



GMS INSURANCE

*Employee Benefits  
Group Retirement Plans  
Pension Plans  
Life Insurance  
Corporate Buy-Sell  
Funding Arrangements*

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**CPP Changes effective  
January 1, 2012 May  
Impact your Payroll**

Our last newsletter discussed the move of today’s workforce towards a more gradual entry into retirement. Some employees are opting to enter semi-retirement and do so at an earlier age, while other employees are opting to work full time past normal retirement age. To better accommodate the needs of today’s workforce, CPP announced some changes that are being phased in over the next few years.

A couple of the changes that are effective January 1, 2012 will be of interest to many employers because they may impact payroll.

These changes affect employees 60 to 70 years old who are collecting a CPP retirement pension and continue to work. They will not apply to people collecting a disability pension or a retirement pension but are not working, or recipients of a benefit under the Quebec Pension Plan (QPP).

**For employees age 60 but under 65 who are actively at work and who collect a CPP retirement pension:**

**Current:** No contributions are required of the employee or employer and the employee may collect a CPP retirement pension.

**Effective January 1, 2012:** Employees may continue to collect their retirement pension through CPP but contributions by the employer and employee are mandatory.

*If you have employees aged 60 but under 65 who collect a CPP pension and you have already stopped making contributions, effective January 1, 2012, you must start making contributions again.*

Contributions will accumulate in a new Post Retirement Benefit (PRB) fund. The employee’s retirement pension will be adjusted to include funds from the PRB in the year after the contributions were made.

**For employees age 65 but under 70 who are actively at work and who collect a CPP retirement pension:**

**Current:** No contributions are required of the employee or employer and the employee may collect a CPP retirement pension.

**Effective January 1, 2012:** Employees have the option to continue contributions or have them cease. If an employee opts to continue contributions, the employer must also make a contribution. Contributions will go into the PRB fund to increase the retirement pension in the year following the contributions. Employees already receiving the maximum pension amount can still make contributions to the PRB and receive an increased pension the following year.

Employees can elect to opt in or out of the plan once per year. If an employee elects not to participate on January 1, 2012, the next time he/she can opt in to the plan is January 1, 2013.

Employees must complete form CPT30, *Election to Stop Contributing to the Canada Pension*

1550 Enterprise Road, Suite 215, Mississauga, ON L4W 4P4

Toll Free: 1-877-685-2515

25 Irvin Street, Kitchener, ON N2H 1K6

Toll Free: 1-866-536-0389

[www.gmsinsurance.com](http://www.gmsinsurance.com)

*Plan, or Revocation of a Prior Election* and submit it to the Canada Revenue Agency (CRA) with a copy to go to their employer and they should keep a copy for their own records. Employees should contact Service Canada for assistance (servicecanada.gc.ca or 1-800-277-9914)

### **Other Changes to CPP:**

- The monthly retirement pension amount will **increase** by a larger percentage if it is taken **after** age 65 (0.7% per month vs. 0.5% per month)
- The monthly retirement pension amount will **decrease** by a larger percentage if it is taken **before** age 65 (0.6% per month vs. 0.5% per month)
- The number of years of low or zero earnings that are automatically dropped from the calculation of the CPP pension will increase (16% up to 7.5 years vs. 15% up to 7 years)
- Employees will be able to begin receiving a CPP retirement pension without any work interruption.

### **GMS Cost Plus Reminders**

GMS Insurance offers a Cost Plus program to assist employers in funding expenses that may not be covered under their group plan. Many of you are participating in this program. We would like to take a few moments to remind you of what we require to process your claim in a timely manner.

All Cost Plus claims must include:

- GMS Cost Plus claim form
- Original receipts
- Cheque payable to GMS Insurance Inc.

The claim form must be completed and signed by the plan administrator. Current forms are dated 07/2010 in the bottom right corner. If you do not have the current form or are unsure if you have the current form, contact your GMS associate and they will be able to provide you with a current copy.

Original receipts must show the services that were provided, the name of the provider, the date of the service rendered, the amount invoiced and the amount paid.

In a co-ordination of benefits situation where you do not have original receipts, submit copies of the receipts and the original explanation of benefits returned by the insurance company.

The GMS Cost Plus program is a reimbursement only plan. The services rendered must have been

paid for before being submitted for claim.

We will accept Cost Plus claims as far back as three calendar years. Eligible claims include medically necessary health and dental services and supplies. Cosmetic procedures (ex. teeth whitening) and over-the-counter drugs (ex. vitamins) are not eligible expenses.

When claims are received, they are reviewed for accuracy and eligibility. We will return any claims that do not meet the requirements set out by the CRA. Any documentation that we may request beyond what you originally submitted is solely to protect the integrity of the program and your own liability.

Sources:

Canadian HR Reporter, "CPP Changes Affect Workers Aged 60 to 69" Annie Chong, September 12, 2011, pg 34, 36.  
[www.servicecanada.gc.ca](http://www.servicecanada.gc.ca)

## **Quiz Corner**

*Put your mental mettle to the test and a \$50 prize in your pocket!*

**Rearrange each of these girl's names to give a boy's name:**

**DOLLY DIANA IRENE LYNNE**

**Answers can be sent to: [info@gmsinsurance.com](mailto:info@gmsinsurance.com) or by fax to 905-670-4146. We will draw a winner from the correct answers and announce the winner in the next newsletter.**

**Our September Quiz Whiz was *Cora Mooney* who responded that the widow received \$3,000,000.  
Congratulations!**