

What you should know about the ORPP

The Ontario Retirement Pension Plan (ORPP) is the new mandatory pension plan program proposed by the government of Ontario with an effective date of January 1, 2017. The ORPP is meant to offer employees, without a comparable workplace pension plan, a steady stream of lifelong income in retirement.

The goal of the ORPP is to strengthen Ontario's retirement system by introducing a pension scheme that emulates the Canada Pension Plan, requiring matching employee and employer contributions.



When will it start? The government has proposed the following enrolment schedule:

- January 1, 2017: Large employers (500 or more employees)
- January 1, 2018: Medium employers (50-499 employees)
- January 1, 2019: Small employers (50 or fewer employees)
- January 1, 2020: Employers that have not met the comparability test, & employees who are not members of their workplace's plan

CONTRIBUTION RATES*

Both employers and employees will make equal contributions. Contribution rates will be phased-in from the time a business enrolls. Once employers and employees begin contributing at the maximum rate, they will continue to contribute at that rate.

TYPE OF EMPLOYER

	2017	2018	2019	2020	2021
Wave 1: Large employers without registered workplace plans	0.8%	1.6%	1.9%	1.9%	1.9%
Wave 2: Medium employers without registered workplace plans	0%	0.8%	1.6%	1.9%	1.9%
Wave 3: Small employers without registered workplace plans	0%	0%	0.8%	1.6%	1.9%
Wave 4: Employers with registered plans that do not meet test	0%	0%	0%	1.9%	1.9%

**This chart was taken from the Government of Ontario ORPP Enrolment website.*

Is my company exempt from the ORPP? Companies with a "comparable workplace pension plan" are exempt from participating in the ORPP. A comparable plan is defined by the government similar to the following:

- Defined Benefit (DB) plan, with a minimum annual benefit accrual rate of 0.50%
- Defined Contribution (DC) plan, with employer contribution of at least 4% and combined employer-employee contributions of at least 8%

NOTE: Group RRSPs and DPSPs are not considered to be comparable plans based on the recently announced ORPP framework.

What happens if my company doesn't offer a comparable plan? Under the current proposal, our understanding is that employers currently offering DB or DC pension plans that do not meet these requirements can take one of the following courses of action:

- Choose to make changes to their current plan to meet the eligibility requirements and be exempt from ORPP participation
- Adhere to the ORPP while continuing to offer employees the added benefit of the workplace pension plan they currently have in place
- Adhere to the ORPP and discontinue their existing workplace pension plan

NEXT STEPS

We are currently examining and evaluating clients' retirement plans to determine which may be affected under the current proposal, and will communicate in the coming weeks and months. There is no need for you to do anything at this time since changes may yet be made by the Ontario Government. Once we receive more thorough and concrete information, we will of course support our clients in better understanding the impact to their plans, and work closely with them to support their course of action and minimize the impact of the ORPP. **The Winch Group closely follows any ORPP updates and will continue to monitor the details as they become available. Contact us if you have any questions. In the meantime, visit the ORPP government website to learn more [www.ontario.ca/page/orpp-ontario-retirement-pension-plan].**