

# FIRST NATIONS WORKERS and the Canada Pension Plan



The Canada Pension Plan (CPP) is a public pension plan designed to provide workers in Canada and their dependants with some financial protection from loss of income under certain circumstances. As long as you meet the eligibility requirements, the CPP will be there for you and your family when you retire or if you become disabled and cannot work.

First Nations workers employed **off reserve** have had to contribute to the CPP since 1966, but it is only since 1988 that First Nations employers and workers employed **on reserve** can choose to contribute.

## Can I contribute to the CPP if my income is not taxable?

Yes. Employers on reserves are allowed to choose whether to have CPP coverage for their First Nations employees, even though those employees do not pay taxes on their income. Employers must have a written agreement with Canada Customs and Revenue Agency (CCRA — formerly Revenue Canada) to collect CPP contributions. If your employer chooses to participate in the CPP, you must participate as well by making contributions.

## What if my employer doesn't participate in the CPP?

If your employer chooses not to participate, **you can choose to contribute on your own**, by filing an income tax return along with the correct forms (CPT-20 — “Election to Pay CPP Contributions” and Schedule 8 — “CPP Contributions on Self-Employment and Other Earnings”). You can get these forms from CCRA by calling the number listed later in this fact sheet.

**The amount you can receive in benefits depends on how long and how much you contribute to the CPP. If you are older, perhaps in your fifties, and have not made very many contributions to the CPP, your benefits will be lower than those of someone else the same age who has contributed more or for a longer time. Ask a financial advisor what options you have for disability, retirement and survivor benefits under other plans, and compare this to the cost of CPP contributions.**





### **Will paying into the CPP affect the tax exemption on my earnings?**

No. Your tax status is not determined, or affected, by whether or not you contribute to the Canada Pension Plan.

### **What if I am self-employed in a First Nations community?**

If you are a self-employed First Nations person and your business is exempt from income tax, you can still choose to contribute to the CPP as long as you earn at least \$3,500 a year. You will have to file an income tax return every year along with the correct forms (CPT-20 — “Election to Pay CPP Contributions” and Schedule 8 — “CPP Contributions on Self-Employment and Other Earnings”), available from CCRA.

### **How can I get information from CCRA?**

Contact CCRA free of charge at:  
**1 800 959-8281.**

### **Do I need a social insurance number? How do I get one?**

Yes, you will need a social insurance number (SIN). For more information visit the HRDC Web site: [www.hrdc-drhc.gc.ca/sin](http://www.hrdc-drhc.gc.ca/sin) or call toll-free **1 800 206-7218.**

### **Can I get CPP coverage anywhere in Canada?**

The CPP is available in all parts of Canada, except in the province of Quebec, which has its own similar program, the Quebec Pension Plan, or QPP. The QPP does not allow tax-exempt persons to contribute to the plan. If you work in Quebec, ask your employer whether there is a private pension plan to which you can contribute.

### **How much do I have to contribute?**

If you earn more than \$3,500 in a year, you pay a percentage of the money earned, up to a maximum amount (see chart). For 2002, the maximum amount on which you can pay contributions is \$39,100. You and your employer each pay half of your CPP contributions. If you wish to participate and your employer chooses not to or you are self-employed, you must pay both halves.

### **What if I work both on and off reserve during the year or if my work is seasonal?**

Your contributions are based on your earnings during the year. Off reserve, employers must deduct CPP contributions from your earnings. Employers on reserve can choose whether to contribute to the CPP. If your employer decides not to and you wish to contribute, you must report all earnings and CPP contributions from all employers for that year when you file your income tax return. If you pay too much in CPP contributions, you will receive a refund.

## Contributions in 2002

Your Income	Situation	Percentage of Your Income You Pay	Percentage of Your Income Employer Pays
Annual income below \$3,500	No contributions are made if your annual income is less than \$3,500	0 %	0 %
Annual income greater than \$3,500 and less than \$39,100 (in 2002)	Your employer participates in the CPP	4.7 %	4.7 %
	Your employer does not participate in the CPP and you choose to participate	9.4 %	0 %
	You are self-employed and you choose to participate in the CPP	9.4 %	0 %
Portion of annual income above \$39,100 (in 2002)	Contributions are not made on the portion of your income above \$39,100 (in 2002)	0 %	0 %

### How can I find out how much I have paid into the CPP?

All contributors to the Plan can request, by phone, mail or internet, a statement of contributions showing how much they have contributed to the CPP over the years. Your statement of contributions will also tell you roughly how much you could receive in benefits when you retire.

### If I contribute to the CPP, what benefits are available to me?

**Retirement pension** — If you have contributed to the CPP, are at least 60 years of age and have stopped working or earn less than a certain amount, you can apply for a

monthly CPP retirement pension. The amount you receive depends on how much and for how long you have contributed. Spouses and common-law partners can share a CPP retirement pension, provided both partners are at least 60 years old. (As of July 2000, same-sex couples are included under the definition of common-law relationships.)

**Disability benefit** — If you have a severe disability that prevents you from working regularly at any job, and have contributed to the CPP during four of the past six years, you may be eligible to receive a monthly disability benefit. If you qualify for this benefit, your dependent children can also receive monthly benefits.

**Survivor benefits** — If you have been contributing to the CPP and you die, your survivor (spouse or common-law partner) and dependent children can receive monthly benefits.



**Death benefit** — If you are eligible, the CPP will pay up to \$2,500 towards your funeral costs.

**Remember:** you must apply for each CPP benefit separately. They are not provided automatically.

## Is the Old Age Security program different from the CPP?

The Old Age Security (OAS) program is Canada's largest public pension program. It provides monthly benefits to most people 65 and over. Like the CPP, it is administered by Human Resources Development Canada and you must apply for benefits. Unlike the CPP, Old Age Security is not based on earnings or contributions. Receiving a CPP pension will not stop you from getting the OAS pension.

Beyond the basic retirement pension, the OAS program also provides a **Guaranteed Income Supplement** to seniors with low- or modest income, as well as allowances for their spouses or common-law partners and survivors between 60 and 64.

## How do I get more information?

For more information about the Canada Pension Plan and/or the Old Age Security program, call Human Resources Development Canada free of charge:

**1 800 277-9914 English**  
**1 800 277-9915 French**

If you use a TDD/TTY device, call:  
**1 800 255-4786**

Or you can visit our Web site at:  
**[www.hrhc-drhc.gc.ca/isp](http://www.hrhc-drhc.gc.ca/isp)**