

Minister of Finance



Ministre des Finances

Ottawa, Canada K1A 0G5

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Mr. Alistair MacGregor, M.P.
House of Commons
Ottawa, ON K1A 0A6



Dear Mr. MacGregor:

Thank you for your correspondence of May 25, 2017, written on behalf of your constituents, regarding the Canada Pension Plan (CPP) death benefit and funeral expenses.

The CPP offers financial assistance to help individuals cover expenses linked to the death of a family member. Following the death of an individual who contributed to the CPP, a one-time lump sum CPP death benefit of up to \$2,500 is paid to a deceased contributor's estate.

Like many other government benefits – such as those received through Employment Insurance – CPP benefits, including death benefits, are taxable when received. This reflects the fact that tax relief is provided to employees on those contributions, in the form of a tax credit, in the years when CPP contributions are being made. Moreover, for most people, taxation of these benefits occurs at a time when their overall income is lower. Therefore, this tax treatment may result in little or no tax being paid on these benefits, depending on the taxpayer's income.

The size and cost of a funeral is a personal choice. Due to the personal nature of such an expense, no income tax relief has ever been provided.

Thank you for writing on behalf of your constituents.

Yours sincerely,

The Honourable Bill Morneau, P.C., M.P.