

Canada Pension Plan (CPP) and Old Age Security Estimates (OAS)

CPP: Background and current rules

The CPP is a public pension plan that provides working Canadians and their families with income for retirement, and basic financial protection in the event of death or disability. The plan operates throughout Canada, except in Québec, where the Quebec Pension Plan provides similar benefits. The CPP/QPP provides monthly payments that are adjusted annually for inflation.

Benefits are based on contributions. To receive the maximum payout, you will have had to contribute the maximum amount for 40 years.

Impacts of Collecting Early/Deferring

Although the CPP/QPP retirement pension normally begins on your 65th birthday, it can be taken as early as age 60 or as late as age 70. There is an average 7.2% decrease annually when taking CPP/QPP early, and an 8.4% increase for each year after age 65 to 70.

Benefits Comparison

(Assuming full eligibility – 2026)

- Begin collecting at Age 60 = \$964.48/month
- Begin collecting at Age 65 = \$1,507.65/month
- Begin collecting at Age 70 = \$2,240.86/month

Old Age Security (OAS)

The OAS is the largest pension program in Canada and is funded from the general revenues of the government, which means that you do not pay into it directly. The OAS pension is a monthly payment available to most Canadians 65 years of age and older who meet Canadian legal status and residency requirements. For 2026, OAS clawback begins when income exceeds \$95,323 and is fully clawed back at \$154,753. The general requirements for eligibility are as follows:

- 65 years of age
- Canadian citizen or legal resident at the time the application is approved; and
- Resided in Canada for at least 10 years after turning 18.

Benefits Comparison

(Assuming full eligibility)

- Begin collecting at age 65 = \$742.31/month
- Defer to Age 70 = \$1,009.54

For 2026, OAS clawback begins when income exceeds \$95,323 and is fully clawed back at \$154,753.

Contacting CPP – 1-800-277-9914 - Confirm CPP Estimate

In both cases, it is important that you apply 6 months before you wish for benefits to begin.



Gilfillan, Finnegan, Walker & Smith

WEALTH MANAGEMENT

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