

Briefing

Compliance News Affecting Pension Plans

November 2023

Federal News



Numbers Retirement Plan Sponsors Need to Know for 2024

The Canada Revenue Agency (CRA) has announced the 2024 limits for annual money purchase (MP) plans, defined benefit (DB) pension plans, registered retirement savings plans (RRSPs) and deferred profit-sharing plans (DPSPs), as well as the year's maximum pensionable earnings (YMPE) and the year's additional maximum pensionable earnings (YAMPE) for 2024.

2024 Retirement Plan Limits and Thresholds

	2023	2024
MP limit	\$31,560.00	\$32,490.00
DB limit	\$3,506.67	\$3,610.00
RRSP dollar limit	\$30,780.00	\$31,560.00
DPSP limit	\$15,780.00	\$16,245.00
YMPE	\$66,600.00	\$68,500.00
YAMPE	N/A	\$73,200.00

To see how those amounts compare to earlier years, refer to the CRA [announcement](#).

What's new for 2024?

In 2017, the government of Canada announced a gradual enhancement to the benefits provided by the Canada Pension Plan (CPP). Until 2019, the CPP retirement pension replaced up to 25 percent of average work earnings up to the maximum earnings limits in each year. The enhanced

CPP would see CPP benefits grow to replace up to 33.33 percent of average work earnings received after 2019 up to the maximum earnings limits. To fund the benefit increases, CPP contribution rates have been increasing gradually since 2019.

Currently, Canadians and their employers contribute 5.95 percent of earnings up to the YMPE to fund their base CPP benefits. Starting in 2024, a second ceiling, the year's additional maximum pensionable earnings, will be implemented to determine additional contributions towards the enhanced CPP benefits.

Going forward, in addition to contributions towards the base CPP benefits, Canadians and their employers will be required to contribute 4.00 percent on earnings over the YMPE up to the YAMPE. The maximum contribution towards the enhanced CPP benefits for 2024 will be \$188.


Action items

Plan sponsors and administrators should incorporate the new maximums and thresholds into their software programs or spreadsheets as needed.



Segal can be retained to work with plan sponsors and their legal counsel on determining the implications. For assistance or if you have questions about the regulations and the law, contact your Segal consultant or [get in touch via our website](#).

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