

## UNDERSTANDING THE SUBTLETIES OF THE CANADA PENSION PLAN AND OLD AGE SECURITY (PART 1 OF 2)

*The Canada Pension Plan (CPP) and Old Age Security (OAS) are hot topics for those entering their 60's. A common question that comes up when we meet with those looking ahead to retirement is: When should I begin taking my CPP and OAS benefits? In this two-part series we will shed light on CPP and OAS separately, as well as provide some guidelines for when you should apply to receive benefits from these programs.*

### WHAT ARE THE LATEST RULES FOR CPP?

The typical age to begin receiving CPP payments is 65, but you can take it as early as age 60. However, for every month prior to your 65<sup>th</sup> birthday your entitlement decreases by 0.6% (7.2% per year). This means that if you decide to begin CPP payments at the age of 60, your monthly payment will be reduced by 36%, which could be substantial. On the other hand, if you choose to delay receiving the CPP benefit, your monthly payment will increase by 0.7% for each month beyond the age of 65 (8.4% per year). You can defer the CPP benefit up until the age of 70.

### HOW CAN I FIND OUT HOW MUCH I WILL BE GETTING?

The amount you can expect to receive from the CPP benefit is based upon a formula which includes the amount you have contributed throughout your working years, as well as how long you have been making contributions into the plan. To find out your specific entitlement, you can create a My Service Canada Account online, if you do not already have one, or visit a Service Canada Office. Be mindful that both CPP and OAS are adjusted every January based on the Consumer Price Index.

### WILL THE NEW CPP ENHANCEMENTS AFFECT ME?

Before 2019, the plan was designed to replace one quarter of a person's average work earnings. The most recent enhancements aim to have the CPP benefit eventually replace one third of a person's average work earnings. This means if you are currently making CPP contributions, your post-retirement benefits may be higher depending on how much longer you are contributing to the plan. The new enhancements will not affect those no longer making contributions to the plan.

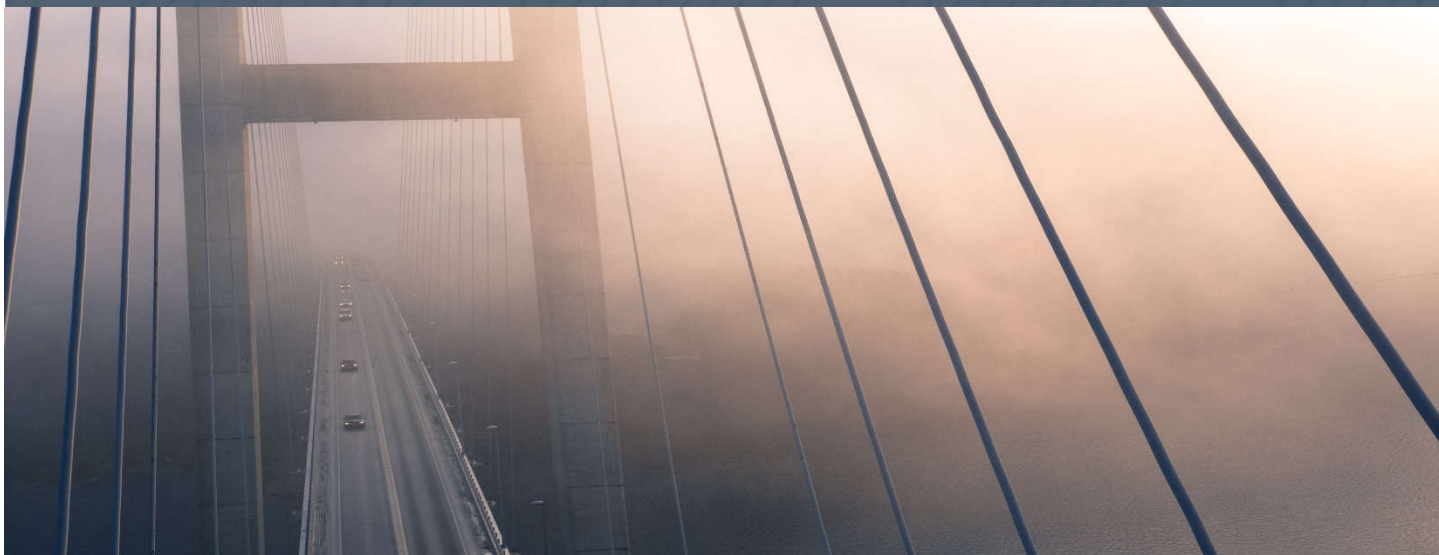
### CAN I STOP MY CPP PAYMENT?

You can cancel your monthly CPP benefit within the first six months that you receive it, however, you must pay back the money you received up to the date that you requested the cancellation.

### CAN I STILL RECEIVE CPP IF I AM WORKING?

Yes, however, if you are between the ages of 60-65 and working you are still required to contribute to the CPP. It is only if you are between the ages of 65-70 and working that you can choose to stop your contributions to the plan.





## WHAT HAPPENS IF MY SPOUSE PASSES AWAY?

If you and your spouse are receiving CPP benefits and your spouse passes away, you are entitled to a survivor's pension. This amount is determined based on the survivor's age and any other benefits the survivor receives. The survivor's pension combined with the retirement pension cannot exceed the maximum retirement pension amount provided by the government.

In Part 1 of this two-part series we have addressed some common questions concerning CPP. Stay tuned for our next article where we will focus on OAS and draw some conclusions to help you make good choices for your financial situation.

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