

YEAR-END REVIEW OF GOVERNMENT PLANS

It's almost 2024 and we have an update!

Registered Retirement Savings Plan (RRSP)

Maximum contribution room for 2024 is 18% of the previous year's active earned income (dividends not included) up to the annual maximum of \$31,560 (increased from \$30,780 in 2023).

NOTE: the 2025 RRSP contribution limit will be \$32,490; if you get to choose your income and are basing it on RRSP, you may use the 2025 limit to determine your 2024 income.

Tax Free Savings Account (TFSA)

Canadian residents will earn \$7,000 in additional contribution room in 2024, in addition to any contribution space from previous years. If this is your first year contributing to a TFSA, the total contribution room is now \$95,000.

Canada Pension Plan (CPP)

CPP Benefit: For those collecting the CPP, your payment is expected to increase by 4.4% in 2024. The amount of CPP income is based on your earnings history.

CPP Contributions: Effective January 1, 2024, employees will pay 5.95% of income to the YMPE (\$68,500, up from \$66,600 in 2023), and the employer pays the same. Beginning in 2024, a year's additional maximum pensionable earnings (second higher ceiling) is being introduced. A secondary additional CPP contribution (CPP2) of 4% (employee and employer) is made on these earnings, beginning at the first earnings ceiling and going up to the second earnings ceiling. The second earnings ceiling for 2024 will be \$73,200.

Old Age Security (OAS)

OAS Benefit: Those collecting OAS receive an inflation adjustment every three months. The payment is expected to increase 0.8% in January 2024 for a total increase of 3.7% during 2023.

OAS Clawback: If you are collecting OAS and your income exceeds the Minimum Income Recovery Threshold, your maximum OAS benefit will be clawed back by 15 cents for every \$1 of net income above the Threshold. This Clawback Threshold will increase from \$86,912 to \$90,997 in 2024.

THE JOHNSTONE'S ADVANTAGE

Our mission is simple:
Treat each client as if they were our only client.

Our value is clear:
We are completely independent. We work for you and offer total flexibility on insurers and plans.

We offer all your group insurance services including administration, brokerage, consulting, and communications.

We provide dedicated client support, customization and flexibility to meet all of your company's benefits needs. And we make **solid group plans simple.**



Employment Insurance (EI)

Premium Rate: effective January 1, 2024, the employee EI premium rate is \$1.66 taken as a payroll deduction for every \$100 an employee is paid until the maximum insurable earnings (MIE) is reached for 2024. For workers in Quebec, the premium rate will be \$1.32. This rate is lower than in the rest of Canada because Quebec has been collecting premiums since January 2006 to administer its own maternity, parental, and paternity benefits under the Quebec Parental Insurance Plan.

Premium Reduction Plan: For the year 2024, the best reduced EI rate available to all employers is for an acceptable enhanced cumulative paid sick leave plan (category 2) at 1.175, and 1.177 is available to all employers with an acceptable weekly indemnity plan.

EI Claims: for claims beginning on or after December 31, 2023

- ☞ the maximum weekly EI benefit rate increases to \$668 per week (increased from \$650)
- ☞ the maximum weekly benefit rate for extended parental benefits increases to \$401 (from \$390)

Canadian Dental Care Plan (CDCP)

From our December Johnstone's Journal ...

As of October 2023, the NDP advised the Liberals that the first draft of the national pharmacare legislation was not enough to maintain their support. It's the end of November, and Parliament will recess in mid-December. Stay tuned ...

Update ...

There is good news for lower income uninsured Canadians! The NDP has agreed to support the Liberal government to implement the CDCP in

phases. Canadians that have no dental insurance, have a family income under \$90,000, are a Canadian tax resident and have filed taxes the previous year are eligible. Implementation will be phased in beginning December 2023 for seniors, persons with a valid Disability Tax Credit and children under 18 years old, with all remaining Canadian residents starting 2025.

Claim Deadlines

Extended health and dental claims that were incurred in the current year should be submitted for reimbursement. There is usually a grace period after December 31st as defined in the group policy, which allows plan members to submit claims from the previous year. Questions? We can help!

Health Spending Account? Active employees can submit claims for 31 days after the end of the policy year in which the claim was incurred (i.e. expenses incurred prior to December 31, 2023 must be submitted by January 31, 2024).

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