Enhancement to the Canada Pension Plan Program

2026 Update

In 2016, the Government of Canada announced a multi-year enhancement project for the Canada Pension Plan. The CPP, which is funded equally by employees and employers, was designed to replace approximately 25% of workers' earnings up to a maximum pensionable amount, adjusted annually. When the enhancement is fully implemented, that rate will have increased to 33%.

The changes to the CPP program started on January 1st, 2019 and were fully implemented as of January 1st, 2025. In order to receive the full benefit from the program enhancement, employees will have to work 40 years from the 2019 start date.

To pay for this enhancement, the following changes were made to the CPP program, affecting both employees and employers:

- The rate at which CPP deductions are calculated has increased from 4.95% in 2018 to 5.95% currently.
- The yearly maximum pensionable earnings (YMPE) amount covered by CPP has increased each year, from $55,900 in 2018 to $74,600 currently.
- A second CPP contribution (CPP2) was created beginning January 1st, 2024.

The following table illustrates the changes.

Year	Yearly Maximum Pensionable Earnings (YMPE)	Rate on YMPE	Maximum CPP on YMPE ((YMPE - $3,500) * Rate)	Yearly Additional Maximum Pensionable Earnings (YAMPE)	Rate on YAMPE	Maximum CPP (CPP2) on YAMPE	Yearly Additional Maximum Pensionable Earnings (YAMPE)	Total Maximum CPP
2018	$55,900	4.95%	$2,593.80	------	------	------	$55,900	$2,593.80
2019	$57,400	5.10%	$2,748.90	------	------	------	$57,400	$2,748.90
2020	$58,700	5.25%	$2,898.00	------	------	------	$58,700	$2,898.00
2021	$61,600	5.45%	$3,166.45	------	------	------	$61,600	$3,166.45
2022	$64,900	5.70%	$3,499.80	------	------	------	$64,900	$3,499.80
2023	$66,600	5.95%	$3,754.45	------	------	------	$66,600	$3,754.45
2024	$68,500	5.95%	$3,867.50	$4,700	4.00%	$188.00	$73,200	$4,055.50
2025	$71,200	5.95%	$4,028.15	$9,900	4.00%	$396.00	$81,100	$4,424.15
2026	$74,600	5.95%	$4,230.45	$10,400	4.00%	$416.00	$85,000	$4,646.45

The enhanced contributions (CPP2 or "second contribution") start once the maximum contribution on the YMPE has been reached.

Enhancement to the CPP Program

As of 2024, CPP2 is reported in box 16A of the T4, called “Employee’s second CPP contributions,” while CPP continues to be reported in box 16, “Employee’s CPP contributions”.

More details are available on the Government of Canada’s website here and here.