

DSR CPP & OAS GUIDE

GOVERNMENT BENEFITS IN RETIREMENT

When planning for retirement, many Canadians have questions about the government retirement benefits they are eligible to receive. What are these benefits? Am I eligible? At what age will I start receiving the benefits? How much will I get? Should I receive the benefits as soon as I can, or wait until I'm older?

This mini guide aims to answer these frequently asked questions and provide easy to follow instructions to obtain the information you need.

CPP AND OAS

This guide answers questions about the two main government benefits Canadians are eligible to receive in retirement: the Canada Pension Plan (CPP) and Old Age Security (OAS).

People who have worked only in Quebec, or who reside in Quebec, receive a benefit called the Quebec Pension Plan (QPP), called la Régie des Rentes (RRQ) in French. The QPP/RRQ is the equivalent of the CPP. Quebec residents are also eligible to receive the OAS benefit.



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ABOUT THE CPP

What is the CPP?

The Canada Pension Plan (CPP) is a retirement benefit payable to Canadians who have earned employment income and paid into the CPP. While working, Canadians and their employers pay contributions to the CPP as specified by the Government, up to a yearly maximum. For people who have only worked in Quebec, or are Quebec residents, the retirement benefit is called the QPP (RRQ in French); generally, it's the same as the CPP.

How much will I receive for the CPP (or QPP/RRQ)?

The amount you receive depends on how long and how much you contributed to the plan over your working life, and at what age you begin to receive the benefit. You can start receiving CPP/QPP at age 60 at the earliest, and at age 70 at the latest.

To receive the maximum CPP amount, you would have to make the maximum yearly contributions to it for 39 years; not many people do. In 2023, the maximum CPP for someone starting to collect at 65 is currently \$1,306.57 per month, but the average CPP payment sent out to a new Canadian 65-year-old pensioner is \$811.21 per month.

Where can I get an estimate of my CPP benefits?

(Quebec residents, go to the next question. The steps to see the estimate are different for the QPP/RRQ)

To see an estimate of the CPP benefit you are eligible to receive:

1. Go to [My Service Canada Account](#).
2. Sign in to your My Service account.

Sign in

If you already have an access code or a provincial digital ID, choose an option

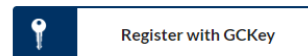


If you do not have an account, scroll down to the **New user** section, and choose one of these options:

- **Register with your bank** to create a My Service account that you access with your banking user ID and password, rather than create new credentials. Follow the instructions on the website.

New user

If you do not have an account, choose an option to register:



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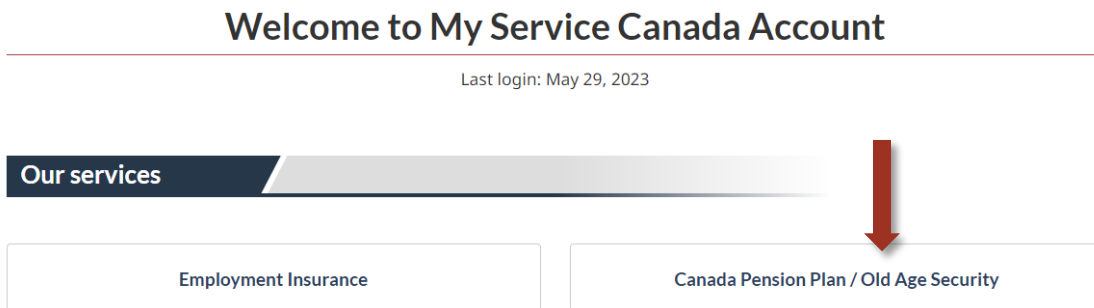
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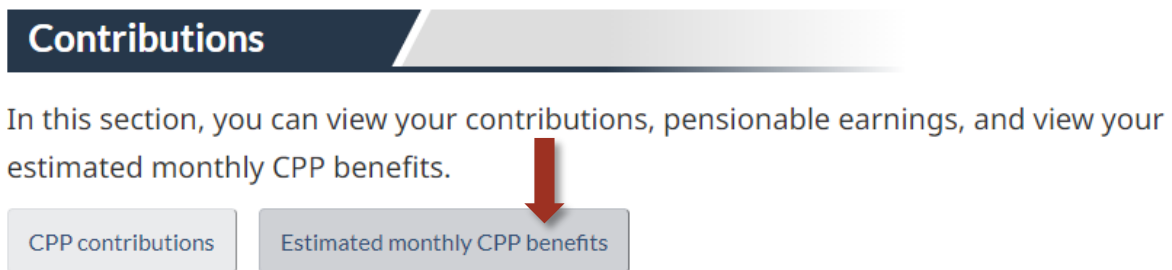
- Register with GCKey to register for an account using a GCKey instead of your banking credentials. Follow the instructions on the website.

After signing into your account, the **Welcome to My Service Canada Account** page opens.

3. Under **Our services**, click **Canada Pension Plan/Old Age Security**.



4. Scroll to the **Contributions** section and click **Estimated monthly CPP benefits**.



Where can I get an estimate of my QPP/RRQ benefits?

If you don't have a clicSEQUR account, you must create one before you can see an estimate of your QPP/RRQ benefits. Have your Revenue Quebec notice of assessment (avis de cotisation) on hand to create the account.

To see an estimate of the RRQ benefit you are eligible to receive:

1. Go to [Retraite Quebec](#).
2. Click **Access My Account**.



[Home](#) > [Our services](#) > [Online services](#)

My Account



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3. On the **Authentication** page, do one of the following:

- If you have a clicSEQUR account, enter your user code, click **Continue**, and follow the remaining steps to sign in.

Already registered user

You wish to access **Retraite Québec's personalized services** on the website of **Retraite Québec**.

clicSEQUR user code

User code

[I have forgotten my user code](#)

[I am using a public or shared computer](#)

Continue

- To create a clicSEQUR account, click **Create an account**, and follow the steps explained on the website. When you have created your account, sign in.

New user

If you don't have a **clicSEQUR** account.

Create an account

4. On the **Welcome** page, click **Continue**.

Québec

Contact us

clicSEQUR
Citoyens

Disconnect

Welcome

Click **Continue** button to access **Retraite Québec's personalized services**.

Continue

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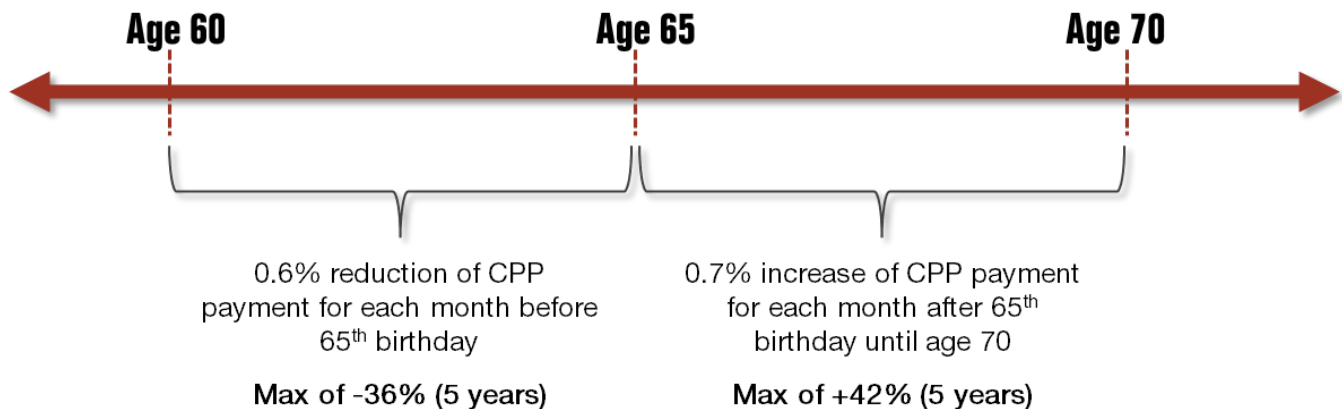
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5. On your account page, under **My credits**, click **Quebec Pension Plan** to see the estimate of your RRQ benefit.

The screenshot shows the Québec Retraite Québec website interface. At the top, there's a blue header with the Québec flag and 'Retraite Québec'. Below that, a navigation bar includes 'My Account', 'My documents', and 'YOUR NAME'. The main content area is titled 'My applications' and states 'You have no application being processed.' There are two buttons: 'File a new application' and 'Sending a document online'. Below this is the 'My credits' section, which has a red arrow pointing down to a link for 'Quebec Pension Plan'.

Is it a good idea to take CPP/QPP before age 65 or to delay it until later?

If you start receiving CPP payments before age 65, the payments are decreased by 0.6% for each month before age 65, or 7.2% per year, up to a maximum reduction of 36%. If you start receiving CPP payments after age 65, payments increase by 0.7% for each month beyond age 65, or 8.4% per year, up to a maximum increase of 42%. Are you still with me? Maybe this picture helps.



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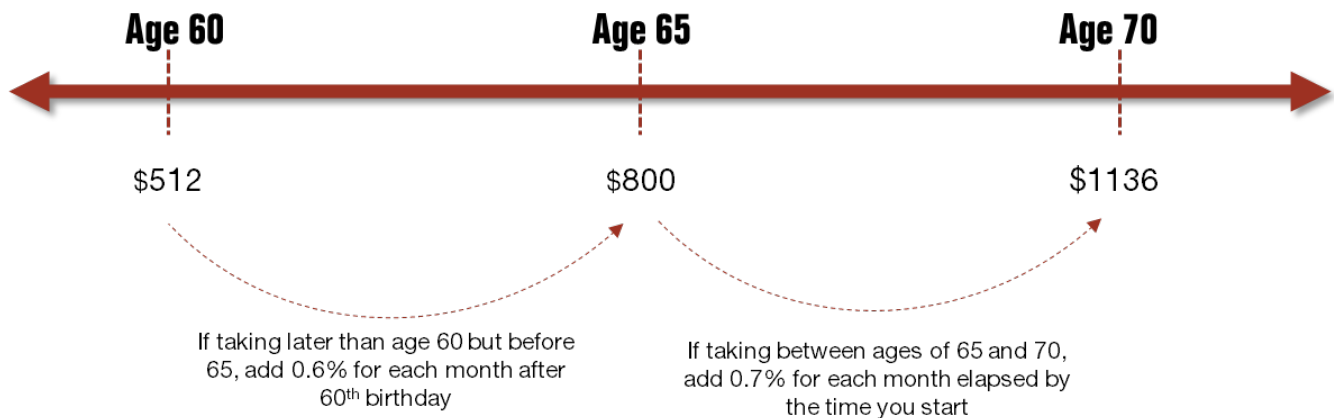
Looking at this, it's easy to conclude that delaying the start of CPP payment as long as you can is good deal. It offers a solid return and protection against the risk of running out of savings at a very old age. There is merit in that approach, and most financial experts would agree. If you are in good health, have retirement savings, another pension plan, or you plan on working well into your 60s, and you can afford to live well without the CPP payment, then delaying it makes sense.

However, if you need the CPP income, are eligible for the Guaranteed Income Supplement (GIC), or you have good reason to think you will not live beyond 77-80, take your CPP at 65.

OK, how about an example of CPP payments taken at age 60, 65, and 70?

Great idea! Here is one. This depicts the effect of the monthly payment of taking early CPP or delaying it for someone eligible to receive \$800 per month starting at age 65.

Taking early CPP or delaying it? Impact on monthly payment



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ABOUT OAS

What is OAS?

Old Age Security (OAS) is a taxable monthly payment the government gives Canadian residents and/or citizens who meet the eligibility criteria, once they are 65 years old or older. You can delay receiving the OAS payment.

Who is eligible for the OAS?

Anyone 65 years of age or older, who is a Canadian citizen or legal resident at the time their OAS application is approved, and:

- Currently lives in Canada and has resided in Canada for at least 10 years since the age of 18.
- Does not currently live in Canada but has resided in Canada for at least 20 years since the age of 18.

There are rules for other situations, such as people who worked outside Canada but for Canadian employers, and those who have contributed to other countries' social security programs. For details, click [here](#).

How much does the OAS pay? What is the maximum?

The amount you receive depends on how much time you lived in Canada since the age of 18, the age when you begin to receive the payment, and your net income for the previous calendar year.

The OAS benefit is reviewed in January, April, July, and October of every year to reflect increases in the cost of living as measured by the Consumer Price Index. As of June 2023, these are the maximum monthly benefits.

For recipients	Maximum OAS payments
Aged 65 to 74	\$691.00/month
Aged 75 and over	\$760.10/month

Who receives the maximum OAS payment?

To receive the maximum benefit, you must have lived 40 years in Canada after the age of 18 and have a net income that is below a specific threshold for the calendar year prior to the payment.

I have not lived in Canada for 40 years since the age of 18. What happens?

If you have lived in Canada less than 40 years, your payment amount is based on your number of years in Canada divided by 40.

Example: If you lived in Canada for 20 years, your payment will be $20/40 = 50\%$ of the full payment.

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What is the OAS claw back or recovery tax?

If you have a net income above a specific amount, you have to pay back part or all of the OAS payments you receive. This is what many call the OAS claw back; the government calls it a recovery tax. The income threshold is reviewed and updated regularly; the following information is valid for the period of July 2023 to June 2024.

- If your net income for 2022 was over \$81,761, you have to pay back part of the OAS payments you receive from July 2023 to June 2024. The amount to pay back is 15% of the difference between your net income and \$81,761.
- Recipients aged 65 to 74 have to pay back all OAS payments received if their net income for 2022 was \$134,626 or more.
- Recipients aged 75 and over have to pay back all OAS payments received if their net income for 2022 was \$137,331 or more.

What happens if I delay receiving the OAS?

You can begin to receive the OAS the month after you turn 65. You can choose to delay receiving the OAS.

You increase the payment you will receive for each month you delay your first payment. You can delay payment of OAS for up to 60 months (5 years), after turning 65, meaning until the age of 70. The increase of the payment is currently at 0.6% per month of delay, which is 7.2% per year.

Is it a good idea to delay receiving the OAS?

That depends. On your health, your financial situation, what you want in retirement.

If you are working or plan on working after turning 65, and you do not need the OAS right now, delaying it means you will receive a higher payment later. If your net income is higher than \$81,761 (in 2022), you will have to repay part of your OAS payment; delaying your first payment to a time when your income will be lower can let you keep more of your OAS.

If your health or family history leads you to think you will not live beyond 80 years of age, delaying the OAS is probably not in your best interest.

If you are eligible for the Guaranteed Income Supplement (GIS), which is a supplemental benefit for low-income OAS recipients, there is no advantage to delaying your first OAS payment. You and your partner cannot receive the GIS if you are not receiving the OAS.

Essentially, if you cannot afford to delay OAS, by all means take it at 65. If you have enough income, substantial savings, or another pension plan that you can count on from the age of 60 to 70, delaying OAS can be a very attractive option.

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How can I find out the amount I will receive for OAS?

The Government of Canada website provides an estimator that you can use to obtain an estimate of the OAS benefit you can receive. To access it, click [OAS estimator](#).

- You begin by indicating whether you are already receiving OAS or not, and then answer the questions about your age, residence, marital status, income, age you want to start receiving OAS, etc.
- After answering the questions, the OAS estimator shows you the results, which tell you how much you can expect to receive in OAS payment per month, and whether you are eligible for the Guaranteed Income Supplement (GIS).

Estimate your monthly benefits **New!**


Choose how to use this estimator to begin:

- Look up a current amount (already receiving OAS benefits)
- Help plan for the future (not yet receiving OAS benefits)

Old Age Security benefits estimator

Answer the following questions to estimate the amount of Old Age Security (OAS) pension, Guaranteed Income Supplement, Allowance or Allowance for the Survivor you may be eligible to receive.

- ▶ 1. Age
- ▶ 2. Residence
- ▶ 3. Marital status
- ▶ 4. Choose your estimate
- ▶ 5. Income
- ▶ 6. Results

 Using the OAS estimator, you can look at different scenarios by changing the information you provide, for example, change the age when you begin receiving OAS, to see how it affects the payment you receive.

Conclusion: When should I take my CPP and OAS?

You can probably guess the answer: it depends. You must consider your other sources of income, the potential claw back of OAS based on your income, the amount of savings you have, your plans for retirement, and your health; these factors vary greatly between people.

In general, when you consider life expectancy and do the math, the optimal age to begin receiving CPP and OAS is around 67 or 68 years of age.

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