

Starting Canada/Quebec Pension Plan Income

There is no simple, one size fits all answer to the question of when to start collecting Canada/Quebec Pension Plan retirement benefits. A key factor is how long a person will live. The foundation of the decision is having a detailed, documented roadmap that sets out what you want to do with your retirement. As a retiree, what do you want to do? When do you want to do it? How long do you want to do it? Recognize that everybody's retirement is different. Consider the following points when making or recommending a course of action.

Starting CPP/QPP earlier	Starting CPP/QPP later
Shortened life expectancy. (personal/ family health history)	Longer life expectancy (personal/ family health history)
Retired before age 60	Working full time after age 60
Company pension plan integrates with government benefits at age 65	Optimize cash flow later
Earnings history has few low income years	Earnings history has a lot of no/low earnings years
Minimize Old Age Security clawbacks for high income investors	Overall income will not put customer into Old Age Security clawback zone
Minimize reductions on net income tested benefits particularly if overall income is low, eg. Guaranteed Income Supplement, Age Credit, Medical Expense Credit, Disability Credit, etc.	
CPP breakeven point (2012) ages 76-80 if taking money out age 60-64. Range drops by one year per year to ages 74-78 (2015)	CPP breakeven point (2012) ages 76-80 if taking money out age 60-64. Range drops by one year per year to ages 74-78 (2015)
Need for more guaranteed cash flow	
Lower tax brackets now vs. age 65/70	Higher tax brackets now vs. age 65/70
Need more flexible income sources later to meet longer term income and legacy objectives, so use inflexible income now	Starting at age 65 means more money received on average vs. age 60 start. No real advantage to defer to age 70
Both partners/spouses getting maximum benefits	Little benefit for optional contributions to CPP after age 65 if still working. Must contribute if working in Quebec



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Peter works with independent advisors and other professionals raising awareness on issues and concerns faced by affluent individuals, professionals and business owners. He supports efforts in researching and developing optimal solutions for clients aimed at improving their financial well-being and supporting their personal wishes and lifestyles. He annually provides 100's of workshops, seminars and technical support throughout the country on tax, retirement income and estate planning issues, concepts and strategies to both advisors and consumers. As a Registered Financial Gerontologist, a good deal of his time is spent on building awareness and educating people of all professions who work with or specialize in the needs, expectations and issues of elders. Comprehensive lifestyle planning is an important element of these processes.

The Sales, Tax, Estate Planning, Underwriting & Product (STEPUP) team provides internal and broker support, including seminars, education, advanced concept illustrations & Client case technical consultations.

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Need extra cash flow to fund contingency plans (coverage for critical illness and long term care)	Sufficiently funded plans set up to provide for critical illness and long term care
Optimize opportunity cost (money now)	
No heirs so want to collect as much as possible now	No heirs or favourite causes and wants as much income as possible later in life
Want money in early retirement to enjoy life, fund higher early retirement cash flow needs	No need for extra cash flow now, concerned about extra cash flow needs later in life
Value flexibility to spend or invest cash	
If cash not needed, can leave bigger estate to family and favourite causes in accumulated investment or funding Legacy Builder (insurance)	Sufficient plans set up to provide legacies for family and favourite causes
Invest cash not needed in tax free savings account, tax efficient vehicle or leverage at respectable net rate of return	
	Insufficient long term savings so delay as long as possible, perhaps working longer

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