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Canada Pension Plan Retirement Benefits

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Basics

The Canada Pension Plan (CPP) is a Federal social insurance program that pays benefits to contributors when they retire or become disabled. CPP benefits are considered taxable income.

Benefit Calculation

CPP benefits are calculated based on your income, the amount and span of your contributions to the CPP over your working life, and your age.

The CPP aims to replace approximately 25% of contributor's average working life income, up to $12,150 annually. The average lifetime income is based on your average income over your working life minus the 7.5 lowest earning years. CPP benefits are indexed to the CPI to adjust for changes in the cost of living.

Benefit	Monthly Amount	Annual Amount
Maximum	$1,012.50	$12,150
Average (January 2013)	$534.15	$6,415.80

Qualification

- ☑ You have worked and made at least one contribution to the CPP
- ☑ You are at least 60 years old

Timing

You may choose to begin receiving CPP anytime after age 60. However, if you choose to receive CPP benefits early or late, certain **permanent** adjustments will apply:

- Begin 60-65: benefit reduced by 0.54% (2013) per month before your 65^{th} birthday
- Begin 65: no adjustment, full benefits received
- Begin >65: benefit increased by 0.70% (2013) per month after your 65^{th} birthday
- You must apply at least 6 months before the date you wish to begin receiving benefits

If you are between 65 and 70 and still working, you may continue to contribute to the CPP, which will increase your pension benefits.

Check Your Benefits

You can get an estimate of your current CPP benefits by checking your CPP Statement of Contributions or by contacting Service Canada. You can also view and print CPP and OAS tax slips online at Service Canada's website.

Visit http://www.servicecanada.gc.ca/eng/isp/common/proceed/socinfo.shtml to view your Statement of Contributions online.

Important Changes to the CPP: Coming into effect in 2013 or later

- Increase in low earnings years exclusion.
  - Starting in 2014, the low year calculation will now exclude the lowest 8 years of income, from 7.5 years today. An increase in low earning year's exclusion will increase average lifetime income and may result in a higher CPP benefit.
- Change in Pension Adjustment for early CPP enrollment.
  - By 2016, early CPP recipients will have benefits decreased by 0.6% per month before their 65th birthday. This change will take effect gradually and will be fully effective in 2016.

Sources

Service Canada (Online): http://www.servicecanada.gc.ca/eng/isp/cpp/cpptoc.shtml
*All conditions, benefit levels, and other figures apply to 2012 CPP regulations.

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