CPP/OAS Pensions and Benefits
Introduction

September 2015
Canada’s Retirement Income System

PUBLIC

Canada Pension Plan/Quebec Pension Plan

Old Age Security Program

PRIVATE

Private pensions and savings
Connecting Canadians with Available Jobs

Stay connected to find out if the latest Employment Insurance changes affect you.

Full story...
Contributing to the CPP

Who contributes?
- Every person in Canada over the age of 18 with employment earnings over $3,500 per year.

How much do I contribute?
- The amount is based on your yearly employment earnings starting with a minimum of $3,500 up to a maximum level (adjusted each January).

What is my contributory period?
- From age 18 and up until you begin receiving CPP retirement, reach age 70; or you pass away.
Contributing to the CPP

How is my contributory period used by CPP?
  • CPP determines whether you and/your family are eligible for a CPP benefit and the actual amount that you can receive.

Will my pension be less because of low or no earnings?
  • CPP has a number of provisions to help you including child rearing, lowest earnings and disability drop out periods.
CPP Statement of Contributions

- View and print it from “My Service Canada Account”
Planning for Retirement and Changes to the CPP
Planning for Retirement

Considerations before Applying for CPP Retirement

• Your health
• How long and how much you have contributed to CPP
• Whether CPP pension credits were split following your divorce, separation, or the end of a common-law relationship
• Your overall plans for retirement including other sources of retirement income
Planning for Retirement

• If you are already receiving a CPP retirement pension and you work, you may become eligible for the Post-Retirement Benefit.

• You can continue to work while applying for CPP retirement benefits.

• General drop-out provision may increase the amount of your CPP benefits.
Planning for Retirement

• Monthly adjustment factors for taking retirement pensions before and after age 65 were changed to ensure that there are no unfair advantages or disadvantages to when you take your CPP.

• The Canadian Retirement Income Calculator provides retirement income information, including the Old Age Security (OAS) pension and Canada Pension Plan retirement benefits.
CPP Provisions
Child Rearing Provision

To qualify for the Child Rearing provision:

• If you or your spouse/common-law partner received Family Allowance payments or were eligible for the Canada Child Tax Benefit (even if you did not receive the benefit).

• Your earnings were reduced because you were the primary caregiver of a dependant child under the age of seven who was born after December 31, 1958.
Child Rearing Provision

To apply for the child rearing provision:

• You must provide the children’s information on your CPP application.

If you already receive CPP Benefits but are not sure if you applied for the provision:

• Contact Service Canada and we will check your file to see if you need to complete an application.
Pension Sharing

For couples who live together, are at least 60 years of age, and apply for or receive CPP/QPP retirement pensions:

- If there is a difference in the amount of retirement pension you or your spouse/common-law partner receive, you can request to share your retirement pensions.
- If only one of you is a CPP contributor, you can share that one pension for income tax purposes.

The overall benefits paid do not increase or decrease with pension sharing.
Credit Splitting

• Credits may be divided upon divorce, legal annulment or separation of spouses or common-law partners.

• “Credit Splitting” may create future eligibility or increase/decrease entitlement to CPP benefits.

• A Credit Splitting Application should be filled out and sent in to Service Canada as soon as possible following divorce or legal separation.
CPP Benefits

- Retirement pension
- Post-Retirement benefit
- Disability benefit
- Survivor benefits which also include:
  - Death benefit
  - Survivor’s pension
  - Children’s benefit
Retirement Pension

To qualify for a CPP Benefit Retirement Pension:

• You must be at least 60 years old.
• You must have worked and made at least one valid contribution to the CPP.
Retirement Pension

To apply for a CPP Retirement Pension:

• Visit servicecanada.gc.ca to apply for the CPP Retirement Pension.
• You do not have to stop working to receive your retirement pension.
• If you are receiving a CPP Disability benefit and you turn 65, your disability benefit will automatically be converted to a retirement pension.
Retirement Pension

What to expect once your Retirement Pension is approved

• Your pension is effective the month after your application is received.
• The Government of Canada is switching from cheques to direct deposit, an electronic transfer of funds deposited directly into your bank account. Unlike cheques, your direct deposit will always be on time.
• You can sign up for direct deposit online, by phone, in person, or by mail.
• Your monthly amount is adjusted each January for any cost-of-living increases.
Post-Retirement Benefit (PRB)

Contributions to the PRB:

• If you are 60 to 65 and you work while receiving your CPP Retirement Pension, contributions to the PRB are mandatory.
• If you are self-employed, you will have to pay both employee and employer portions of the CPP contributions.
• You do not have to apply for the PRB. If you are eligible, it will be paid to you automatically.
Post-Retirement Benefit

To contribute to a PRB:

• If you are at least 65 but under 70, contributions to the PRB are optional:
  – If you choose to contribute, your employer will also have to contribute.
  – If you choose not to contribute, you must complete the Canada Revenue Agency form “Election to stop contributing to the Canada Pension Plan or Revocation of a prior election (CPT30)”.

Post-Retirement Benefit

What to expect from the PRB:

• Contributions you made while receiving the CPP Retirement pension will build up only your PRBs.

• These contributions are not subject to a credit split upon separation, divorce or the end of a common-law relationship.

• The PRB is a fully-indexed lifetime benefit that increases your retirement income.
CPP Disability Overview

- Is the largest federal income program for people with disabilities.

- Replaces a portion of employment earnings for CPP contributors who cannot work at any job due to a “severe” and “prolonged” mental or physical disability.
Canada Disability Benefit

To qualify for a CPP Disability Benefit:

• You must have sufficient contributions to the Canada Pension Plan.
• You must be under 65 years of age.
• You must have a “severe and prolonged” disability as defined by CPP legislation.
Canada Disability Benefit

To apply for CPP Disability Benefits:

• Obtain the application forms online.
• You must ask your medical provider for assistance.
• You must ensure that a complete application is sent which includes a questionnaire, application and a medical report.
• You must include a completed consent form to disclose information.

What if I am late in applying?

• The Late Applicant Provision can be used to protect you if you are late in applying.
Survivor Benefits: Death Benefit

To qualify for the Death benefit:

• The deceased contributor must have made contributions for not less than the minimum qualifying period.

To apply for the benefit:

• You must complete an application form (available from Service Canada) and mail in.
• There is no time limit to apply.

What to expect once the benefit is approved:

• You can receive up to a one time maximum amount of $2,500.
Survivor Benefits: Survivor’s Pension

To qualify for Survivor’s Pension:

- The contributor must have met the minimum qualifying period.
- The applicant must be the surviving spouse or common-law partner of the contributor.
- The applicant must not have been convicted of the first or second degree murder of the contributor.
Survivor Benefits: Survivor’s Pension

To qualify for Survivor’s Pension:

• The applicant must meet at least one of the following criteria at the time of the contributor's death:
  – Be at least 35 years old.
  – Be under 35 with a dependent child of the deceased contributor.
  – Be under 35 and disabled according to the CPP legislation.
Survivor Benefits: Survivor’s Pension

To apply for Survivor’s Pension:

• You must complete and mail in a Survivor’s application form (available online and through Service Canada).

What to expect once your Survivor Pension is approved:

• Even if you, as the survivor, remarry or enter into a common-law relationship, the benefit will continue.
Children’s Benefit under CPP Survivor and Disability Benefits

To have a child qualify for a Survivor or Disability
Children’s benefit:

- The disabled or deceased contributor must have made contributions for not less than the minimum qualifying period.
- The child must be under age 18, or between the ages of 18 and 25 and in full-time attendance at a recognized educational institution.
Children’s Benefit under CPP Survivor and Disability Benefits

To apply for the Children’s benefit:

- You must apply in writing by filling out the related child benefit application for the individual child.
- A child may receive up to 2 benefits (both Survivor and Disabled).

What to expect once the Children’s benefit is approved:

- The maximum monthly amount for either benefit is the same.
- The benefit is taxable in the child’s name but most do not have sufficient income to file a tax return and no T4As are issued.
Old Age Security Benefits

• OAS Pension
• Guaranteed Income Supplement (GIS)
• Allowance
• Allowance for the Survivor
Qualifying for an OAS Pension

OAS Pension while **living in Canada**:  
- You must be 65 years of age or more.  
- You must be a Canadian citizen or legal resident of Canada at time of pension approval.  
- You must have lived in Canada for a minimum of **10 years** after age 18.

OAS Pension while **living outside of Canada**:  
- You must be 65 years of age or more.  
- You must be a Canadian citizen or legal resident of Canada on the day before you left Canada.  
- You must have lived in Canada for a minimum of **20 years** after age 18.
Qualifying for an OAS Pension

To qualify for a full OAS Pension:

• You must have resided in Canada for at least 40 years after age 18 and before your application is approved.

• If you have not resided in Canada for 40 years after age 18, you may qualify for a full pension under other residence rules.

To qualify for a partial OAS Pension:

• You must have 10 years of residency in Canada after the age of 18 (can be met through an International Social Security Agreement with another country).

• You must have one full year of residency in Canada at time of pension approval (partial and full).
Applying for an OAS Pension

• Apply for the pension in writing and apply at least 6 months and no earlier than 11 months before you want your pension to start.

What if I am late in filing my application?

• Late applications may cause delays and, if applicable, reduce the amount of retroactive entitlement.
Automatic Enrollment

• In April 2013, Service Canada implemented a process to automatically enroll seniors who are eligible to receive the Old Age Security pension.

• If you can be automatically enrolled, Service Canada will send you a notification letter the month after you turn 64. If you do not receive this letter, you must apply for your Old Age Pension in writing.
Voluntary Deferral of OAS Pension

• As of July 2013, you can defer receiving your Old Age Security (OAS) pension for up to 5 years after the date you become eligible for an OAS pension in exchange for a higher monthly amount.

• The voluntary deferral of the OAS pension could benefit those who are able to continue working and those who can afford to wait to receive an OAS pension.

• If you choose to defer receipt of your OAS pension, you will not be eligible for the Guaranteed Income Supplement, and your spouse or common-law partner will not be eligible for the Allowance benefit for the period you are delaying your OAS pension.
OAS Pension Payments

What to expect when your OAS Pension is approved:

• Pension Payments will start based on the latest of 3 dates:
  – The month after you meet the residence and legal status requirements.
  – The month after your 65th birthday.
  – The month during which you ask to have the payments start.

• Your monthly pension amounts may be adjusted for any cost-of-living increases (reviewed four times a year).
OAS Pension Outside of Canada

To receive your OAS pension outside of Canada:

• You must have 20 years of residence in Canada after age 18.

OR

• You meet the 20-year residence requirement through an International Social Security Agreement.
OAS Monthly Pension

Your OAS monthly pension stops if:

• You have less than 20 years residency in Canada after age 18 and are out of the country for more than 6 months after the month of your departure.

• You are incarcerated in a federal penitentiary for a sentence of 2 years or longer.

• You make a request in writing to have your pension stopped.

• You pass away.
Supplemental Old Age Security Benefits

Non-taxable benefits for low-income seniors:

• Guaranteed Income Supplement
• Allowance
• Allowance for the Survivor
Guaranteed Income Supplement (GIS)

To qualify for the GIS:
• You must be a Canadian resident.
• You must be eligible for an OAS pension.
• You must meet the income requirements.

To apply for the GIS:
• You must initially apply in writing.
• You must file an income tax return by April 30th of each year to have the benefit automatically renewed.
Guaranteed Income Supplement (GIS)

How much will you get?

• The benefit is calculated based on your previous year’s income and marital status.
• The amount may be adjusted quarterly to reflect any cost-of-living increase.
• The GIS may only be paid outside of Canada for the month of departure, and the following 6 months.
Guaranteed Income Supplement (GIS)

Your GIS benefit stops if:

• You do not file your tax return by April 30th of each year.

• You have a total income more than the maximum amount allowed.

• You leave Canada for more than 6 consecutive months.

• You pass away.
The Allowance

To qualify for the Allowance:

• You must be 60 to 64 years of age.
• You must be a Canadian citizen or legal resident of Canada at the time your benefit is approved.
• You must be a resident in Canada for at least 10 years since the age of 18 (or qualify under an International Agreement).
• You must be married to or common-law partner of someone who is already receiving an OAS pension and is eligible or in receipt of the GIS.
• You and your partner’s combined annual income meets the income requirements.
The Allowance

How do you apply for the Allowance?

• You must initially apply in writing and renew each year.

How much will you get?

• It is based on the combined annual income of the couple.
• It is adjusted quarterly to reflect any increases in the cost-of-living.
• It may be paid outside of Canada for the month of departure and following 6 months.
The Allowance

Your Allowance benefit will stop if:

• Your combined income in the previous year is more than the maximum yearly amount.
• Your spouse or common-law partner ceases to be eligible for the GIS.
• Your spouse or common-law partner passes away.
• You are absent from Canada for more than 6 consecutive months.
• You did not file a tax return by April 30th or did not submit an application.
• You separate or stop living in a common-law relationship.
• You have reached age 65.
• You pass away.
The Allowance for the Survivor (ALWS)

To qualify for the ALWS:
- You must be 60 to 64 years of age.
- You must be a widow/widower and since the death have not become the spouse or common-law partner of someone else.
- You must be a Canadian citizen or legal resident of Canada.
- You must be a resident in Canada for at least 10 years since the age of 18 (or qualify under an International Agreement).
- You must meet the income requirements.

How do I apply for ALWS?
- You must initially apply in writing and renew the benefit each year.
The Allowance for the Survivor (ALWS)

What to expect once your ALWS benefit is approved:
• The monthly amount is based on the previous year’s income and may be adjusted for any cost-of-living increases.
• The benefit may be paid outside of Canada for the month of departure and following 6 months.

Your ALWS benefit will stop if:
• You have reached age 65 (apply 6 months prior for OAS and GIS).
• You remarry or establish a common-law partnership for a continuous period of at least 1 year.
• You pass away.
Changes to OAS Age of Eligibility
Changes to OAS Age of Eligibility

Changes will be gradually phased in from 2023 to 2029.

- **Old Age Security and Guaranteed Income Supplement:**
  - Age of eligibility increases from 65 to 67.

- **Allowance and Allowance for Survivor:**
  - Age of eligibility increases from 60-64 to 62-66.
## Changes to OAS Age of Eligibility

### Who is affected?

<table>
<thead>
<tr>
<th>Benefit</th>
<th>Date of Birth</th>
<th>Age of Eligibility</th>
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</thead>
<tbody>
<tr>
<td>OAS pension and GIS</td>
<td>31 March 1958 or earlier</td>
<td>65</td>
</tr>
<tr>
<td></td>
<td>1 April 1958 to 31 January 1962</td>
<td>Between 65-67</td>
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<tr>
<td></td>
<td>1 February 1962 or later</td>
<td>67</td>
</tr>
<tr>
<td>Allowance and Allowance for the Survivor</td>
<td>31 March 1963 or earlier</td>
<td>60</td>
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<tr>
<td></td>
<td>1 April 1963 to 31 January 1967</td>
<td>Between 60-62</td>
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<tr>
<td></td>
<td>1 February 1967 or later</td>
<td>62</td>
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CPP/OAS Pensions and Benefits

Conclusion
International Social Security Agreements

Co-ordinate the pension programs of two countries for contributors who lived and/or worked in both countries. This way, contributors may qualify for:

- **CPP benefits** (Disability, Death and Survivor Pensions) if they lived and/or worked in Canada.
- **OAS benefits** (OAS, GIS, Allowance, Allowance for the Survivor) if they lived and/or worked in Canada.
  or
- **Foreign benefits** if they lived and/or worked abroad.

For a complete list of countries in which Canada has an agreement with, please visit our website at:

http://www.servicecanada.gc.ca/eng/services/pensions/international/index.shtml
Reconsideration

• Reconsideration of a CPP or OAS decision
Appeals

• On April 1, 2013, the Social Security Tribunal (SST) became responsible for appeals under the Canada Pension Plan and Old Age Security Act.

• Information about the appeal process and contact information for SST can be found on its website at: http://canada.ca/en/sst/index.html
Privacy and Protection of Personal Information

• Personal information that you provide to Service Canada will not be released without your consent.

• To release your CPP or OAS information to a third party, you must complete, sign and submit the “Consent to Communicate Information to an Authorized person” form.
Act as a Third-Party Administrator

- Individuals, agencies and community organizations can apply to administer CPP and OAS benefits on behalf of those who are incapable of managing their own affairs.
Responsibilities

Your CPP & OAS Responsibilities:

• Be informed.
• Apply.
• Provide required documents.
• Report income annually.
• Report absences of over 6 months from Canada.
• Advise us of any changes in life circumstances.
Penalties

• Under the OAS and CPP, if you, as a beneficiary, knowingly make a false or misleading statement, you will be imposed a monetary penalty.

• If payments are not made on time, interest can be charged on unpaid penalties and associated overpayment amounts.