

## Canadian Pension Plan Retirement Pension

### ***What is the Canadian Pension Plan (CPP) Retirement Pension?***

A CPP retirement pension is a monthly benefit paid to individuals who contribute to the Canada Pension Plan. The CPP pension was designed to replace approximately 25% of a person's earnings from employment, up to a maximum amount. For 2014, the maximum monthly CPP Retirement Pension is \$1,038.33 per month (\$12,459.96 annually).

### ***How do I qualify for the CPP Retirement Pension?***

To qualify, you must have made at least one valid contribution (payment) to the Plan. The normal retirement age is 65 years but you can retire as early as age 60 or as late as age 70. If you retire earlier than age 65 your pension will be reduced; if you retire later than age 65 your pension will be increased.

### ***How do I apply?***

You must apply for the CPP Retirement pension by completing the application available from Service Canada. Application forms are available on-line at [servicecanada.gc.ca](http://servicecanada.gc.ca) or call Service Canada at 1-800-622-6232. If you are already receiving a CPP disability benefit, you will need to apply for the CPP Retirement benefit when you turn 65. You should apply approximately 6 months before you intend to receive the benefits.

### ***How is my CPP Retirement Pension calculated?***

Your CPP retirement pension is based on how much, and for how long you contributed to the CPP, or to both the CPP and the Quebec Pension Plan (QPP).

The age at which you choose to retire also affects the amount you receive.

The CPP protects your pension by making certain adjustments before calculating your pension. Some low-earning periods during your career (i.e. child rearing), may be "dropped out," so they do not reduce the amount of your pension. Review the "drop out" provisions on Service Canada's website or contact them to see if you are eligible.

### ***How does my age affect the amount of my pension?***

Although your CPP retirement pension usually starts the month after your 65th birthday, you can begin receiving your CPP retirement pension any time after age 60.

Your monthly payment is smaller if you begin receiving it before age 65, and larger if you take it after. The CPP offers you flexibility with respect to the age you retire.

### ***When does my pension begin?***

From Age 60 to 65

You can start receiving your retirement pension the month after you turn age 60 (though it will be reduced). Your pension will commence the month after you turn 60 or your application is received whichever is later. If you choose to receive it early, the pension is reduced by up to 0.6% per month (7.2% per year).

From Age 65

You can start receiving your pension the month after your 65th birthday (or at a later date if you specify one). You can choose to have your pension paid back to a maximum of 11 months from the date they receive your application, but no earlier than the month after your 65th birthday. If you choose to start your pension later than 65 your pension will be increased to recognize this delay. Your pension will increase by 0.7% per month (8.4% per year) you choose to delay the receipt of your pension.

### ***Must I stop working before I can begin receipt of my CPP Retirement Pension?***

No; you can start your CPP retirement pension as early as age 60 or as late as age 70 without having to stop working or reduce your earnings.

### ***When do payments stop?***

The last payment is for the month in which the contributor dies.

### ***Is my CPP pension taxable?***

Yes, the amount is considered taxable income, however, CPP does not usually remove income tax from the amount you receive. Therefore, at the end of the year many recipients will owe income tax. It is advisable to review your income tax situation; if you would prefer to have income tax taken off your monthly CPP pension you can contact Service Canada and request they remove some funds for income tax purposes.

For additional general information regarding Canada Pension Plan, contact Service Canada at [www.servicecanada.ca](http://www.servicecanada.ca) or by telephoning Toll-free in Canada and the United States: **1-800-277-9914** If you

# PENSIONS AND BENEFITS

## CPP FACT SHEET #3

have a hearing or speech impairment and use a teletypewriter (TTY): **1-800-255-4786** From outside Canada and the United States (collect calls accepted): **613-990-2244**

If you wish to contact the Pensions and Benefits unit, please email us at [pensionsandbenefits@opseu.org](mailto:pensionsandbenefits@opseu.org)

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