

## 2024 Federal Budget

April 17, 2024

### Summary

The Federal Budget was tabled on April 16, 2024. It announces a few initiatives and reiterates a few earlier announcements that may be of interest for employers and sponsors of pension and benefits plans.

On April 16, 2024, the Honourable Chrystia Freeland, the federal Minister of Finance, presented [Budget 2024: Fairness for every generation](#) (Budget 2024). There are a few announcements of interest for employers and sponsors of pension and benefits plans as well as reiterations of earlier announcements.

### Measures about retirement, pensions and savings

#### Enhancing the Home Buyers' Plan

The withdrawal limit under the Home Buyers' Plan (HBP) would increase to \$60,000 from the current \$35,000. The increase would apply to withdrawals made after April 16, 2024. As a reminder, the HBP is the program that allows first-time home buyers to withdraw an amount from their RRSP to apply towards their down payment for a home purchase. The withdrawn amount must be repaid within a specified timeframe and under certain conditions to avoid tax consequences.

Budget 2024 also proposes to temporarily defer the start of the 15-year repayment period by an additional three years for participants making a first withdrawal between January 1, 2022 and December 31, 2025. Therefore, homeowners would not have to begin repayments until the fifth year following the year the first RRSP withdrawal was made.

## Encouraging pension funds to invest in Canada

Budget 2024 announced that a working group, headed by former Governor of the Bank of Canada, Stephen Poloz, will be formed to look at ways to expand investment opportunities in Canada (e.g., physical infrastructure, venture capital, building more homes, etc.) for Canadian pension funds.

## Qualified Investments for registered plans

Budget 2024 invites stakeholders to provide suggestions, by [email](#) no later than July 15, 2024, on how the qualified investment rules for registered plans (e.g., RRSPs, TSFAs, RESPs, FHSAs, DPSPs, etc.) could be modernized with respect to:

- Types of qualified investments across different registered plans
- Conditions and formal registration
- Promoting an increase in Canadian-based investments

## Canada Pension Plan (CPP) enhancement

The federal government, in coordination with the provinces, is proposing technical amendments to the CPP legislation. These amendments would:

- Provide a top-up to the death benefit for certain contributors
- Introduce a partial children's benefit for part-time students
- Extend eligibility for the disabled contributors children's benefit when a parent reaches age 65
- End eligibility for a survivor pension for people who are legally separated after a division of pensionable earnings

## Additional disclosures about investments for large federally regulated pension plans

Budget 2024 indicates that *Pension Benefits Standards Act, 1985* amendments will enable and require the Office of the Superintendent of Financial Institutions to publicly release information, regarding the plan investments of large federally regulated pension plans. The information would include distribution of investments by jurisdiction and by asset class. The government will engage with other jurisdictions to discuss similar disclosures.

## Measures about health and benefits

### National pharmacare

Budget 2024 mentions the [legislation](#) introduced in February to deliver the first phase of national pharmacare, which is to provide universal coverage for most contraceptives and many diabetes medications, in partnership with provinces and territories. New federal funding intends to expand and enhance, rather than replace, existing provincial and territorial spending on public drug benefit programs.

This legislation does not set out the specifics of what a national pharmacare plan will look like once implemented. Instead, it is a guide to improving accessibility and affordability of drugs across Canada, in collaboration with the provinces and territories. Several steps remain before the legislation is effective. Once it is effective, the federal government will still need to enter into agreements with the provinces and territories.

If funding for diabetes and contraception products shifts from private to public plans, there could be significant savings to extended health plans for plan sponsors, particularly in the area of diabetes.

## **Canadian Dental Care Plan**

Budget 2024 also mentions the progress made to ensure everyone in Canada has access to the dental care they need since the Canadian Dental Care Plan (CDCP) was announced in Budget 2023. The new publicly funded dental care plan begins this year to pay some or all of the costs of [dental services](#) for eligible Canadians. As of May 2024, anyone 65 or older (as well as anyone 18 or younger or entitled to government disability benefits) may be eligible under the CDCP. To be [eligible](#), they must be a Canadian resident for tax purposes, have a family net income of \$90,000 or less, and have no access to dental insurance.

## **Canada Disability Benefit**

Budget 2024 provides more information on the [Canada Disability Benefit Act](#), passed in June 2023 but not yet in force. The government intends for this Act to come into force in June 2024 for payments to begin in July 2025. The proposed design is based on a maximum benefit amount of \$2,400 per year for low income persons with disabilities, who have a valid Disability Tax Credit certificate, and are between the ages of 18 and 64.

The federal government will be calling on provinces and territories to exempt Canada Disability Benefit payments from counting as income in relation to provincial or territorial supports, to avoid persons with disabilities facing claw backs on those provincial and territorial supports. There are currently no details on how these benefits would integrate with group insurance disability plans.

## **Right to disconnect**

To restore work-life balance for workers in federally regulated industries, the government proposes amending the *Canada Labour Code* to require employers in federally regulated sectors to establish a right to disconnect policy limiting work-related communication outside of scheduled working hours.

## **For more information**

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