



Canada Pension Plan and First Nations Savings Plan Changes are coming

What does it mean for you?

What is the Canada Pension Plan?

The Canada Pension Plan (CPP) is a federal government program that provides pensions and benefits when people retire, become disabled or die. It covers almost all working Canadians over the age of 18.

The CPP is funded by contributions from employers and employees, as well as investment earnings generated by the Canada Pension Plan Investment Board.

What is the First Nations Savings Plan?

At SIGA, CPP is only deducted for Non-Status Employees, which is why the First Nations Savings Plan (FNSP) was created for Status Employees who want to participate. The FNSP plan design matches that of CPP.

WHAT'S NEW IN 2021?

Higher contributions

Starting with the first pay in 2021, you will see an increase to your payroll deduction from 5.25% to 5.45% for CPP or FNSP.



Your payroll deduction will increase from 5.25% to 5.45%



The Company matches your full contribution



CPP Changes Coming In Phased Approach

Retirement Income is Enhanced

The federal government has recently worked collaboratively with the provinces to increase the retirement income that will be paid from CPP to future retirees. The enhancement will see the benefit rate increase from 25% to 33% and the earnings ceiling increase by 14%. These enhancements will be gradually reflected starting on January 1, 2019 and will be fully implemented over a 40 year period.

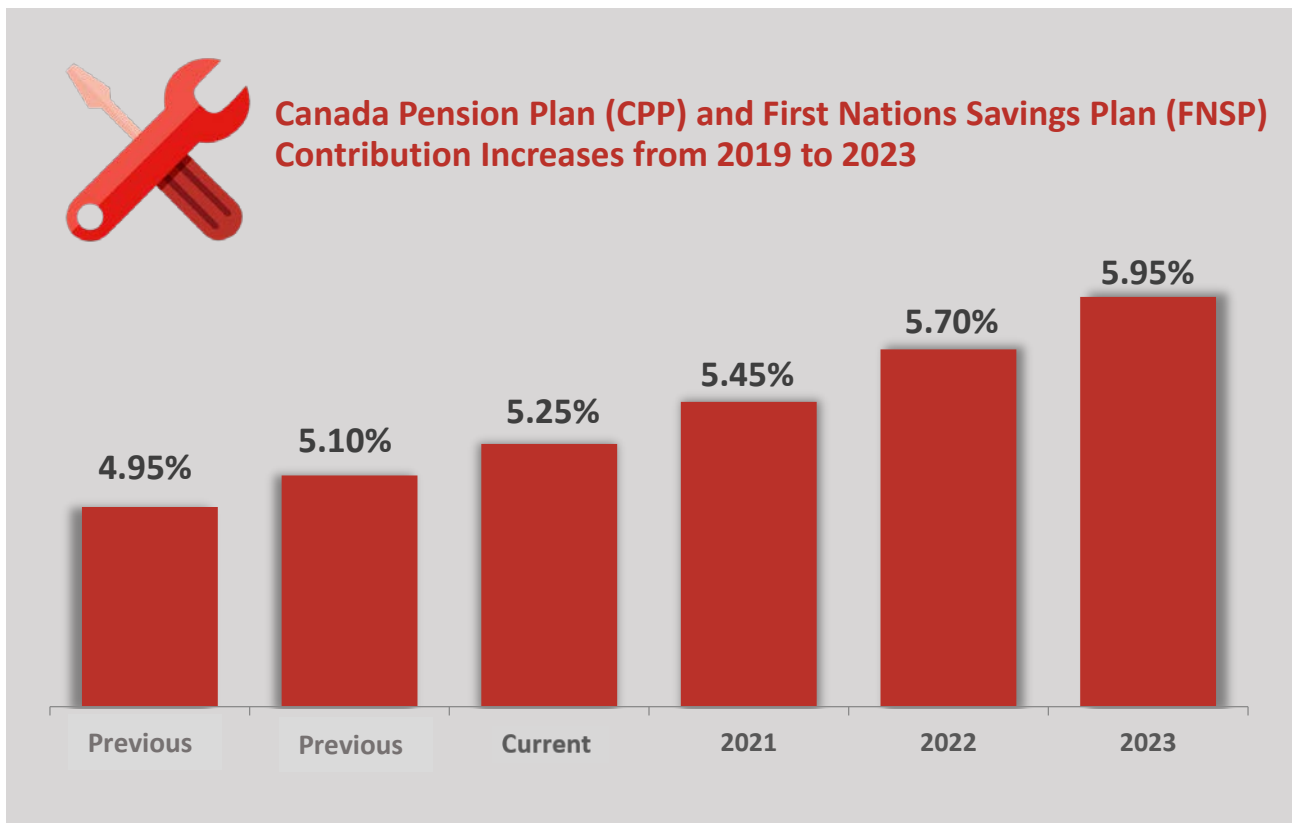
Contributions Are Increasing

In order to pay for the benefit enhancements under CPP, both employers and employees will see their contributions increase. These contribution increases are being phased in over seven years starting in 2019 to give employers and employees enough time to plan for them.

Phase 1 (2019 to 2023)

Under the first phase, the rate of contribution on earnings currently covered by CPP will increase starting January 1st 2019 and will continue to increase until 2023. The FNSP contribution will also be increased to mirror the CPP program.

Here is an overview of the contribution rate increase for you and SIGA:



CPP Changes Coming In Phased Approach

Phase 2 (2024 – 2025)

The second phase will introduce a higher ceiling for earnings covered by CPP. Currently, CPP covers earnings up to the Year's Maximum Pensionable Earnings (YMPE). The YMPE is \$61,600 in 2021. The YMPE is adjusted each year in line with general wage increases in Canada.

Starting in 2024, a new earnings ceiling called the Year's Additional Maximum Pensionable Earnings (YAMPE) will be determined. In 2024, the YAMPE will be 7% higher than the YMPE. In 2025 and future years, the YAMPE will be 14% higher than the YMPE. In addition to the higher contributions mentioned in Phase 1, you will also pay a contribution of 4% on your earnings in excess of the YMPE but not exceeding the YAMPE. Your employer will also pay the 4% contribution.

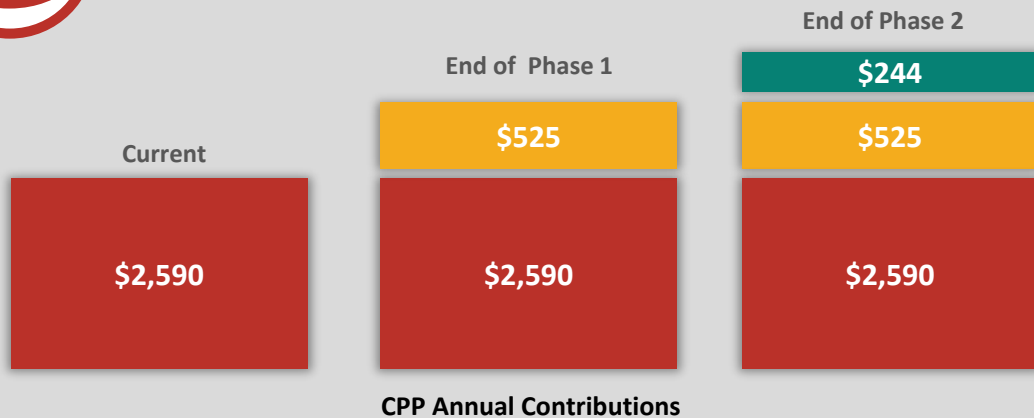
Note that while the current level of your contributions to CPP generates a tax credit the increases in contributions in phases 1 and 2 will generate a tax deduction.

Example of new contributions

Here is an example of the calculation of an employee's CPP contributions in 2025 at the end of the phasing-in period.



Beth's annual income is \$62,000 and the YMPE and YAMPE are based on the 2018 levels (YMPE of \$55,900; YAMPE of \$63,700)



Note that only employment income in excess of \$3,500 is subject to CPP contributions.

Do I need to do anything?

There is nothing you need to do in respect of the CPP or FNSP changes as they will happen automatically. CPP and FNSP benefits constitute one source of retirement income for you. SIGA's retirement savings program / pension plan is another important source. In light of the CPP changes, you should review your retirement income strategy considering all your sources of retirement income and savings.

