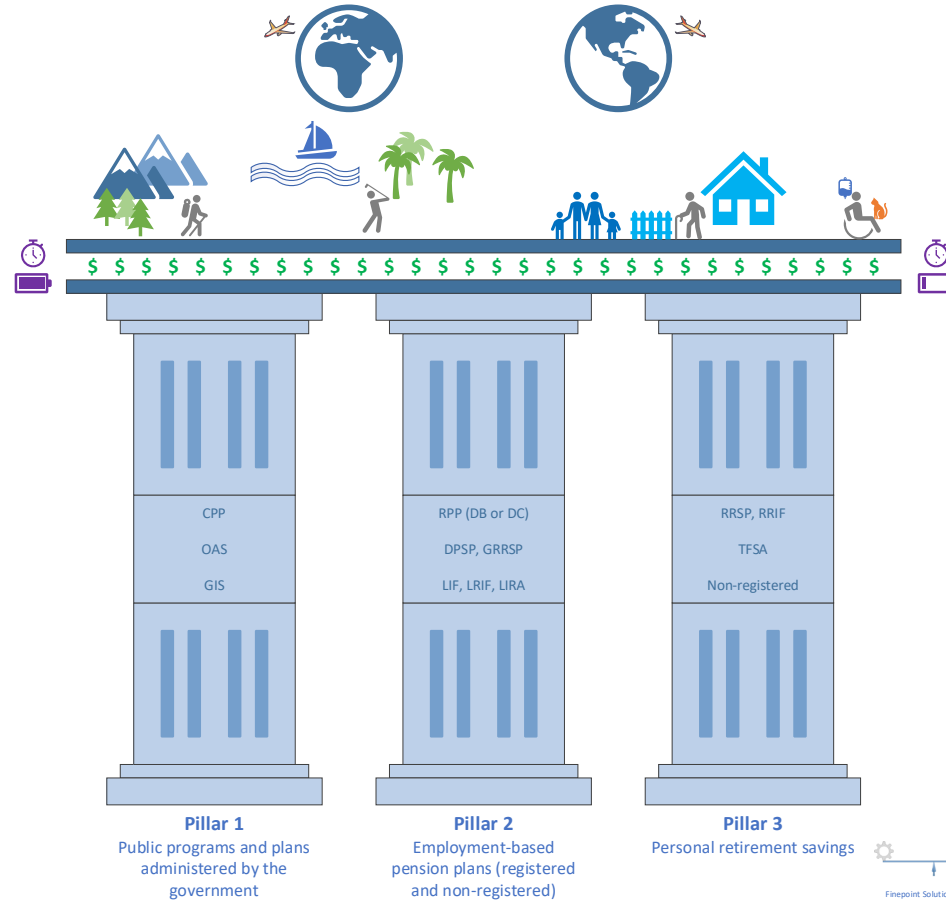
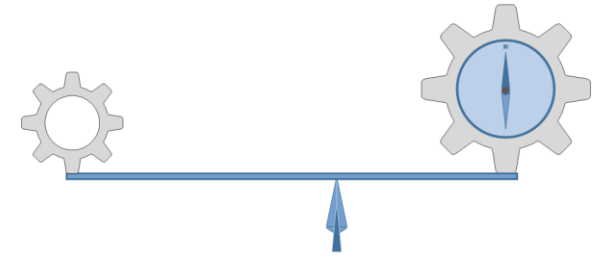
CPP part of **First Pillar** of the Canadian Retirement Income System



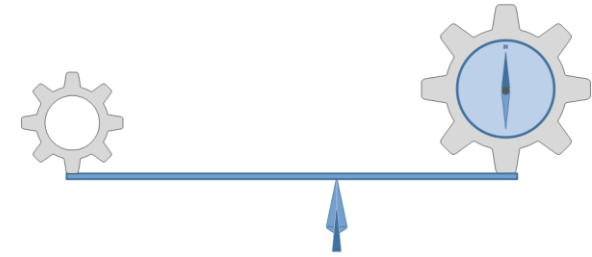
Basic CPP Retirement Pension amount is
25% of your lifetime average earnings →



What do the 3 Pillars Support? Your Income Needs Until the End



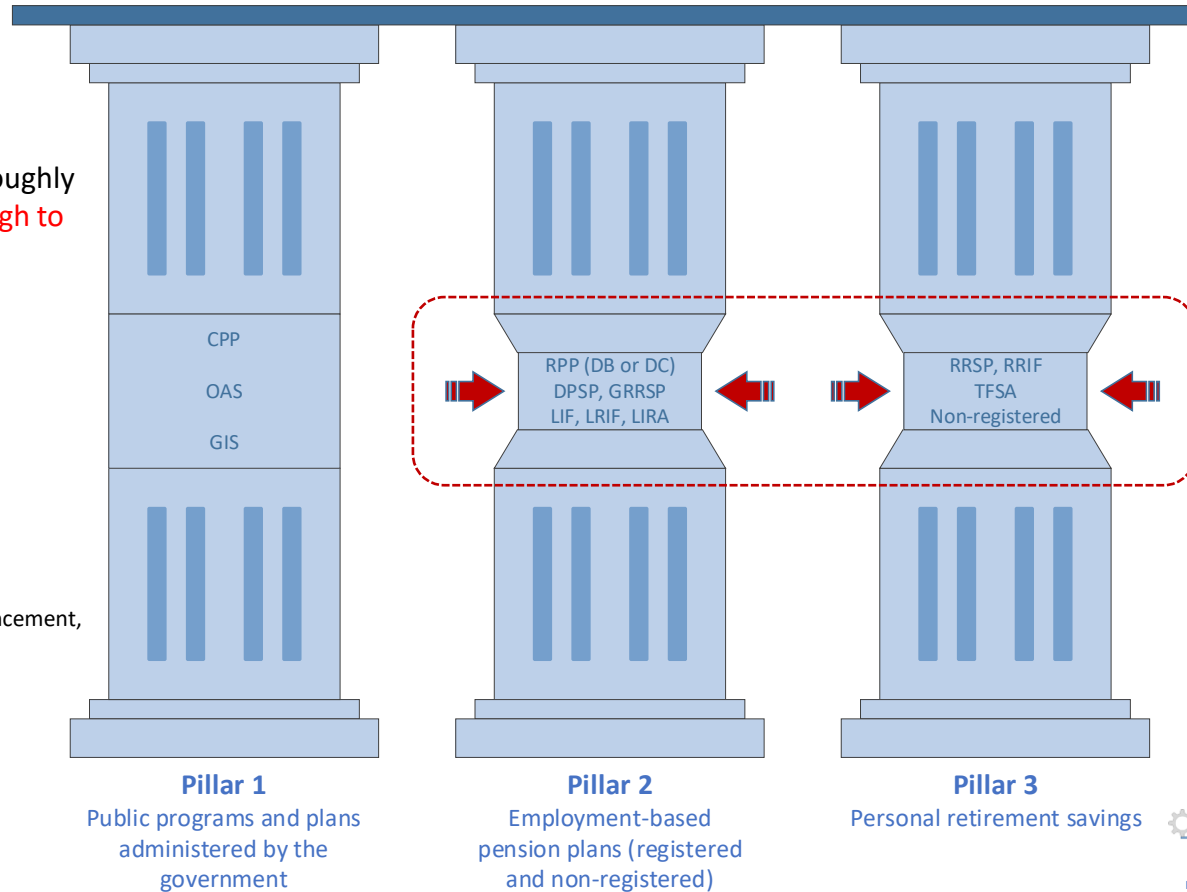
Why Enhance the CPP?



1 in 4 families approaching retirement – roughly 1.1 million – are at risk of not having enough to maintain their standard of living:

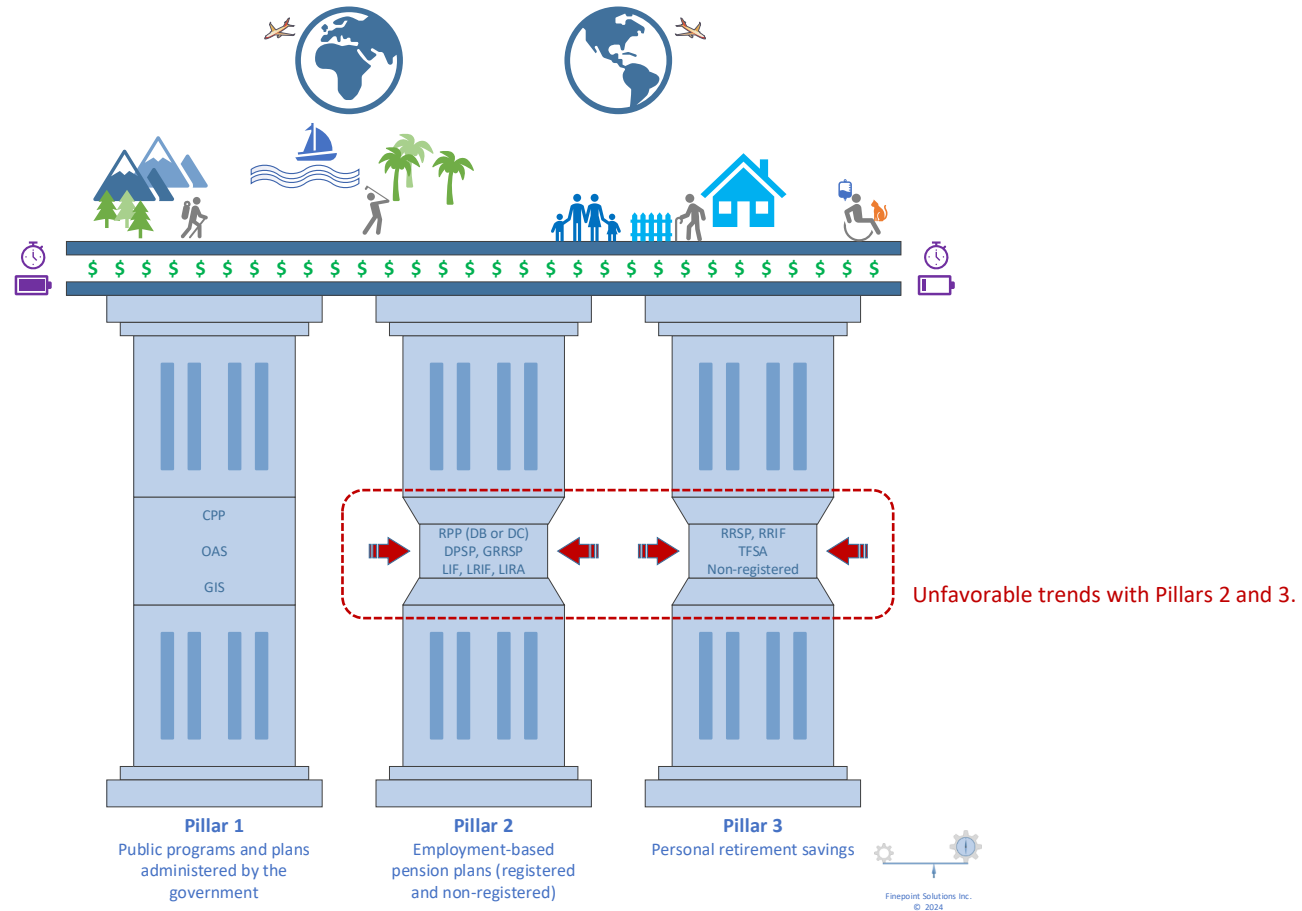
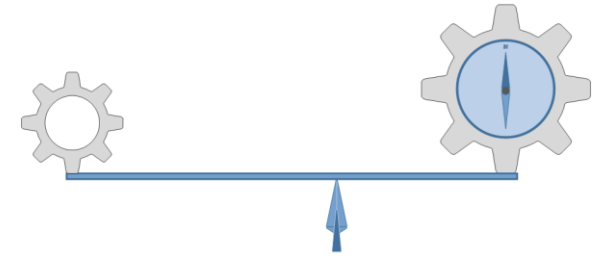
- Decline in coverage by employer-based pension plans.
- Shift from DC to DB.
- Increasing reliance on personal savings.
- Higher exposure to market risks.
- 2008-2009 financial crisis.

Source: Backgrounder: Canada Pension Plan (CPP) Enhancement, Department of Finance Canada, 2016.

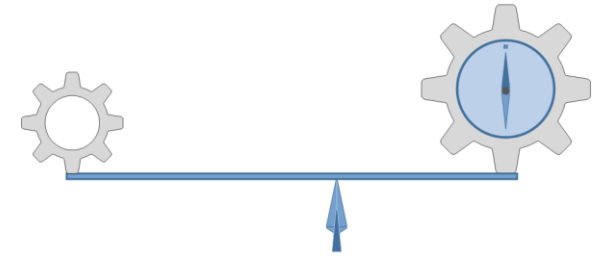


Unfavorable trends with Pillars 2 and 3.

All 3 Needed to Support Retirement Income Security



What is the CPP Enhancement?



Enhanced CPP increases earnings replacement

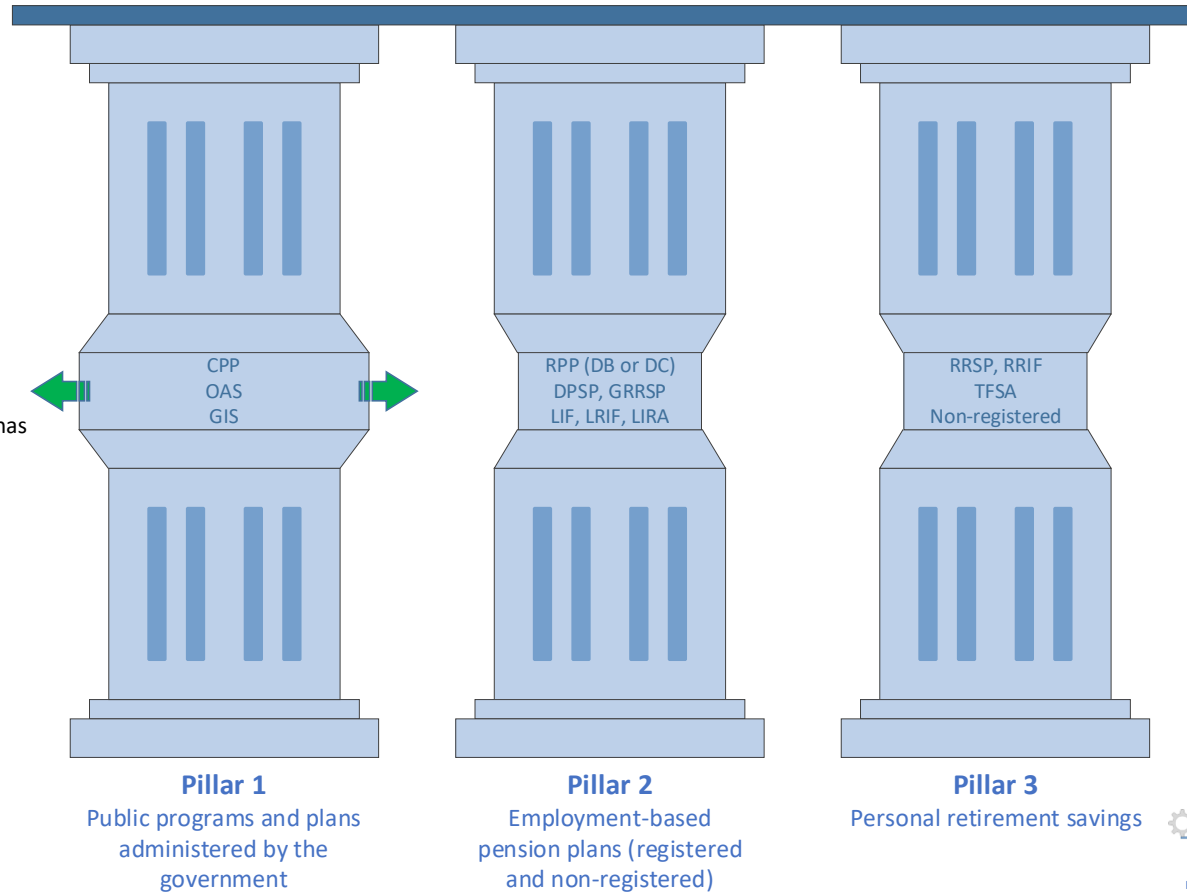
- from 25%,
- to 33% of your lifetime average earnings.

Level of earnings subject to participation in CPP has increased.

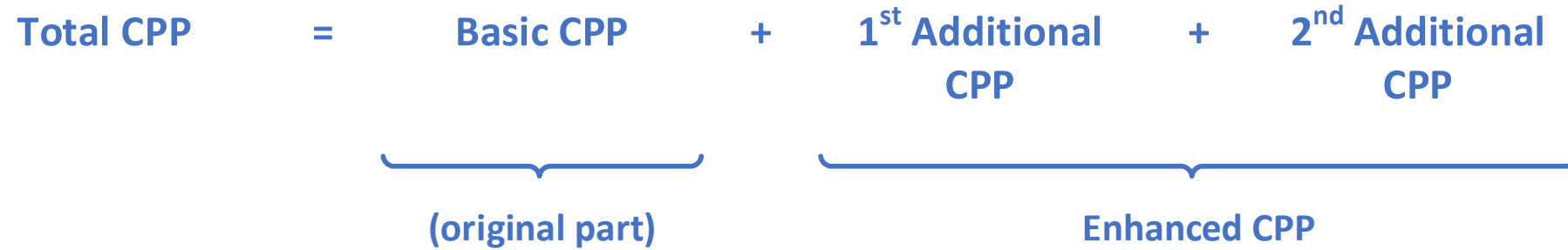
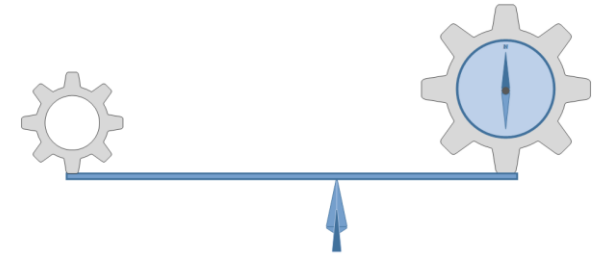
Enhanced CPP impacts both (*purpose of CPP*):

- Reasonable.
- Minimum.

Full benefit of Enhanced CPP takes a 40 year transition period.



Parts of the CPP

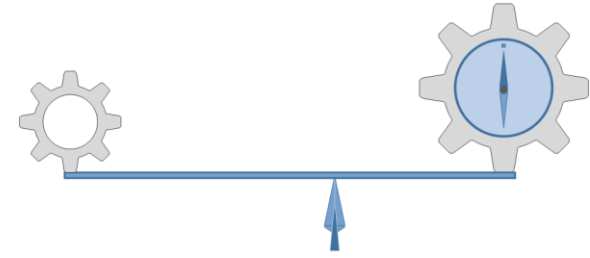


1st Additional CPP
Started in 2019

2nd Additional CPP
Started in 2024

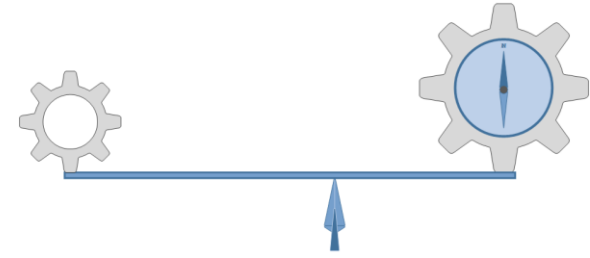
Full benefit of Enhanced CPP takes a 40 year transition period.

Demonstration #2



- Enhanced CPP.
 - 1st Additional CPP.
 - 2nd Additional CPP.
- 40 year transition period.

Impact of Enhanced CPP on Purpose of the CPP



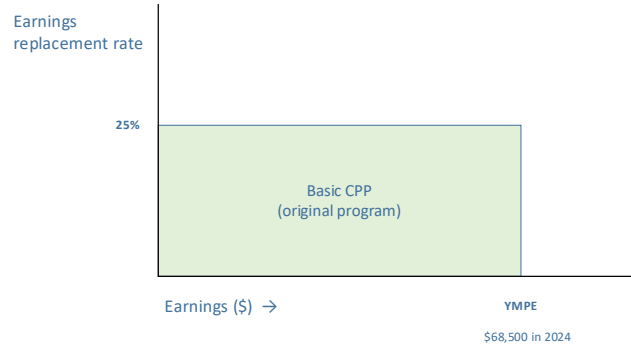
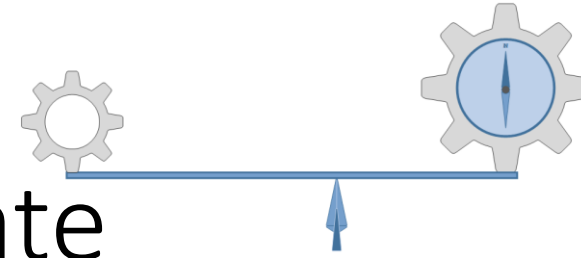
1. Reasonable

- Principle unchanged – the more you put in, the more you'll get out.
- Level of earnings subject to participation increases – YAMPE.

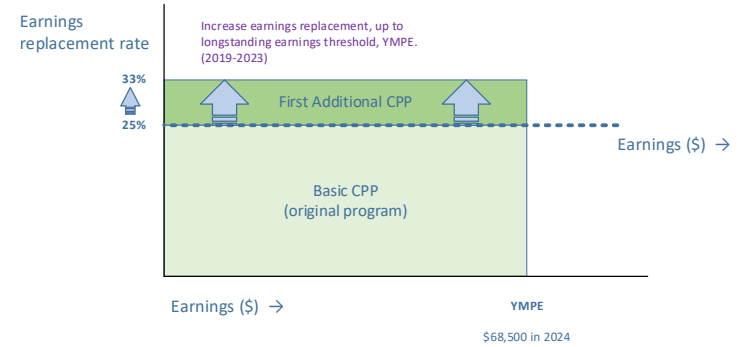
2. Minimum

- Earnings replacement increases from 25% to 33% of lifetime average.
 - Over 40 year transition period.

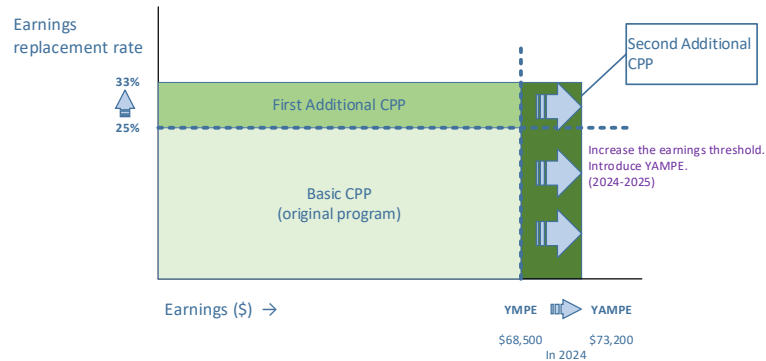
Enhanced CPP Increase Earnings Replacement Rate



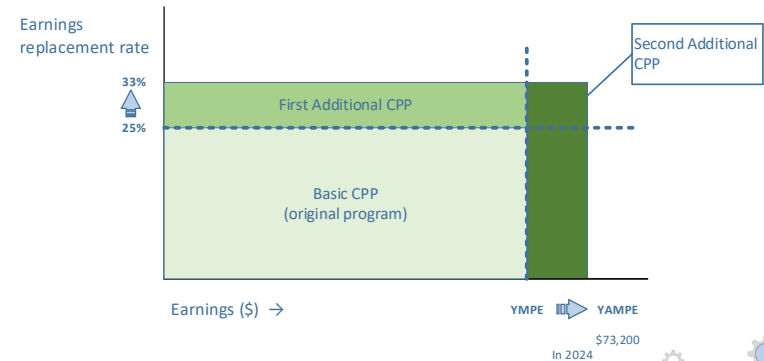
1. Basic CPP only.



2. First Additional CPP increases minimum (*purpose of CPP*).

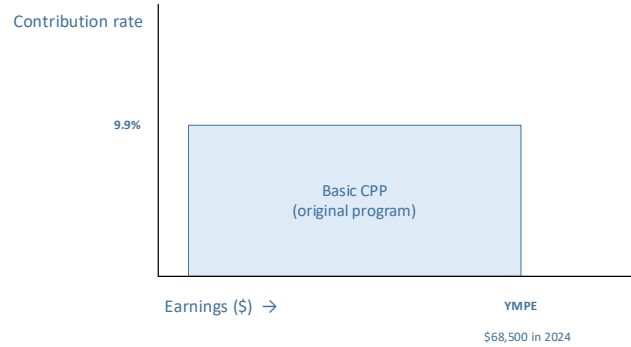
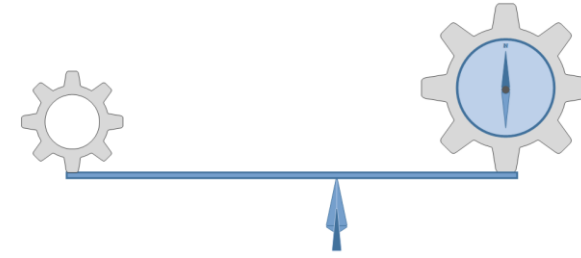


3. Second Additional CPP increases reasonable (*purpose of CPP*).

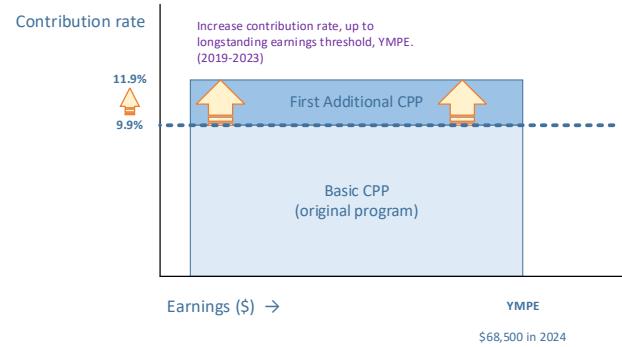


4. Basic and Enhanced CPP.

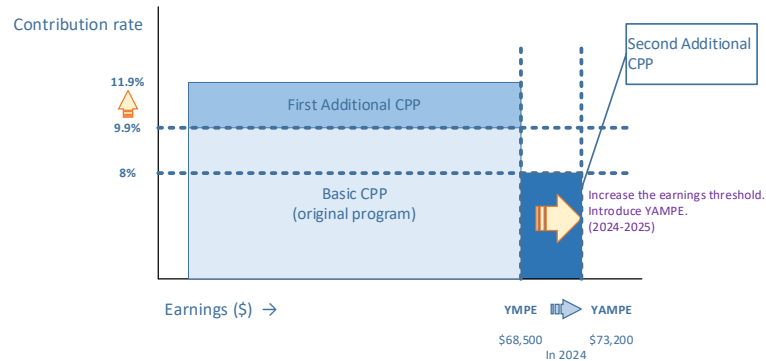
Enhanced CPP New Contributions Required



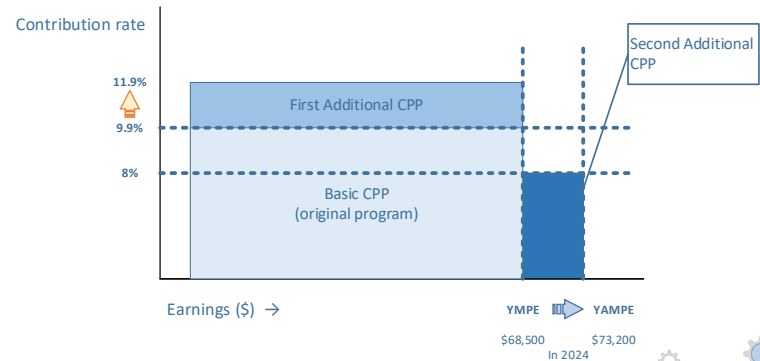
1. Basic CPP only.



2. New contribution for the First Additional CPP.

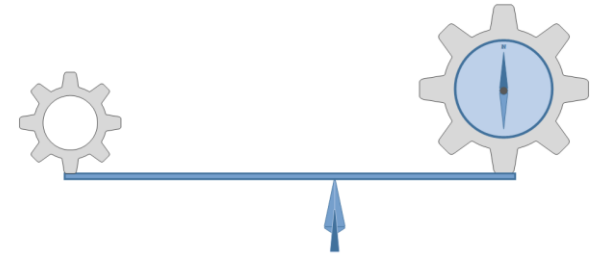


3. New contribution for the Second Additional CPP.



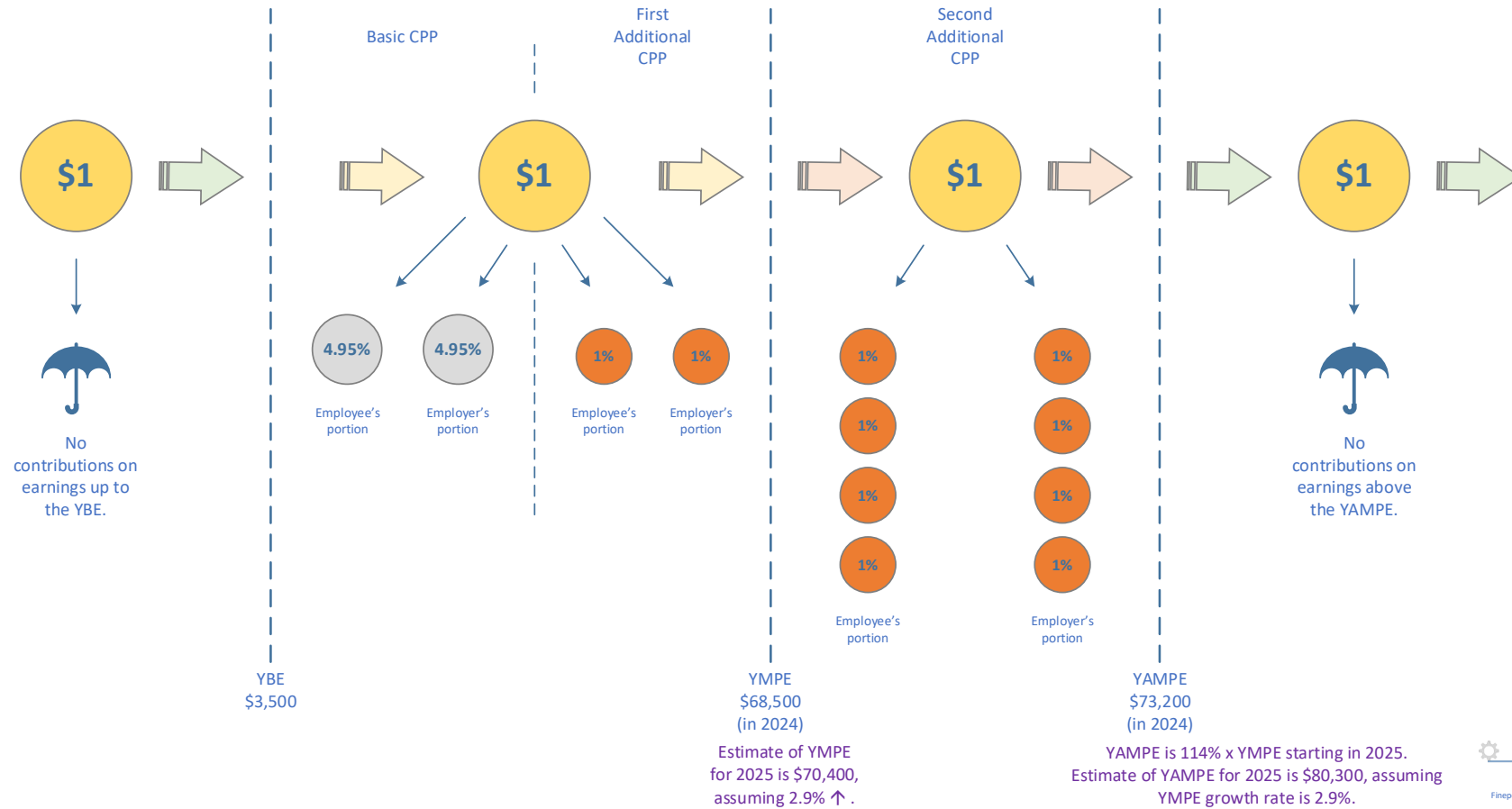
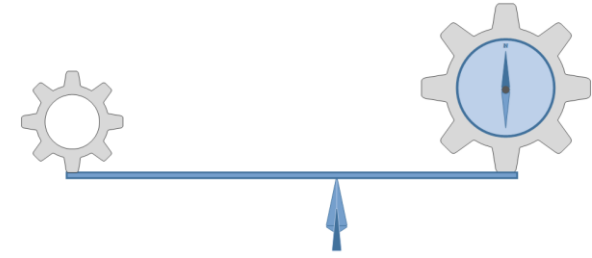
4. Basic and Enhanced CPP.

Demonstration #3

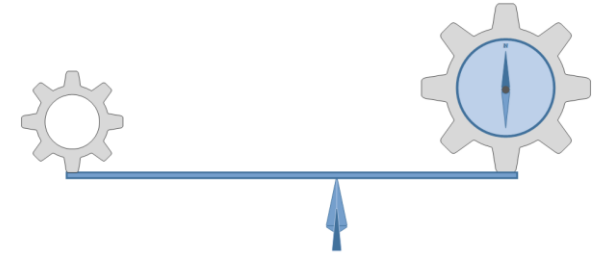


- CPP contributions.
- Zoom-in to a single calendar year.
- Tax treatment of CPP contributions.

CPP Contributions Summary

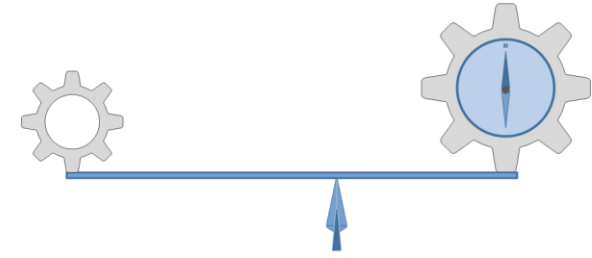


CPP Contribution Rates



Form of employment (earnings) → ↓ CPP contribution portion	Conventional employment (employer/employee)	Incorporated, self-employed business owners	Self-employed (sole proprietor, contractor,...)
Employee's portion - who pays	You	You	You
Contribution Rate:			
Basic CPP	4.95%	4.95%	4.95%
1st Additional CPP	1%	1%	1%
2nd Additional CPP	4%	4%	4%
Employer's portion - who pays	Employer	Your company	You
Contribution Rate:			
Basic CPP	4.95%	4.95%	4.95%
1st Additional CPP	1%	1%	1%
2nd Additional CPP	4%	4%	4%

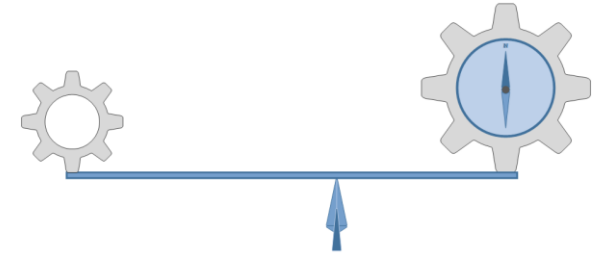
Tax Treatment of CPP Contributions



Form of employment (earnings) → ↓ CPP contribution portion	Conventional employment (employer/employee)	Incorporated, self-employed business owners	Self-employed (sole proprietor, contractor,...)
Employee's portion - who pays	You	You	You
Tax treatment*:			
Basic CPP	Tax credit	Tax credit	Tax credit
1st & 2nd Additional CPP	Tax deduction	Tax deduction	Tax deduction
Employer's portion - who pays	Employer	Your company	You
Tax treatment*:			
Basic CPP	Tax deduction	Tax deduction	Tax deduction
1st & 2nd Additional CPP	Tax deduction	Tax deduction	Tax deduction

* Tax credits or deductions are available to **who pays**.

Maximum CPP Contribution (2024)



No choice.
Participation mandatory.
↓

Choice available.
↓

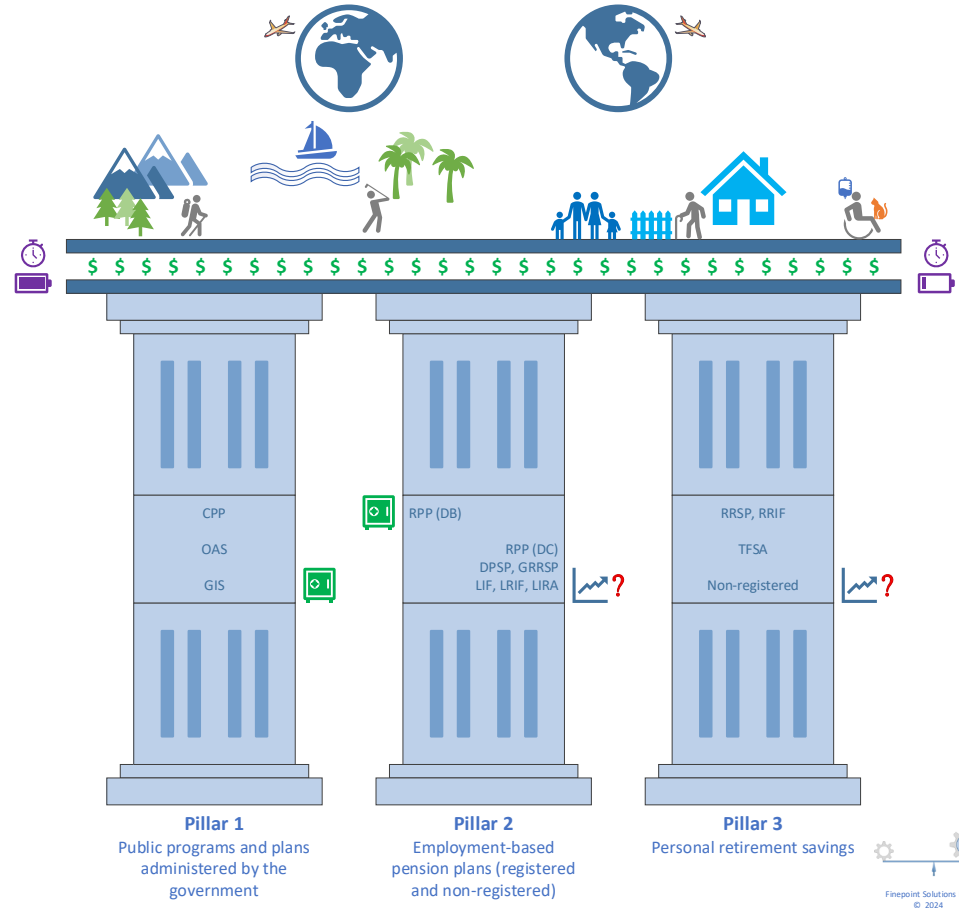
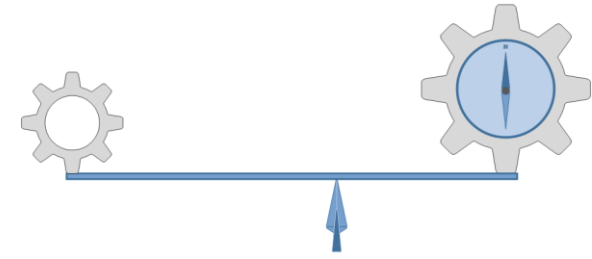
No choice.
Participation mandatory.
↓

Form of employment (earnings) → ↓ CPP contribution portion	Conventional employment (employer/employee)	Incorporated, self-employed business owners	Self-employed (sole proprietor, contractor,...)
Employee's portion - who pays	You	You	You
Maximum Contribution:			
Basic CPP	\$3,217.50	\$3,217.50	\$3,217.50
1st Additional CPP	\$650	\$650	\$650
2nd Additional CPP	\$188	\$188	\$188
Employer's portion - who pays	Employer	Your company	You
Maximum Contribution:			
Basic CPP	\$3,217.50	\$3,217.50	\$3,217.50
1st Additional CPP	\$650	\$650	\$650
2nd Additional CPP	\$188	\$188	\$188

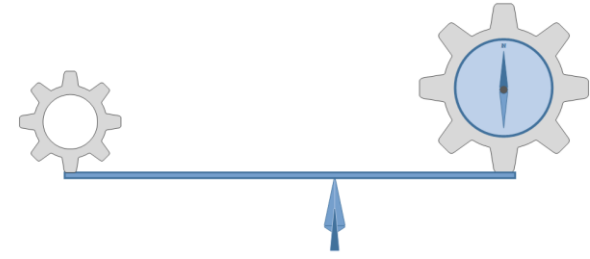
↓
↓
**Compensation as
Salary vs Dividends**

← Benefit vs Cost depends on personal situation.

Integration with other Retirement Income



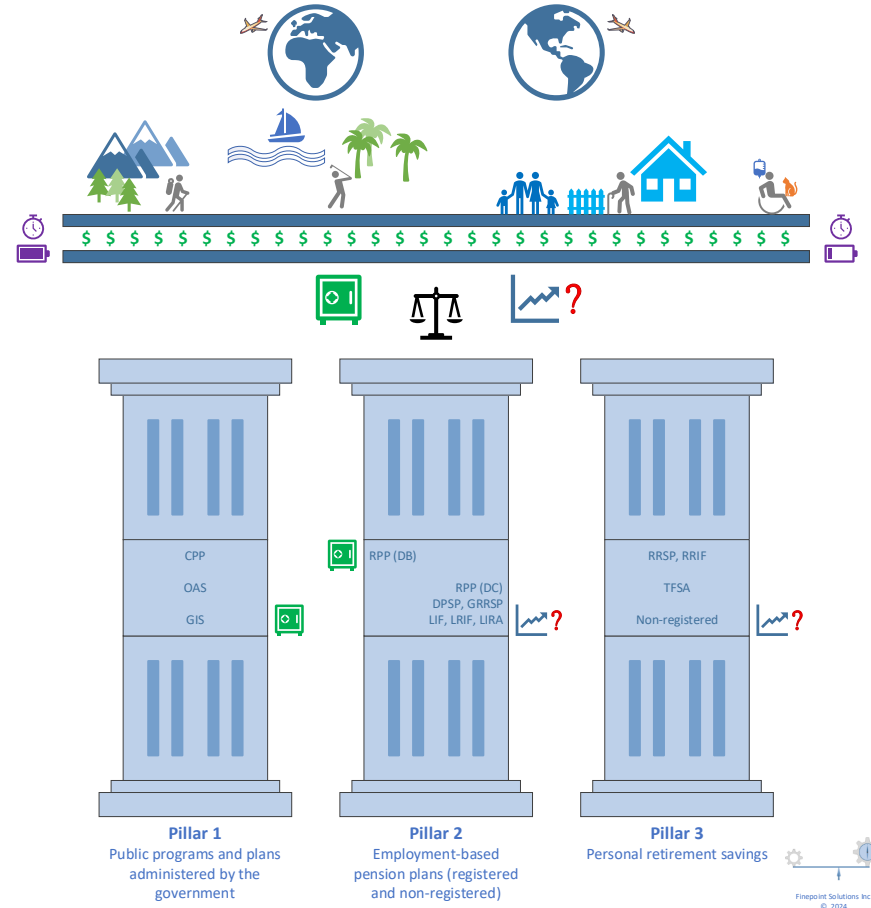
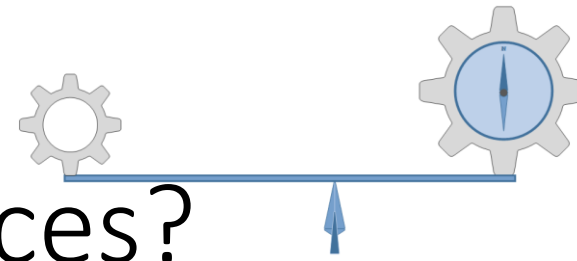
Valuable features of the Canada Pension Plan (CPP)



1. Your money from CPP is guaranteed – *no market risk*.
2. It lasts until you die – *no longevity risk*.
3. CPP provides *inflation protection*.

Diversify Income Sources

How much from Guaranteed Sources?



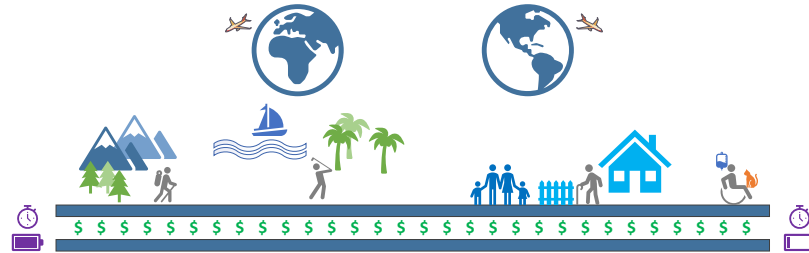
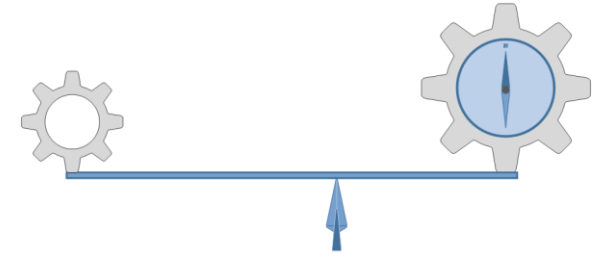
Pillar 1
Public programs and plans administered by the government

Pillar 2
Employment-based pension plans (registered and non-registered)

Pillar 3
Personal retirement savings

Finepoint Solutions Inc.
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CPP Start Date Decision Control, Situation and Preference

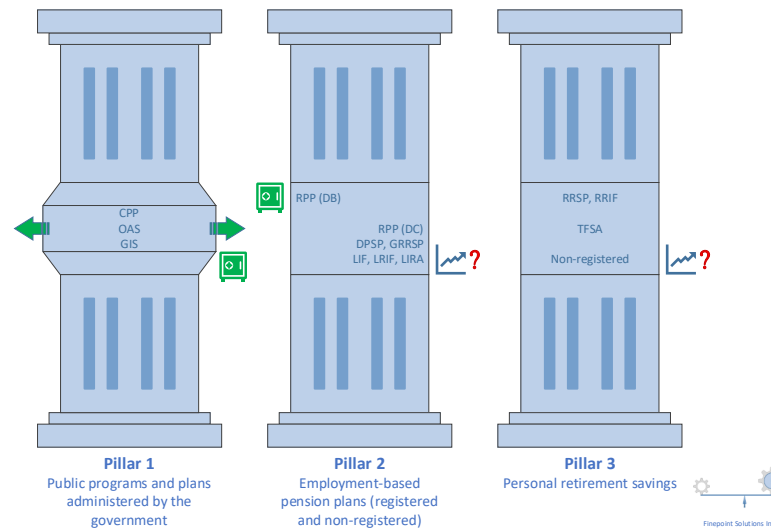


CPP start date trade-off:

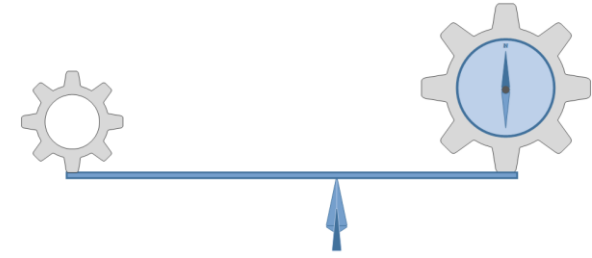
- You can get money earlier, but if you do that you'll get less money.
- You can get more money, if you start later.

Earlier might sound better, but so does more!

CPP start date decision provides choice for personal situation, needs and preferences.



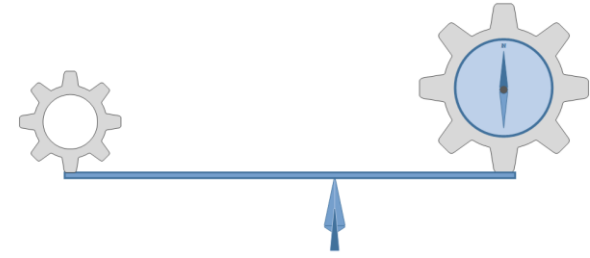
Start Date Decision Purpose of the CPP



3. At normal retirement ages

- Start anywhere from age 60 to 70.
 - You can get money earlier, but if you do that you'll get less money.
 - You can get more money, if you start later.

Impact of Enhanced CPP on Purpose of the CPP



1. Reasonable

- Principle unchanged – the more you put in, the more you'll get out.
- Level of earnings subject to participation increases – YAMPE.

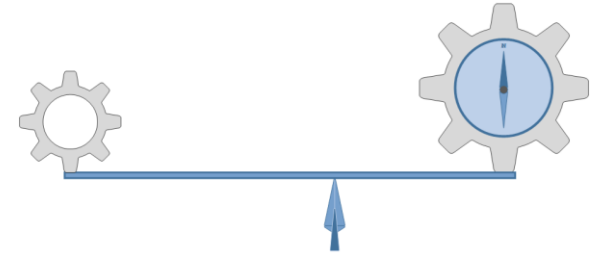
2. Minimum

- Earnings replacement increases from 25% to 33% of lifetime average.
 - Over 40 year transition period.

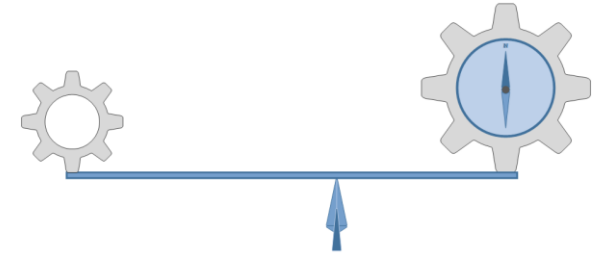
3. At normal retirement ages

- Age adjustment factors unchanged.

Questions Other Topics



CPP Animated Videos



First video available.

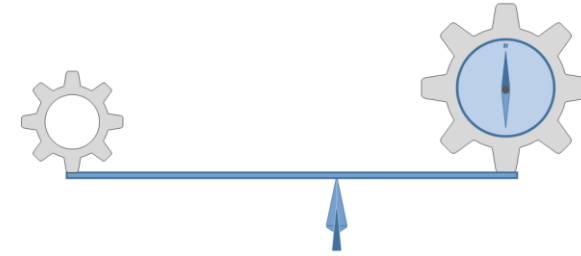
#2

#3

Two new videos in progress.

How to Income Split
with the
Canada Pension Plan

Thank you from...



Meet Andrea Thompson,
CFP, CLU, CHS, CRPC (US), CCS

Modern
CENTS



After 20 years on Bay Street, Andrea launched her own advice-only financial planning firm in January 2022, Modern Cents.

Andrea has spent her career navigating complexities across the financial services industry, from estate planning and insurance, to portfolio management, to financial planning for small business owners, professionals.

By focusing on an advice-only approach, Andrea is able to bring her unique perspective to everyday Canadians with an approach based upon financial literacy and fee transparency.

Her mission is to provide financial guidance and education and empower Canadians to make their personal finances a priority in a simple, low friction manner.

Visit www.moderncents.ca to learn more!

Meet Jason Yee, CFA



Jason Yee

Principal Investment Analyst & Financial Planner

Jason is a thorough collaborator who brings a diverse mix of multi-discipline knowledge when getting things done. His personal mission is to deliver thorough work that is actionable and has impact.

After completing the CFA Program, the focus of Jason's work became investment analysis and financial planning for individuals.

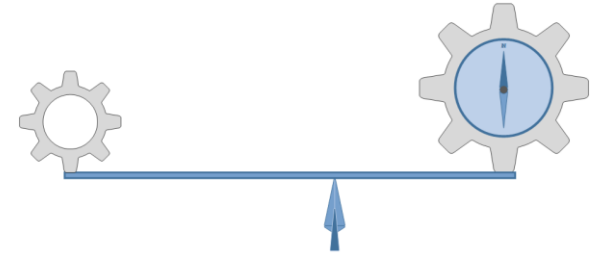
Prior to that, Jason had a 16 year career as a Professional Engineer. Jason had a number of technical and leadership roles managing the operations at a variety of industrial facilities.

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[How to get the maximum from the
Canada Pension Plan](#)

Finepoint Solutions Inc.



Email:

greetings@finepointsolutions.ca

Website & CPP Resources:

[Ideas & Resources – FINEPOINT SOLUTIONS INC.](#)

LinkedIn:

[Jason Yee, CFA, P.Eng. | LinkedIn](#)