

CANADA PENSION PLAN

A retirement plan and more

Thinking about retirement? Lots of options to consider, including phasing into retirement, ongoing semi-retirement, taking full retirement, and others. Understanding the Canada Pension Plan (CPP) – or QPP in Quebec which mirrors CPP provisions – will be important in making some big decisions on moving into this stage of life.

The CPP and Québec Pension Plan (QPP) work together to make sure that all contributors receive a retirement pension. Eligibility for a QPP pension is based on one of the following:

- the person has only worked in Quebec
- the person has worked in Quebec and in at least one other province or territory, and is living in Quebec
- the person has worked in Quebec, currently lives outside Canada, and the last province of residence was Quebec

Retirement pension

The CPP retirement pension is a monthly, taxable benefit that replaces part of an eligible person's income upon retirement. The CPP retirement pension is payable for the person's lifetime. To be eligible, the person must be at least 60 years old and have made at least one valid contribution to the CPP. Valid contributions can be either from work in Canada, or as the result of receiving credits from a former spouse or former common-law partner at the end of the relationship.

The standard age to begin collecting a CPP retirement pension is the month following age 65. However a reduced retirement pension can start as early as age 60, and a person can wait to start taking their CPP pension past age 65. The maximum monthly benefit will be at age 70.

A CPP retirement pension includes the following provisions:

Pension split – the retiree may be eligible to split their CPP retirement pension with their spouse.

Credit split – CPP contributions a person and their spouse made during the time they lived together may be equally divided after separation or divorce.

Child-rearing provision – a retiree may be eligible to increase their CPP retirement pension if they had no or low earnings due to being the primary caregiver raising their children.

THE JOHNSTONE'S ADVANTAGE

Our mission is simple:
Treat each client as if they were our only client.

Our value is clear:
We are completely independent. We work for you and offer total flexibility on insurers and plans.

We offer all your group insurance services including administration, brokerage, consulting, and communications.

We provide dedicated client support, customization, and flexibility to meet all of your company's benefits needs. And we make **solid group plans simple.**



Foreign benefits – a person who has lived or worked in Canada and in another country, or a survivor of someone who has, may be eligible for pensions and benefits from Canada and the other country.

CPP enhancement

The CPP enhancement was implemented in 2019 (only affects persons who work and make CPP contributions as of January 1, 2019) to gradually increase the CPP retirement pension, post-retirement benefit, disability pension and survivor's pension. It works as a top-up to the base, or original CPP, and results in higher benefits in retirement in exchange for making higher CPP contributions.

CPP post-retirement pension

A person who continues to work when aged 60 and under age 70, while receiving the CPP retirement pension, can continue to participate in the CPP and increase their retirement income with a lifetime benefit called a post-retirement benefit (PRB), which will increase their retirement income.

To get this benefit, the employee and employer will make CPP contributions. Those who are self-employed must pay both the employee and the employer portions of the CPP contributions. CPP contributions are mandatory until age 65, at which time the employee and employer can opt to cease contributions by completing the "Election to Stop Contributing to CPP" CPT30 form.

Once the person reaches age 70, CPP contributions will cease.

CPP children's benefit

For dependent children under age 18, or to age 25 if attending school full time, of a person receiving a CPP disability benefit or deceased CPP contributor.

CPP survivor's pension

A surviving spouse of a CPP contributor may be entitled to receive a CPP survivor's pension if they are receiving this benefit when starting their CPP retirement pension, or vice versa. The two pensions will be automatically combined.

CPP disability pension

The CPP disability benefit is a monthly payment to persons who are under 65, have made enough contributions into the CPP, have a mental or physical disability that regularly stops them from doing any type of substantially gainful work, and has a disability that is long-term and of indefinite duration, or is likely to result in death. A CPP disability pension will be automatically converted to a CPP retirement pension when the person turns age 65.

CPP post-retirement disability pension

Persons receiving the CPP retirement pension, are under age 65, who have a severe and prolonged disability, may continue to qualify post-retirement if they have made enough CPP contributions. The amount of this benefit is added to the amount to the monthly CPP retirement pension payment, payable to age 65.

Employment and CPP

Employees who choose to collect a CPP retirement pension while working often reduce their hours of work as they phase into full retirement. As long as they work the minimum hours as defined in the benefits contract, eligibility will continue for benefits.

Benefits and CPP

Group disability policies protect employees who are unable to work due to illness or injury. The amount of benefit payable is based on a percentage of reported income, less offsets of income payable by other sources such as CPP.

CONTACT US

Johnstone's Benefits

3095 Woodbine Drive
North Vancouver, BC V7R 2S3

Phone: 604 980 6227

Toll Free: 1 800 432 9707

Fax: 604 983 2935

Website: www.ibenefits.com

