



Reuter Insight

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Canada Pension Plan Changes

The Finance Department recently announced changes to the Canada Pension Plan (CPP) that will be phased in over a six-year period beginning in 2011, with full implementation by 2016.

These changes will affect Canadians who commence receiving payments early or who delay getting them until after age 65.

Changes Prior to Age 65

The most significant changes impact Canadians retiring before age 65.

Previously, you had to quit work and remain out of work for at least two months to qualify for collecting CPP. However, starting in 2012, individuals will be able to collect CPP before age 65, even while continuing to work. In addition, prior to age 65, your pension will gradually be reduced from 2012 to 2016, by 7.2 percent for each early year, instead of 6 percent under the old rules.

Changes After Age 65

Starting in 2012, individuals that choose to work past age 65 and are collecting CPP will be able to choose to continue to make contributions to increase future benefits in 2013 and beyond.

However, should you choose to continue to work past age 65 and delay collecting CPP, from 2011 to 2013, you will gradually receive an additional 8.4 percent for each year you work, compared to 6 percent under the old rules.

Changes Affecting All CPP Recipients

Many Canadians are not aware that starting in 2012 they can remove eight low-earning years from those used to calculate their CPP benefits. (Previously, up to seven years could be removed.)

This means that individuals could see a higher CPP benefit as a result. The request to remove these years must be done on the CPP application for benefits.

To learn more about these government changes, contact Reuter Benefits via telephone at 1-800-666-0142 or email at retire@reuterbenefits.com. For additional details you may contact Service Canada at 1-800-277-9914 or via email at www.servicecanada.gc.ca.