



Shedding some light on the Canada Pension Plan and Quebec Pension Plan

Along with your group retirement plan and personal savings, government benefits will form a part of your retirement income. The Canada Pension Plan (“CPP”)/Quebec Pension Plan (“QPP”) is one of two main government benefits. The other is Old Age Security (OAS). Government benefits are intended to fund a portion of your retirement.

Here are some facts that shed some light on the CPP/QPP.

What are CPP and QPP?

The CPP and QPP are contributory governmental pension plans that provide benefits to workers at retirement or in the event of severe disability. The CPP applies to eligible applicants who work in Canada outside of Quebec. In Quebec, the QPP applies.

How much will you get when you retire?

What you get in retirement from the CPP/QPP depends on how much and how long you’ve paid into the plan. To find out how much you’ve contributed and what you might get in retirement, obtain your **CPP Statement of Contributions** or your **QPP Statement of Participation** by visiting the government websites at the bottom of this flyer.

When can you start collecting CPP/QPP?

As early as age 60. However, you would receive a reduced amount compared to what you would get if you waited until age 65. The reduction is greater the earlier you start collecting. You can also start collecting the CPP/QPP after you reach age 65, up until you reach age 70. In this case, you would get more than if you started collecting at age 65.

Can you start collecting the CPP/QPP if you are still working?

Yes, but if you choose to receive your CPP/QPP pension early and continue to work, you are required to continue contributing premiums to the plan. If you continue to work between ages 65 and 70, you are also required to contribute premiums, although you can opt out of paying CPP premiums during this age period by filing a form with the Canada Revenue Agency (“CRA”). You cannot opt out of paying QPP premiums in this way.

Is it better to start collecting the CPP/QPP at age 60 or to wait until age 65?

When to start collecting your pension is essentially a personal decision, but there are a few key points to keep in mind:

- **It may make sense to take the CPP/QPP early if you have stopped working.** When you are no longer working, you no longer contribute premiums to the plan. Having years with zero earnings and zero contributions before starting your pension can actually lower your benefit even if you wait until age 65 to collect.
- **Your current health can be a factor.**
 - If you have health issues which may have an impact on your life expectancy, collecting the CPP/QPP as early as possible can provide more years of pension benefit even at a reduced rate.
 - If you are healthy and still working, it might make sense to postpone collecting your pension and continuing to contribute premiums. Your benefit and the number of years you collect will be greater. Note that life expectancy is increasing for the general population with every passing year.¹
- **If you are receiving survivor's benefits,** which are paid to the legal spouse or common-law partner of a deceased worker who contributed to the CPP/QPP, it might be better to start collecting your retirement benefit early. When retirement benefits and survivor's benefits are combined, they cannot exceed the maximum retirement benefit. It may not be beneficial to wait for a larger retirement benefit if the total of the retirement and survivor's benefits already exceeds the maximum retirement benefit.

What is the death benefit?

The Canada Pension Plan death benefit is a one-time, lump-sum payment to the estate on behalf of a deceased CPP contributor. The amount of the death benefit depends on how much and for how long the deceased contributed to the CPP.

Do you receive CPP/QPP benefits automatically?

No, you have to apply for them. According to the Government's website, before you apply for CPP benefits, you must:

- be at least one month past your 59th birthday;
- have worked in Canada and made at least one valid contribution to the CPP; and
- want your CPP retirement pension payments to begin within 12 months.

For QPP benefits:

- You can apply 1 to 3 months before the date on which you would like to receive your first payment.
- You cannot apply more than 12 months in advance.

To get more info about the CPP, call 1-800-277-9914 or visit www.canada.ca

To get more info about the QPP, call 1-800-463-5185 or visit http://www.rrq.gouv.qc.ca/en/retraite/rrq/calcul_rente/Pages/calcul_rente.aspx

You can also learn more about government retirement programs by visiting <http://retirementliteracy.acpm.com/>

¹ Statistics Canada 2016