



SEP 29 2016

MS. JULIE GREEN
MLA, YELLOWKNIFE CENTRE

Oral Question 270-18(2) Reform of the Canada Pension Plan

This letter is in follow-up to the oral Question you raised on June 23, 2016 regarding reform of the Canada Pension Plan (CPP).

At the June 2016 meeting, Finance Ministers agreed in principle to work on a CPP enhancement starting January 1, 2019, that would increase the benefits by increasing the rates in a way that is fully funded, modest, and phased in over several years.

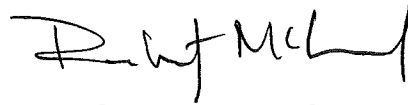
Several measures will help to ensure that these changes are affordable for businesses and individuals, starting with a long and gradual phase-in starting on January 1, 2019 and lasting seven years through 2025. The federal Working Income Tax Benefit will be enhanced to offset the impact of increased contributions on low-income workers. A tax deduction, instead of a tax credit, will be provided for employee contributions associated with the enhanced portion of CPP in order to avoid increasing the after-tax cost of saving.

Only those who contribute to the enhanced CPP will receive the enhanced benefit. The pensions of existing retirees will not increase. The full benefit of the enhanced CPP will take about 40 years to be realized.

Workers in the NWT would be affected by a CPP expansion to the same extent as workers in other parts of Canada. It is not anticipated that there will be disproportionate costs on the NWT's economy (relative to those experienced in the provinces) or businesses operating in the NWT, as the CPP expansion will occur nationwide.

.../2

Changes to the CPP legislation require, in addition to the agreement of the federal government, the approval of at least seven of the ten provinces with at least two-thirds of the population. This support has been obtained. The territories do not have a vote on CPP matters.

A handwritten signature in black ink, appearing to read "Robert C. McLeod". The signature is fluid and cursive, with a prominent initial "R" and a long, sweeping underline.

Robert C. McLeod
Minister, Finance

- c. Clerk, Legislative Assembly
Legislative Coordinator, Executive