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ORPP IMPLEMENTATION DELAYED TO JANUARY 1, 2018

On February 16, 2016, the Ontario government announced that the first wave of Ontario Registered Pension Plan ("ORPP") implementation has been delayed by one year to January 1, 2018. This change, which impacts certain large employers with more than 500 employees, is one of several significant developments outlined in this *FTR Now*.

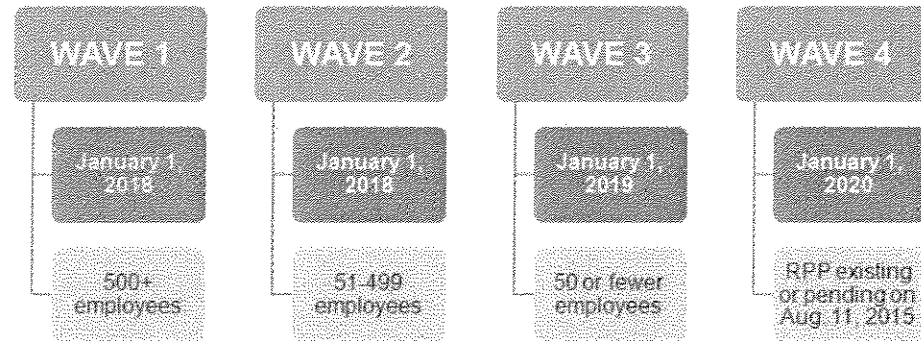
THE ANNOUNCEMENT

The Ontario and recently elected new federal governments have been in discussions surrounding the ORPP and a possible expansion of the Canada Pension Plan ("CPP"), among other matters. A key outstanding issue is whether and how federal action would impact the province's intended reforms to the retirement system in Ontario. The February 16, 2016 announcement provides further clarity with respect to roll out, administration and collection of CPP and potential future government collaboration in this area.

1. DELAYED IMPLEMENTATION FOR CERTAIN LARGE EMPLOYERS (500+ EMPLOYEES)

Prior to the announcement on February 16, 2016, the ORPP was scheduled for roll out in four separate waves, commencing January 1, 2017. Employers are grouped into one of these waves based on whether or not they have a workplace registered pension plan ("RPP") as of August 11, 2015. The first wave is comprised of large employers with 500 or more Ontario employees who did not, as of August 11, 2015, have a workplace RPP (whether it qualifies as a comparable plan or not). For employers within this wave ("Wave 1"), partial contributions were set to start January 1, 2017.

The Wave 1 implementation timeline has changed to January 1, 2018.¹ Effectively, contribution collection for these Wave 1 employers will now start at the same time as implementation of Wave 2 (applicable to medium employers of 50 to 499 employees who do not, as of August 11, 2015, have a workplace RPP). The modified timeline is illustrated in the Chart below:



The February 16, 2016 announcement does not indicate how the phase-in of contribution rates would be impacted by this change to Wave 1 implementation.

2. FEDERAL GOVERNMENT SUPPORT FOR CONTRIBUTION COLLECTION

The Ontario government announced that it will collaborate with other provinces and the federal government to explore a range of potential CPP enhancement options. If agreement on enhancements to the CPP is not achieved, Ontario will continue to move forward with the ORPP and the federal government has agreed to facilitate data sharing arrangements and the collection of employer and employee contributions.

3. ONGOING GOVERNMENT DISCUSSIONS

As noted above, the Ontario government intends to continue discussions regarding CPP enhancement with the provincial and federal governments. More specifically, it – along with other provinces – intends to provide potential CPP enhancement solutions by the end of May, 2016, in anticipation of the Federal-Provincial-Territorial Finance Ministers meeting of June, 2016.

¹ According to the February 16, 2016 announcement, the enrolment of employers is to commence January 2017, with contributions to commence January 2018.

4. ADDITIONAL ORPP DETAILS AND EXEMPTIONS

Please see these recent *FTR Now* publications for further background information on the ORPP, including design details and exemptions:

- **Ontario Government Announces Additional ORPP Design Details** (January 28, 2016)
- **2015 Federal Election Update: ORPP or CPP – Which Will it be?** (October 26, 2015)
- **ORPP: Ontario Government Announces Implementation Details** (August 11, 2015)

TAKEAWAYS

While certain large employers with more than 500+ employees will benefit from the delayed ORPP implementation date, all employers should ensure that preparations are well underway. We continue to monitor the ORPP, CPP discussions and related legislative developments in this area. If you have any questions, please contact Jordan N. Fremont at 416.864.7228, Natasha D. Monkman at 416-864-7302 or your regular Hicks Morley lawyer for more details.

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