

# Canada Pension Plan (CPP)



## Disclaimer

- This summary is provided solely for the purpose of explaining the principal features of the Teachers' Pension Plan. All rights with respect to the Teachers' Pension Plan shall be governed solely by legislation and appropriate regulations.
- This presentation is for informational purposes only. It does not constitute legal or professional advice. You are encouraged to consult with appropriate professionals if you have specific questions relating to any of the topics covered in this presentation.



## CPP Benefits

- Retirement Pension
- Survivors Pension
- Disability Benefit
- Death Benefit
- Child's Benefit



## CPP Retirement Pension

- Normal retirement age is 65.
- Can be started as early as age 60 or as late as age 70 with no absence from work.
  - Pensions taken before age 65 are reduced by 0.6% for each month taken prior to turning 65.
    - Maximum reduction at age 60 is 36%
  - Pensions taken after age 65 are increased by 0.7% for each month taken after turning 65.
    - Maximum increase at age 70 is 42%



## How is CPP Determined?

- The amount of your CPP retirement pension is based on:
  - How much you have contributed; and
  - How long you have been making contributions at the time you become eligible.
- In addition, when determining your entitlement, certain periods (typically low earning periods) may be dropped out:
  - General drop-out provision.
  - Child rearing provision.
  - Periods on CPP disability pension.



## General Drop-out Provision

- 17% (up to 8 years) of your lowest earnings can be dropped.
- The general drop-out provision is automatic requiring no action on your part.



## Child-rearing Provision

- If you stopped working or received lower earnings to raise your children, you may be able to use this provision.
- If your earnings stopped OR were lower because you were the primary caregiver raising your children under the age of 7, you can request the child-rearing provision.
- The child-rearing provision may apply if:
  - You have children born after December 31, 1958;
  - Your earnings were lower because you were the primary caregiver of a dependent child under the age of 7; and
  - You or your spouse/common-law partner received Family Allowance or were eligible for the Canada Child Tax Benefit.



## CPP Survivor's Pension

- Paid to the survivor of a deceased contributor.
- Deceased contributor must have met the minimum qualifying period.
- Survivor must be considered married or common-law (lived in a conjugal relationship for at least 1 year).



## CPP Disability Benefits

- Eligibility
  - Have a severe and prolonged disability (preventing work at any job on a regular basis);
  - Be under age 65; and
  - Meet CPP contribution requirements.
- This is a taxable benefit.



## CPP Death Benefit

- \$2,500 lump sum payment.
- If an estate exists, the executor applies for the CPP Death Benefit.
- If no estate exists, payments can be made to other persons in the following order:
  - The person or institution who has paid for or is responsible for paying for the funeral expenses of the deceased;
  - The surviving spouse;
  - The next-of-kin.



## CPP Children's Benefit

- Paid to dependent children of disabled or deceased CPP contributors.
  - Child must be:
    - Under age 18; or
    - Between the ages of 18 and 25 and in full-time attendance at a recognized school or university.
  - Two types of benefits:
    - Disabled contributor's child benefit; and
    - Surviving child's benefit for the child of a deceased contributor.
  - A maximum of 2 benefits can be paid to a child.
- 



## Applying for Your CPP

- Your CPP retirement pension does not start automatically.
  - You must apply for it online or by submitting your application to Service Canada.
    - Recipients of a CPP disability pension will be automatically converted to a CPP retirement pension at age 65.



## Applying for your CPP

- To apply for a CPP retirement pension, you must:
  - Be at least a month past your 59<sup>th</sup> birthday;
  - Have worked in Canada and made at least one valid contribution to the CPP;
  - Want your CPP retirement pension payments to start within 12 months; and
  - Complete an online application or submit a paper application to Service Canada.



## CPP Post-Retirement Benefit

- If you elect to take CPP early (prior to 65) and continue to work, you are **required** to contribute to CPP until age 65.
- If you continue to work after your 65<sup>th</sup> birthday, you **may** continue to contribute to CPP until age 70.
- Additional CPP contributions go towards a post-retirement benefit.
- Post-retirement benefit begins each year following the year of contributions.



## CPP Pension Sharing

- CPP pensions can be shared by spouses or common-law partners who live together.
- The total pension benefit remains the same but the distribution changes.
  - Each individual receives half of the total shareable CPP pension.
- Pension sharing may result in tax savings.
  - If income is transferred from a spouse with a higher marginal tax rate to a spouse with a lower marginal tax rate.



## CPP Pension Sharing

- Amount that can be shared depends on the number of months that the eligible individuals lived together during the joint contributory period.
- Both individuals must apply.
- Post-retirement benefit is not eligible for pension sharing.





## Stopping CPP Pension Sharing

- Pension sharing stops:
  - The month after the month that Service Canada approves a cancellation request by both individuals.
  - The month the parties divorce.
  - The 12<sup>th</sup> month after the parties start to live separate and apart.
  - The month the party who has never paid into CPP begins paying into CPP.
  - The month one of the parties dies.



## Credit Splitting

- CPP contributions made while living together can be equally divided after a divorce or separation.
- Credit splitting can occur even if one party did not contribute to CPP.
- Credit splitting is permanent. Each party's CPP contributions are adjusted.
- Credit splitting may help with qualifying for benefits and can affect the amount of any current or future CPP benefits.



## CPP Payment Rates (Maximums - 2024)

Type of Pension or Benefit (monthly benefit)	Maximum
Retirement Pension (at age 65)	\$1,364.60
Post-Retirement Benefit (at age 65)	\$44.46
Disability Benefit	\$1,606.78
Post-Retirement Disability Benefit	\$583.32
Survivor's Pension (under age 65)	\$759.31
Survivor's Pension (65 and older)	\$818.76
Children's Benefit	\$294.12
Death Benefit (one time payment)	\$2,500.00
Combined Benefits (monthly benefit)	Maximum
Combined Survivor's and Retirement Pension	\$1,375.41
Combined Survivor's Pension and Disability Pension	\$1,613.54



## Questions

[pension@nstu.ca](mailto:pension@nstu.ca)

