

REDUCTION IN QUEBEC PENSION PLAN ("QPP") CONTRIBUTIONS FOR WORKERS AGED 65 OR OLDER

The Quebec government has announced changes to the QPP, effective as of January 1, 2024, with the primary goal of promoting job retention among workers aged 65 and older. The changes include the option for individuals aged 65 or over, already receiving a retirement pension from the QPP or the Canada Pension Plan (CPP), to discontinue their QPP contributions. Employees can exercise this option by submitting a form to their employer with the election taking effect the first day of the month following the submission.

This election also extends to the employer, making them exempt from having to remit QPP contributions concurrently with the employee.

Self-employed workers, as well as workers responsible for a family-type resource or an intermediate resource, can similarly make an election to stop contributing to the QPP when they file their income tax return for the year in which they reach the age of 65, provided that they were receiving a QPP or CPP pension at that time.

The election to stop paying QPP contributions will be revocable.

Additionally, the government will introduce pension protection measures for workers aged 65 and older by adjusting the method of calculating the QPP's base plan as of January 1, 2024. This will ensure that years with lower earnings starting at age 65 do not diminish the average earnings used to calculate the retirement pension. Additionally, the obligation to contribute to the QPP will cease for workers over 72 years of age from the year 2024 onwards.

For more information, contact your trusted advisor at PSB Boisjoli.