

2021 GOVERNMENT BENEFITS UPDATE

Westcoast Actuaries Inc. is pleased to present the Government Benefits Update for 2021. It is designed to provide our clients and business partners with a handy reference of government benefit programs, income tax retirement savings and pension limits.

Canada/Québec Pension Plan Benefits (CPP/QPP)

Benefits	2021 ⁽²⁾	2020
Maximum Retirement Pension at Age 65 ⁽¹⁾	\$1,203.75	\$1,175.83
Maximum Lump Sum Death Benefit	\$2,500.00	\$2,500.00
Disability Benefits	CPP/QPP	CPP/QPP
▪ Formula for Benefit – Flat Amount (Monthly)	\$510.85/\$510.82	\$505.79/\$505.76
▪ Maximum Benefit (Monthly)	\$1,413.66/\$1,413.63	\$1,387.66/\$1,387.63
▪ Child Benefit (Monthly Amount Per Child)	\$257.58/\$81.78	\$255.03/\$80.97
Orphan Benefit (Per Child)	\$257.58	\$255.03
Maximum Survivor Pension		
▪ CPP/QPP – Age 65 & Over	\$722.25/\$712.55	\$705.50/706.65
▪ CPP – Under Age 65	\$650.72	\$638.28
▪ QPP – Age 45 to 64	\$956.17	\$947.70
▪ QPP – Under Age 45 – Not Disabled, No Child	\$576.19	\$571.48
▪ QPP – Under Age 45 - Not Disabled, With Child	\$919.66	\$911.55
▪ QPP – Under age 45 - Disabled	\$956.17	\$947.70

(1) The standard age to receive a CPP retirement pension is age 65. However, a pensioner can choose to start the pension as early as age 60 with a 36% reduction (i.e. reduced by 0.6% for each month before age 65) or as late as age 70 with a 42% increase (i.e. increased by 0.7% for each month after age 65). Pensioner is eligible to receive additional Post-Retirement Benefit from CPP or Retirement Pension Supplement from QPP for each year a valid contribution is made to the C/QPP while a retirement pension is being received. The CPP/QPP enhancement is not reflected in the maximum benefit amounts.

(2) Benefits from QPP exclude amounts paid under the additional plan. Those pensions will begin at the end of 2021, and will be paid retroactively.

Canada/Québec Pension Plan Contributions (CPP/QPP)

Contributions	2021	2020
Year's Maximum Pensionable Earnings (YMPE)	\$61,600	\$58,700
Year's Basic Exemption (YBE)	\$3,500	\$3,500
CPP Employee / Employer Contribution Rate ⁽³⁾	5.45%	5.25%
QPP Employee / Employer Contribution Rate	5.90%	5.70%
CPP Maximum Employee / Employer Contribution	\$3,166.45	\$2,898.00
QPP Maximum Employee / Employer Contribution	\$3,427.90	\$3,146.40

⁽³⁾ The CPP and QPP enhancement took effect January 1, 2019 and are being gradually enhanced from 2019 to 2023. The contribution rates will gradually increase to 5.95% for CPP and 6.40% for QPP.

Old Age Security (OAS)

Benefits	2021	2020
Maximum Monthly Benefit at January 1 ⁽⁴⁾	\$615.37	\$613.53
Lower Income Threshold for OAS Clawback ⁽⁵⁾	\$79,845	\$79,054
Upper Income Threshold for OAS Clawback ⁽⁵⁾	\$129,075	\$128,149

⁽⁴⁾ The standard age to receive OAS pension is age 65. However, a pensioner can choose to start the OAS pension beyond age 65 in exchange for a higher pension. The monthly OAS pension is increased by 0.6% for every month it is delayed up to a maximum of 36% at age 70.

⁽⁵⁾ Clawback is 15% of income in excess of the Lower Income Threshold. The OAS benefits are fully clawed back at the Upper Income Threshold.

Guaranteed Income Supplement (GIS)

Maximum Monthly GIS and Allowance ⁽⁶⁾	2021	2020
GIS for Single Person	\$919.12	\$916.38
GIS for Pensioner with Spouse Also Receiving OAS/Allowance	\$553.28	\$551.63
Spousal Allowance	\$1,168.65	\$1,165.16
Allowance for Survivor	\$1,393.08	\$1,388.92

⁽⁶⁾ Subject to income test and is tax-free.

Employment Insurance (EI)

Benefits	2021	2020
Benefit Rate (as a % of Insurable Earnings)	55%	55%
Maximum Insurable Earnings (Annual)	\$56,300	\$54,200
Maximum Benefit (Weekly)	\$595	\$573
Employee Premium	Canada/Québec	Canada/Québec
Rate as a % of Insurable Earnings	1.58%/1.18%	1.58%/1.20%
Maximum Annual Dollar Amount	\$889.54/\$664.34	\$856.36/\$650.40
Employer Premium	Canada/Québec	Canada/Québec
Rate as a % of Insurable Earnings ⁽⁷⁾	2.212%/1.652%	2.212%/1.680%
Maximum Annual Dollar Amount ⁽⁷⁾	\$1,245.36/\$930.08	\$1,198.90/\$910.56

- (7) If an employer offers a Wage-Loss Replacement Plan, a qualifying insured or self-insured short-term disability plan for employees, the employer can apply for the [EI Premium Reduction Program](#) and pay a lower EI premium rate once qualified.

Income Tax Retirement Savings and Pension Limits

	2021	2020
Maximum TFSA Contribution	\$6,000	\$6,000
Maximum RRSP Contribution	\$27,830	\$27,230
Maximum Defined Contribution Pension Plan Contribution	\$29,210	\$27,830
Maximum Deferred Profit Sharing Plan (DPSP) Contribution	\$14,605	\$13,915
Maximum Employee Contribution to Defined Benefit Plan	\$21,027	\$20,061
Maximum Pension Limit for Defined Benefit Pension Plan ⁽⁸⁾	\$3,245.56	\$3,092.22

- (8) Annual pension per year of pensionable service.

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