



ORPP

Brian Cutler

Community Living Windsor



What

- ⌚ Defined Benefit Pension Plan for everyone in Ontario not subject to a comparable plan
- ⌚ Designed to provide a predictable income equal to at least 15% of the pre retirement income



Basic Rules

- ∞ Contribution on wages over \$3,500 per year to a maximum of \$90,000.
- ∞ Contribution rate of 1.9% for employer and 1.9% for employee.
- ∞ The employer may opt out if there is a comparable pension.

When

Contribution for employers with no pension plan.

# Emp	2017	2018	2019	2020	2021
500 +	.8%	1.6%	1.9%	1.9%	1.9%
50- 499	--	.8%	1.6%	1.9%	1.9%
1 - 49	--	--	--	1.9%	1.9%



When - continued

- ⌚ For employers with a pension plan, contributions will not start until 2020, and will be 1.9% if the plan is not comparable.
- ⌚ The year 2020 applies to all employers.
- ⌚ Contributions not required if the pension plan is comparable.
- ⌚ Must decide before the end of 2019 to make plan comparable, or to pay into ORPP.

Comparable Plans - Defined Benefit

- ∞ Plan must offer pension accrual of .5% / year or more.
- ∞ At least half of the contribution must be paid by the employer.
- ∞ Plan must cover all employees.
- ∞ For the MSPP with the current pension of \$1.55 per \$100, it would require a minimum contribution of 1.35% for each employer and employee.
- ∞ Problem, MSPP is multi employer, regulations not complete.



Comparable Plans - Defined Contribution

- ∞ Contribution of at least 8% total
- ∞ At least 4% must come from the employer.
- ∞ Must cover all employees.
- ∞ RRSPs do not count.



Current developments

- ∞ The province had said that if the CPP was enhanced that they would drop the ORPP. In spite of a Liberal majority in Ottawa who plan to enhance the CPP, the province is still going forward with the ORPP.
- ∞ In 2016, the ORPP administration office will start the process of verifying if plans are comparable.



Action Required

∞ With existing pension

- Verify comparability
- Determine steps to take if not comparable
- Are there people not in plan (PT, contract or non qualified).

∞ With no pension

- Determine if you are better off with ORPP or your own pension



References

∞ www.ontario.ca/page/orpp-for-employers

∞ www.fin.gov.on.ca/en/pension/orpp/bulletin-Z60116.html