

When to start your Canada Pension Plan (CPP) or Quebec Pension Plan (QPP)

If you work in Canada, a percentage of your income goes to the Canada Pension Plan or CPP for short.

In Quebec, it's called the Quebec Pension Plan, or QPP, along with group retirement and savings plans, old age security and personal investments.

CPP is one of the main sources of income Canadians count on in retirement.

The amount you'll receive each month depends on how long and how much you contribute over your career, as well as the age you are when you start taking payment.

If you wait until age 65, you'll get the standard CPP monthly benefit, but you don't have to take it.

Then you can start receiving payments any time between age 60 and 70.

Starting early brings a reduction of 7.2% for each year ahead of you turning 65.

It may not sound like a lot, but if you start as soon as you can, this adjustment will lower your benefits by 36% in total.

On the other hand, for every year you delay taking your CPP past age 65, you'll receive an 8.4% increase.

Deferring as late as you can would result in monthly adjustments that are 42% higher than your standard age 65 amount.

Your choice depends on your personal, financial and health circumstances.

Why take it early?

You need the income.

You've cut back on work and want to top up your wages.

You have health issues or shortened life expectancy.

Why delay it?

You have other retirement income sources

and want to wait until you are in a lower tax bracket.

You're continuing to work and don't need the money.

You expect to live into your 80s or 90s and want guaranteed income, so you won't outlive your savings.

When should you take it?

Choosing your best way forward requires a little math. If you're a Cooperators Group Retirement and Savings plan member, you can try a retirement savings calculator by signing into your plan's Online Services account.

Remember, the decision to start your CPP is a permanent choice. While you'll receive annual increases to account for inflation, any adjustments for starting early or late are locked in, so it's worth crunching the numbers to find out when it's best to take it in your situation.

Need help with retirement income planning?

A certified financial planner on our Group Retirement team can break things down to give you a better grasp on how your CPP payments may play out.

Ready to discuss your retirement?

Contact your plan's advisor if one is assigned or contact our Group Retirement team at 1-833-631-4991. Select option one or retirement underscore income at Cooperators.ca