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# Help Your Employees Retire Happy, Wealthy and Wise – Six Answers for Common Canada Pension Plan (CPP) Benefit Questions

Posted on October 20, 2016 by [Cathy Bilton](#) in [Employee Engagement](#), [Health & Wellness](#), [Recruitment & Talent Management](#)

As an employer, it can sometimes be tricky to stay on top of the changing rules and regulations regarding CPP benefits for your employees, especially those approaching retirement age. Understanding these rules are not just important to inform your payroll deductions, but also vital in ensuring compliance, boosting employee productivity and providing important HR and financial planning guidance to your Boomer-age employees. No doubt, this large demographic may have a lot of questions surrounding retirement planning and pensions. While steering clear of giving financial advice, employers can share general information and offer directions to the tools available.

As of 2016, here are the current CPP rules - and answers to some common benefit-related questions:

### 1. Good things come to those who wait.

Employees should know that by waiting longer to take their CPP, they will receive higher monthly payments. As of 2016, if you begin taking CPP before age 65, the amount will be reduced by 0.60 for every month before you reach age 65. If an employee chooses to take CPP as early as age 60 in 2016, that can add up to as much as a 36% overall reduction in the amount they will receive.

Conversely, by waiting until after 65 your employees can enjoy higher benefit payments. The amount will increase 0.7% each month after age 65. By waiting until age 70, your employee could receive a CPP income 42% higher than if they began collecting it at age 65.

### 2. Taking CPP early versus late: weighing the pros and cons...

In light of the above, it may seem the best idea for every employee is to defer collecting until age 70. Yet, this is not always the case. If an employee is over 60, wanting to retire and experiencing cash flow issues with few other sources of funds, it may be in their interest to take CPP earlier than 65. The same holds true for those employees that hold a lot of high-interest debt. Also, if the individual is in deteriorating health and has concerns about longevity, taking CPP early might be to their advantage.

### 3. When to apply - and when to expect pension benefits to commence?

Service Canada recommends your employees apply 6 months before they want their pension benefits to begin.

### 4. Can I remain working and receive CPP pension benefits?

Good news. Since 2012, the rules allow your employees to remain working and at the same time receive their CPP pension benefits after age 60. This was great news for active older employees who wanted to remain employed with you, or chose to work as a contractor into their 60s. It's also a great way to ease into retirement, perhaps gradually reduce hours, with a bit of a financial cushion.

### 5. Must I restart contributions if I re-start working?

Some employees may be confused around the issue of re-starting work and whether they have to re-start contributions. If they are under the age of 65 and receiving CPP monthly benefit payments, both the employee and employer are required to continue contributing to CPP. If the employee is between the age of 65 and 70, then the decision to continue CPP contributions is voluntary. To stop making contributions, a CPT30 form must be completed by the employee and filed with Canada Revenue Agency. Note, if your employee wishes to continue contributions between age 65 and 70, you will be obliged to do so as well, on his/her behalf. The reason an employee may choose to continue their CPP contributions is so they can receive the Post-Retirement Benefit (PRB). More information on that benefit can be found [here](#).

### 6. How do I calculate CPP pension benefits?

Service Canada's website provides a handy [Canadian retirement income calculator](#) to allow each individual to estimate their pension benefit entitlement. Be sure to direct your employees [here](#). You can also have them call 1-800-277-9184 (9185 for service in French) for a personal estimate.

Know the stats – and commit some of the above to memory.

Supporting your older employees as they consider their CPP options will enhance trust and morale. Boomers are known to be among the most dedicated and hard working demographic – so wouldn't it be wonderful to keep them working as happy, informed and productive members of your team as long as they wish to be there?

Some of your younger workers may be interested in recent announcements regarding the implications of CPP enhancements being planned for 2019 and beyond. Refer to the Department of Finance's [website](#) for more information.



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