

ORPP: What's Next Now That The Election Is Over



With a new federal Liberal government coming into office on November 4, 2015, what does this mean for the Ontario Retirement Pension Plan (ORPP)? That's the question on the minds of many employers and workers in Ontario.

As part of its campaign platform, the federal Liberals promised to work with the provinces and territories, workers, employers, and retiree organizations to enhance the Canada Pension Plan (CPP). Now that they've won a majority government, CPP expansion is back on the table. This could mean higher employer and employee contributions and also higher CPP benefits for retirees. As a result, it's possible that the ORPP will be put on hold. Ontario's Premier Wynne has always stated that expanding the CPP was her first choice; the ORPP was a response to the federal Conservative party's refusal to do so.

What can we expect in the coming months?

Justin Trudeau, the prime minister-designate, has committed to begin talks with the provinces on how to improve the CPP within three months of taking office, so it's likely that a meeting of the federal and provincial finance ministers will be scheduled in the near future. But don't expect the CPP to be expanded any time soon. Consent among at least 2/3rds of the provinces, having in the aggregate at least 2/3rds of the population of all of the provinces, is required before any changes can be made. It could take years to obtain this level of agreement.

Prior to the election, Premier Wynne suggested that she would be willing to drop the idea of a provincial pension plan if the federal Liberals win. However, she recently stated that until the federal Liberals make good on their pledge to enhance the CPP, she would continue with her plan for the ORPP.

For the time being, it seems that the Ontario government will stay on course to establish the ORPP by the 2017 deadline. This will be an easier task now, as we can expect support from the federal government to help implement the plan.

What should employers do?

All Canadian employers should be aware of, and monitor, possible proposed changes to the CPP in order to assess the potential impacts to its organization. In addition, employers with Ontario employees should continue to review and assess their

retirement savings arrangements and determine whether changes should be made, keeping in mind that the ORPP is, for now, required to be in place by January 1, 2017.

Article by Heather Di Dio