



# Canada's Retirement Income System

Old Age Security  
Canada Pension Plan  
Private Pensions and Savings

“What’s in it for you?”





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**DISCLAIMER:**

This brochure is provided to help you learn more about the retirement income system in Canada. It contains general information only and does not have force of law. In cases of conflicting interpretation, the wording and provisions of the *Income Tax Act*, *Old Age Security Act* and Regulations, the Canada Pension Plan and Regulations, and other relevant federal and provincial legislation and regulations prevail over the contents of this publication.

Aussi disponible en français sous le titre : *Le Système de revenu de retraite du Canada – Qu'est-ce que vous en retirez?*

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# Putting Your Retirement House in Order

All of us have different visions of what our retirement will be like. Some people dream of having the flexibility to spend more time with friends and family, to travel and to participate in recreational activities. No matter what your vision for retirement is, you need to plan now for your retirement income.

## WHERE WILL YOUR RETIREMENT INCOME COME FROM?

If you think that you're too young to start planning your retirement, consider these facts:

- Fewer than half of workers in Canada are covered by employer pension plans.
- People are starting to save earlier for retirement.
- Your retirement could last a very long time – almost as long as your working years.

**IT'S SIMPLE** – it's never too early to plan if you want to maintain your lifestyle after you retire.

Retirement planning is an important part of your overall financial plan. Planning for long- as well as short-term goals will help you set priorities and realize more of your dreams.

There is a wealth of information available about retirement – so much that it can be difficult to know where to start. This brochure provides an overview of Canada's retirement income system. It gives you an idea of possible sources for your retirement income, so that you can get a head start in building a secure financial future.

### CONTACT US

Human Resources Development Canada administers the Old Age Security Program and the Canada Pension Plan. For more information, visit our website:

[www.hrdc-drhc.gc.ca/isp](http://www.hrdc-drhc.gc.ca/isp)

Or call us free of charge at:

**1 877 454-4051 (TDD/TTY 1 800 255-4786)**

# Canada's Retirement Income System – Simply Stated

Did you know that you've already started building your retirement income? By living and working in Canada, you participate in one of the best public pension systems in the world.

## **CANADA'S RETIREMENT INCOME SYSTEM HAS THREE LEVELS:**

- 1.** Old Age Security (OAS) provides the first level, or foundation. If you meet certain residence requirements, you'll be entitled to a modest monthly pension once you reach the age of 65.
- 2.** The Canada Pension Plan (CPP) is the second level of the system. It provides you with a monthly retirement pension as early as 60, if you have paid into it. The Canada Pension Plan also offers disability, survivor and death benefits. Quebec has a similar plan, called the Quebec Pension Plan.

The first and second levels of Canada's retirement income system make up Canada's public pension system. Today, these pensions form a significant part of the income of Canada's seniors. But public pensions are not intended to meet all your financial needs in retirement. Rather, they provide a modest base for you to build upon with additional, private savings.

- 3.** The third level of the retirement income system consists of private pensions and savings.

Many employers help you build your retirement income by providing pension plans.

But perhaps you are self-employed or have no employer plan. Maybe you want to supplement your pension income. You can build your own nest egg through Registered Retirement Savings Plans (RRSPs). Or you can earmark for retirement other investments such as mutual funds or the equity in your home.

The Government of Canada provides tax assistance on savings in Registered Pension Plans (RPPs) and RRSPs, which encourages and assists saving for retirement.

**You can count on OAS and CPP!**

You can count on Canada's public pensions for the long term.

OAS costs will grow as the population ages in the coming decades, but are projected to be affordable. Steps were taken in 1998 to ensure the CPP's continued sustainability. Actuarial reports confirm that the scheduled contribution rate is expected to be sufficient to sustain the Plan as larger numbers of Canadians reach retirement age.

One of the strengths of Canada's retirement income system is that the risks and responsibilities are shared

by individuals, employers and governments. The result is a balanced, flexible system that responds to the different financial needs of individuals and families over the course of their lifetime.

***RULE OF THUMB!** Many financial planners say that you will need about 70 percent of your current (pre-tax) earnings to maintain your standard of living in retirement. For example, if you earn \$40,000 now, you might aim for \$28,000 of income in retirement. However, this is only a general rule. You'll need to look at your own circumstances to decide what level of income is right for you.*





# Old Age Security

The Old Age Security (OAS) program is the cornerstone of Canada's retirement income system. It includes a basic pension that goes to almost all people 65 or older who have lived in Canada for a certain time.

**1**<sup>st</sup>  
**Level**

## Old Age Security

Old Age Security is Canada's largest public pension program. It provides a modest monthly pension to most people, starting at the age of 65.

The Guaranteed Income System (GIS) is an additional monthly benefit for low-income OAS pensioners.

The Allowance provides a monthly benefit to low-income people between the ages of 60 and 64. It is available to the spouses or common-law partners of OAS pensioners and survivors to help bridge the gap until they become entitled to receive OAS at 65.

The Government of Canada pays OAS benefits from general tax revenues.



## **You qualify by living in Canada**

Generally, you must be 65 and a resident of Canada for at least 10 years after your 18th birthday to receive OAS in Canada.

If you wish to receive the basic OAS pension outside Canada, you must have lived here for at least 20 years after your 18th birthday. The Guaranteed Income Supplement and the Allowance are only for seniors who live in Canada. They stop if you leave Canada for more than six months. If you return to Canada you must reapply.

Have you lived or worked outside Canada? Canada has international social security agreements with many countries that could help you meet the OAS residence requirements or get other social security benefits from either country. If you did not live or work long enough in one country to qualify for benefits there, the time you spent in that country may still be considered when determining your eligibility to receive benefits from either country. Visit our web site or call our toll-free number to find out more about these agreements.

## **How much income to expect**

The amount of OAS you receive depends on the number of years you live in Canada after you turn 18. Generally, you receive a full pension if you live in Canada for at least 40 years after 18. If you live here for less time, you may qualify for a partial pension. With a partial pension, you'll receive 1/40th of the full pension for each complete year you live in Canada after you turn 18.

*In 2001, a full OAS pension is about \$440 per month.*

*Some provinces and territories also provide income supplements to low-income seniors.*

Under some circumstances, you may qualify for a full pension with less than 40 years residence if you were born on or before July 1, 1952. Visit our web site or call our toll-free number for more information about this.

If you have little or no income other than the OAS pension when you retire, you may be eligible for the Guaranteed Income Supplement. The amount you receive depends on your income or your joint income if you have a spouse or common-law partner. The GIS is added to your monthly OAS pension.

**OAS is taxable, GIS and the Allowance are not**

Your OAS pension is taxable and must be declared on your income tax return each year. The Guaranteed Income Supplement and Allowance are not taxable, but you must still report them on your tax return.

If your net individual income is above a set threshold, your OAS pension will be reduced. This threshold (\$55,309 in 2001) is adjusted each year for inflation. Only about five percent of seniors receive reduced OAS pensions, and only two percent lose the entire amount.

If you receive the basic OAS pension while living outside Canada, it is paid in Canadian dollars and you receive a tax slip to report it in your country of residence. Your pension may also be subject to Canadian income tax.

### **OAS pensions are protected from inflation**

OAS pensions, the GIS and the Allowance are adjusted for inflation every January, April, July and October. This helps you keep up with increases in the cost of living. You can find out what the current rates are by visiting our web site or by calling our toll-free number.

### **What to do now**

#### **Plan for your retirement – get an estimate of your OAS pension**

The OAS pension rates are posted on our web site and updated quarterly. You can also find out the current amounts by calling our toll-free number.

#### **Keep your records to prove the time you live in Canada**

If you live outside the country for a period of time, keep records of your travels (such as passports and airline tickets) to show when you left and when you returned to Canada. This will help prove your eligibility for the OAS pension.

### ***IT'S NOT AUTOMATIC – you must apply for OAS benefits***

*You should apply for your Old Age Security pension six months before you turn 65.*

*To receive the Guaranteed Income Supplement and the Allowance, you must also apply for them, and then renew them every year. This is usually done by filing an income tax return before April 30.*

*You can obtain application forms by printing them from our web site or by calling our toll-free number.*

# Canada Pension Plan

The Canada Pension Plan (CPP) and the Quebec Pension Plan (QPP) can provide you with a monthly retirement pension and other benefits.

## 2<sup>nd</sup> Level

### Canada Pension Plan

The Canada Pension Plan pays a monthly retirement pension to people who have worked and contributed to the CPP.

The CPP also acts as an insurance plan, providing disability and survivor benefits for those who qualify. It provides a monthly income to you and your dependent children if you become severely disabled during your working years. It also provides a monthly income to your surviving spouse or common-law partner and dependent children if you die. A lump-sum death benefit is available to your estate when you die.

Your CPP contributions are based on earnings between a minimum and maximum amount. For example, in 2001, you pay contributions only on earnings between \$3,500 and \$38,300. CPP contributions are tax-deductible.

Your employer deducts your contributions from your pay and makes an equal contribution. If you are self-employed, you act as both employee and employer and pay both portions.

The Canada Customs and Revenue Agency (CCRA) collects contributions on behalf of CPP. CPP funds are kept separate from general tax revenues. They are used only to pay benefits, cover administrative costs and make investments.

## **You qualify by working in Canada**

Generally, all workers in Canada over the age of 18 pay into the CPP (or the QPP) and qualify for benefits.

## **How much income to expect**

In general, your retirement pension replaces about 25 percent of the earnings on which you paid into the CPP. The exact amount depends on how much and for how long you contribute. The age at which you decide to take your pension also affects the amount you receive each month.

## **CPP coverage offers some flexibility**

Over the course of your career and if you raise a family, there may be years when you have low or even no earnings. This would normally reduce your CPP benefits because of the lower contributions you make during those years. However, CPP excludes 15 percent of your lowest earning years when calculating your retirement pension. Time spent away from work while you raise children under the age of seven can also be 'dropped out' of the calculation. These provisions ensure that your future pension is not reduced because of a few low-earning years.

## **The age you start your pension makes a difference...forever**

The normal age that you start receiving a CPP retirement pension is 65. However, you can start receiving your pension as early as 60 or as late as 70. If you start your pension before 65, you must stop working or earn less than a maximum amount for a required period of time.

*In 2001, the maximum CPP retirement pension is \$775 per month if taken at the age of 65.*

***Quebec has a similar plan***

*If you work in Quebec, you contribute to the Quebec Pension Plan, which is similar to the CPP.*

*Where you live when you apply determines which plan pays your pension. Either way, the amount you receive is calculated from your contributions to both plans.*

If you start your pension early, it is permanently reduced by 0.5 percent for each month that you are under 65. If you start your pension later, it is increased by 0.5 percent for each month that you are over 65, up to the age of 70.

**CPP retirement pensions are protected from inflation**

CPP monthly retirement pensions are adjusted for inflation every January to keep up with increases in the cost of living.

**CPP retirement pensions are taxable**

Your CPP retirement pension is taxable and must be declared on your income tax return each year.

**Pension sharing while living together**

You and your spouse or common-law partner can share your CPP retirement pensions equally if you are at least 60 years old and have both applied for retirement pensions. This may result in income tax savings. You must apply to have your pension shared.

***Planning to retire outside Canada?***

*You can receive your CPP retirement pension regardless of where you live.*

## What to do now

### **Plan for your retirement – use your personal Statement of Contributions**

Each year, we provide a personal “Statement of Contributions” to all CPP contributors. If you are 30 or over, your statement estimates the retirement pension you can expect from the CPP. It also estimates the benefits you and your dependants could receive if you became disabled or died. Your statement is a very useful financial planning tool.

### **Verify your Statement of Contributions**

Your statement gives a detailed history of your earnings and of your contributions to both the Canada Pension Plan and Quebec Pension Plan (if you worked in Quebec). You should make sure your statement is accurate. You may find it helpful to compare the employment income and CPP contributions you reported on your annual income tax returns with the earnings and contributions recorded on your statement.

If you need help understanding your CPP Statement of Contributions, visit our web site or call our toll-free number. You should advise us immediately if you find any errors or if you do not receive your statement.

***IT’S NOT AUTOMATIC – you must apply for CPP benefits***

*You should apply for your CPP retirement pension at least six months before you want it to start.*

*You can obtain an application form by printing one from our web site or by calling our toll-free number.*

**Have you lived or worked outside Canada?**

Canada has agreements with many countries that can help you to get social security benefits from either country. If you did not live or work long enough in one country to qualify for benefits there, the time you spent in that country may still be considered when determining your eligibility to receive benefits from either country. To find out if a country has an agreement with Canada, visit our web site or call our toll-free number.





# Private Pensions and Savings

OAS and CPP pensions are an important part of your retirement income, but they are not intended to meet all your retirement needs.

## 3<sup>rd</sup> Level

### Private Pensions and Savings

It is important to know where your other income could come from in retirement. This brings us to the third level of Canada's retirement income system: private pensions and savings. It's up to you to determine how much you'll need in retirement and to plan for it!

The system of Registered Pension Plans and Registered Retirement Savings Plans is the primary way that the Government of Canada assists you in saving for retirement. The savings in these plans are tax-assisted – contributions are tax deductible and investment income is not taxed as it is earned. The tax is paid when funds are withdrawn from these plans or received as pension income. You may also have other personal savings. You can include in your retirement plan any asset that will grow and supplement your income.

## Employer pension plans

About 40 percent of workers in Canada are covered by an employer pension plan. Formally called Registered Pension Plans (RPPs), these plans are registered with Canada Customs and Revenue Agency and the appropriate federal or provincial regulatory authorities. Once an employer sets up a plan, it must comply with tax and pension standards rules.

If you are in a contributory plan, your employer deducts from your pay cheque any contributions you are required to pay, and reports the total on your T4 tax slip each year. Your annual contribution is tax-deductible.

There are two principal types of employer pension plans – defined benefit plans and defined contribution plans. The type of plan you belong to is important, because it affects the pension you will receive when you retire.

In a **defined benefit plan**, you're promised a monthly pension income that is determined (or "defined") by a formula, such as a combination of your earnings, job classification and the length of time you worked for the employer. It is generally the employer's responsibility to ensure that sufficient funds are available to pay your pension when you retire. The employer assumes the risk of investing all contributions wisely to guarantee the future value of your pension.

In a **defined contribution plan** (or money purchase plan), the amount of the pension you receive is not set in advance. Instead, you and your employer contribute a set (or "defined") amount to the plan, usually determined as a percentage of earnings.

An account is set up in your name and the contributions are invested by your employer. Some plans give you a choice of how you want the contributions invested. Your pension will be based on the funds that have accumulated in your account when you retire.

### **You qualify by participating in your employer pension plan**

Most large employers offer pension plans to their employees. Sometimes a number of employers in an industry will participate in a plan together, often in collaboration with a union. You are usually asked to join within two years of starting continuous employment. Plans can be mandatory or optional.

### **How much income to expect**

#### **Depends on normal retirement age**

Most pension plans specify a “normal” retirement age. This is the age when you can retire with a full pension, typically 65. Under many plans, the normal retirement age is based on your years of service with the company or a combination of your age and years of service.

You may be entitled to take early retirement up to ten years or more before normal retirement age. If so, your pension will normally be reduced because you will be receiving it for more years. Some plans allow you to postpone your retirement as late as the end of the year in which you turn 69, which may result in an increased pension to reflect the fact that you did not start receiving it at 65.





### **Defined benefit pension amount depends on your plan's benefit formula**

With a defined benefit pension plan, the benefit amount is usually calculated based on your plan's benefit rate, your years of service and a measure of your earnings. The formula your plan uses is described in your pension plan booklet. For example, you may receive a pension of up to two percent of your earnings for each year of service. This percentage is important because it determines the amount of your pension. Under the tax rules, defined benefit plans may provide a pension benefit of up to two percent of earnings per year of service (up to a maximum amount).

### **Some pension plans are integrated with CPP or QPP**

Defined benefit pensions sometimes take into account the pension you receive from CPP/QPP. If so, it's called an "integrated" plan because the promised level of benefits is provided in combination with the CPP/QPP. If you retire early, the pension your plan provides will likely be reduced once you are 65 and are receiving CPP/QPP benefits. It's a good idea to find out now if your pension plan is integrated and how this will affect your monthly pension income throughout your retirement.

### **Defined contribution pension amount depends on how much has been saved**

In a defined contribution pension plan, your pension is based on the contributions and investment income that have accumulated in the plan by the

time you retire. It will also depend on the type of retirement income plan you choose at that time. Under the tax rules, you and/or your employer may contribute 18 percent of your earnings (up to a maximum of \$13,500 in 2001).

### **Not all private pensions are protected from inflation**

Some plans provide full or partial indexation of benefits to inflation. Other plans provide discretionary increases from time to time, to help keep up with inflation. Many plans do not provide indexing at all.

### **Pension income is taxable**

Once you start receiving your pension, the income is taxable. This is because no tax was paid on the funds in the plan while you were making contributions.

## **What to do now**

### **Review your company's pension booklet**

It's a good time to read your pension booklet – it explains the terms of your employer pension plan. Find out what kind of plan you have and ask about the ages of normal and early retirement.

### **Review your pension statement**

Take a look at your statement of benefits for your employer pension plan. Generally, if you are a member of a pension plan, you are entitled to one. This statement contains information such as your credited years of service,

employee and employer contributions during the year, the pension benefit earned during the year, and your expected retirement date. Get to know your pension situation.

### **Planning to leave your company before you retire? What about your pension options?**

You normally participate in an employer pension plan for two years before you have a right to receive benefits from it. At that time, your benefits are said to be “vested”; your contributions are locked in and can only be used to provide retirement income.

If you leave your employer before your benefits are vested, you are entitled to a refund of your contributions, plus interest.

If you leave after your pension is vested, you normally have three options:

- take a pension when you reach retirement age;
- transfer your pension funds to another pension plan if your new employer agrees; or
- transfer your pension funds to a registered retirement account. This could be a “locked-in retirement account” or a “locked-in RRSP”, depending on your original pension plan. At retirement, you will need to transfer your funds to a locked-in Registered Retirement Income Fund or a Life Income Fund, or use the funds to purchase an annuity.

Rules about vesting, locking in and withdrawing funds vary, depending on the legislation that governs your plan. Make sure that you fully understand the consequences of all decisions you make in relation to your pension savings.

## Registered Retirement Savings Plans (RRSPs)

RRSPs are the most popular method of personal savings for retirement, especially if you do not participate in an employer pension plan. RRSPs are individual, personally managed savings plans. Like employer pensions, savings in an RRSP receive tax assistance – contributions are tax deductible and investment income is not taxed as it is earned. The tax is paid when funds are withdrawn from these plans.

RRSP funds may be invested in a range of financial products and investment vehicles, including savings accounts, Canada Savings Bonds, term deposits, guaranteed investment certificates, and mutual funds. You can set up an RRSP through most financial institutions – banks, credit unions, trust companies, mutual fund companies, insurance companies, and investment dealers or brokerage firms. You may set up a regular RRSP or a self-directed one. A self-directed RRSP may hold a wider range of investment vehicles (such as individual stocks) and allows you to directly manage your investments. Check with your RRSP issuer and CCRA to find out what investments may be held in your RRSP.

### **You're eligible to contribute to an RRSP if you have earned income**

You must have earned income from employment, professional or business activity in order to contribute to an RRSP. If you have earned income, you may also contribute to an RRSP for your spouse or common-law partner.





### **Your annual deduction limit**

You're allowed to contribute as much as 18 percent of your previous year's earned income to an RRSP, up to a maximum dollar amount of \$13,500 as of 2001. If you're a member of an employer pension plan, your RRSP limit is reduced by a "pension adjustment" to account for your annual pension savings. Canada Customs and Revenue Agency informs you of your deduction limit through your annual Notice of Assessment or Notice of Reassessment. If you do not contribute the maximum amount to your RRSP in a year, you may carry forward the unused deduction limit and use it in a future year.

### **How much income to expect**

The amount of income you can expect from your RRSP depends on the contributions and investment income that have accumulated in the plan by the time you retire. Basically, it depends on how much you save, the length of time your contributions have to grow and how well your investments do.

### **You must pay tax on amounts you withdraw from an RRSP**

The objective of RRSPs is to provide retirement income. However, any time you withdraw funds from your RRSP, the amount withdrawn is taxable. Your RRSP issuer will withhold the necessary tax.

Two programs allow you to make withdrawals of RRSP funds without paying tax immediately: the Lifelong Learning Plan and the Home Buyers' Plan. If you withdraw RRSP funds under one of these plans, you'll receive a statement



of account that tells you how much you have to repay each year. If you miss an annual repayment, the amount will be included in your income for tax purposes.

### **Converting your RRSP when you retire**

You may contribute to an RRSP up until the end of the year in which you turn 69. By the end of that year, you must convert your RRSP to a Registered Retirement Income Fund (RRIF), purchase an annuity or withdraw the funds in a lump sum. In an RRIF, you must withdraw a minimum amount each year. You will be required to pay tax on this income. Your RRSP or RRIF withdrawals add to your income and could affect the amount of your OAS benefits.

## **What to do now**

### **Take inventory of the RRSPs you've accumulated to date**

Gather your RRSP statements and keep a list of all your RRSP accounts.

### **Find out your annual RRSP deduction limit**

Look up your RRSP deduction limit. It is shown on your Notice of Assessment or Notice of Reassessment. You receive these statements from the Canada Customs and Revenue Agency (CCRA) after you file your tax return. If you do not have your notice, you can call CCRA's automated service: T.I.P.S. at **1-800-267-6999**.

### **Determine your savings needs**

Decide how much of your annual earnings you want to save in an RRSP and consider developing a savings plan that will help you meet your goals.

### **Group Registered Retirement Savings Plans (Group RRSPs)**

Some employers offer a group RRSP. It's similar to an individual RRSP except that your employer deducts the contribution from your pay cheque and deposits it into an RRSP for you.

### **Deferred Profit-Sharing Plans (DPSP)**

A deferred profit-sharing plan is set up by an employer for employees. The employer makes contributions based on the company's profits up to a specified maximum. Like employer pension plans and RRSPs, savings in a DPSP are tax-assisted. The contributions and investment income remain tax-sheltered until amounts are paid out of the plan. When you retire, you may receive a lump-sum payment, transfer the funds to an RRSP or Registered Retirement Income Fund, or use them to purchase an annuity.

### **Other Personal Savings and Investments**

There are many other ways you can set aside money for retirement. Make sure that you understand the tax treatment of the different types of investments you hold, as it can vary. This is important to remember as you develop your retirement income strategy.

The following is a list of some of the most common types of investments.

**1. Canada Savings Bonds (CSBs) and Canada Premium Bonds (CPBs)**

CSBs and CPBs are issued by the Government of Canada (some provinces issue similar provincial savings bonds). You may be able to purchase savings bonds at work through the Payroll Savings Program, which includes an RRSP option, and you can cash them at any time. Premium bonds are redeemable once a year on the anniversary of the issue date and during the following 30 days. Interest earned from bonds must be reported on your tax return.

**2. Term deposits and guaranteed investment certificates**

Term deposits and guaranteed investment certificates are interest-bearing investments in which you commit your funds for a specified term and rate of interest. They are usually issued by financial institutions such as banks.

**3. Stocks and bonds**

When you invest in a stock, you buy partial ownership in a company. Companies issue stocks to raise capital. The stocks may be traded among investors, usually on a stock exchange, and investors may receive dividends from the company's profits. If the company does well, the stocks may grow in value.

When you invest in a bond, you lend money to a government organization or company. The bond pays interest at regular intervals and has a maturity date when the principal must be repaid to you.





### **4. Mutual funds**

Mutual funds pool the investments of many individuals together into one big fund. Professional investment managers invest the money following an investment policy established for that particular fund. These include bond funds, domestic stock funds (equity funds), and treasury bills, U.S. and foreign stock funds, among others.

### **5. Segregated funds**

Sold by life insurance companies, a segregated fund is similar to a mutual fund but has unique features, such as the guarantee of all or part of the principal. If the fund loses value because of poor market performance, you get part or all of your original capital back but only if you keep the fund for a specific period of time, typically ten years. Segregated funds offer the possibility of protection from creditors. They are held separately from the insurance company's other assets.

### **6. Life insurance**

The primary purpose of life insurance is to provide survivors with cash upon the death of the insured. However, some policies include an investment component that you can draw upon in retirement.

### **7. Real estate**

Many people invest in real estate to earn rental income as a source of retirement income.

### **8. Equity in a business**

Self-employed people and business owners often put much of their own money back into their business. The value of a business may represent a valuable asset that can be used in retirement to provide income.

### **9. Employee savings plans**

Some companies, especially public companies whose shares you can buy on a stock exchange, offer an employee savings plan. With such a plan, the employee saves a certain percentage of his or her salary in a regular savings plan, and the company often offers to match the employee's savings. In the case of public companies, the contributions are usually invested in the common shares of their own company.

### **10. Equity in your home**

Your home is a personal asset. Moving to a different home in retirement may free up additional money.

### **What to do now**

Figure out the retirement income you'll receive from your private pensions and savings.

There are basically three steps to take to find out how much retirement income your pensions and savings will provide:

- Consider how much you have saved so far.
- Project how much you will save between now and when you expect to retire, including the investment growth.
- Estimate the annual pension income that your savings will generate.

You might want some help. Most of the organizations listed at the end of this brochure have web sites and publications to help you learn more about financial planning and investing.



# Steps to Take

Now is the time to put your retirement house in order. Estimate the retirement income you will need and compare it with what you can expect from OAS, CPP, any other pension you will receive, and your current and future savings. Anticipate your expenses as well, so you'll know where you stand. And review your retirement plan regularly as your wages and situation change.

Planning for your retirement takes work, but it is an important step in securing your financial future. By planning now, you will be on your way to a rewarding retirement!

## Getting organized for your retirement

RETIREMENT INCOME		STEPS TO TAKE	CONTACT
<b>1st Level — OAS</b>			
	Now	Keep records of dates if you move in and out of Canada.	
		Estimate your OAS pension amount.	HRDC – OAS
	At 65	Apply for benefits six months in advance.	

RETIREMENT INCOME		STEPS TO TAKE	CONTACT
<b>2nd Level — CPP/QPP</b>			
	Now	Review your most recent CPP “Statement of Contributions” for accuracy.	HRDC – CPP, Quebec – RRQ
		Use your statement to estimate your CPP retirement pension.	
	At 60 - 70	Decide at what age you want to start your CPP retirement pension. Apply for benefits six months in advance.	
<b>3rd Level — Private Pensions and Savings</b>			
	Now	Determine your savings needs. Make a retirement plan and review it regularly. Forecast your expenses and decide whether your retirement income will be sufficient.	
<b>Employer Pension</b>	Now	Obtain your employer pension plan statement and booklet. Review it for accuracy and estimate your employer pension amount.	Employer/Plan Administrator
<b>If you leave your employer</b>		Understand the options available to you for transferring your pension funds.	Employer/Plan Administrator

RETIREMENT INCOME		STEPS TO TAKE	CONTACT
<b>3rd Level — Private Pensions and Savings</b> (continued)			
	At retirement	Convert your defined contribution pension plan to retirement income.	
<b>RRSP</b>	Now	Find out your annual RRSP deduction limit and any unused contribution room. See your Notice of Assessment or Notice of Reassessment.	Canada Customs and Revenue Agency
	At 69	Convert your RRSP to an RRIF or annuity.	
<b>Other savings</b>	Now	Review your savings and include them in your retirement income planning.	Investment statements Financial planner or other professional
	At retirement	Convert your savings into retirement income.	Financial planner or other professional





# Resources

## WHERE CAN I GO FOR HELP?

### Public Pensions

#### Human Resources Development Canada (HRDC)

At Human Resources Development Canada, we are ready to answer your questions about OAS and CPP. This brochure provides only basic information about your public pensions, but we have others that provide more details.

Call: 1 877 454-4051  
1 800 255-4786 (TDD/TTY)

Visit online: [www.hrdc-drhc.gc.ca/isp](http://www.hrdc-drhc.gc.ca/isp)

#### Régie des rentes du Québec (RRQ)

The RRQ administers the Quebec Pension Plan.

Call: 1 800 463-5185  
1 800 603-3540 (TDD/TTY)

Visit online: [www.rrq.gouv.qc.ca](http://www.rrq.gouv.qc.ca)

## Employer Pensions

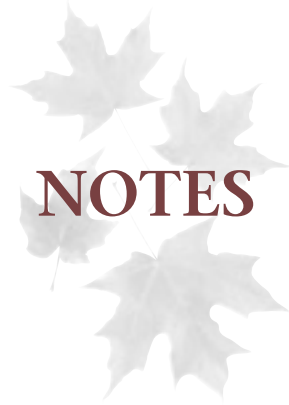
<b>Canadian Association of Pension Supervisory Authorities (CAPSA)</b>	
A national association of pension supervisory authorities whose goal is to facilitate an efficient and effective pension regulatory system in Canada.	Call: 1 800 668-0128 (ext. 7773) 1 800 387-0584 (TDD/TTY) Visit online: <a href="http://www.capsa-acor.org">www.capsa-acor.org</a>
<b>Office of the Superintendent of Financial Institutions (OSFI)</b>	
The primary regulator of federally administered private pension plans. Safeguards members of these plans from undue loss.	Call: 1 800 385-8647 Visit online: <a href="http://www.osfi-bsif.gc.ca">www.osfi-bsif.gc.ca</a>

## Financial Planning

<b>Association québécoise de la planification financière (AQPF)</b>	
The membership organization of financial planners in Quebec. It provides information on financial planning and maintains a directory of financial planners in Quebec.	Call: 1 877 737-7090 Visit online: <a href="http://www.aqpf.org">www.aqpf.org</a>
<b>Canadian Association of Financial Planners (CAFP)</b>	
The membership organization of Canada's financial planners. It provides information about financial planning and finding a financial planner.	Call: 1 800 346-2237 Visit online: <a href="http://www.cafp.org">www.cafp.org</a>

<b>Canadian Association of Insurance and Financial Advisors (CAIFA)</b>	
The professional association of Canada’s insurance and financial advisors. CAIFA provides information about insurance and financial planning.	Call: 1 800 563-5822 Visit online: <a href="http://www.caifa.com">www.caifa.com</a>
<b>Financial Planners Standards Council (FPSC)</b>	
Establishes and enforces standards for financial planners who earn the designation of Certified Financial Planner (CFP). It provides information on financial planning and maintains a directory of all CFP licensed financial planners.	Call: (416) 593-8587 Visit online: <a href="http://www.cfp-ca.org">www.cfp-ca.org</a>
 <b>Savings and Investments</b>  	
<b>Canadian Bankers Association (CBA)</b>	
A professional industry association representing Canada’s chartered banks. It provides information on banking, investing, and financial and retirement planning.	Call: 1 800 263-0231 Visit online: <a href="http://www.cba.ca">www.cba.ca</a>
<b>Canada Customs &amp; Revenue Agency (CCRA)</b>	
Provides tax and RRSP information.	Call: 1 800 959-8281 (English) 1 800 959-7383 (French) 1 800 665-0354 (TDD/TTY) Visit online: <a href="http://www.ccra-adrc.gc.ca">www.ccra-adrc.gc.ca</a>

<b>Canada Investment and Savings (CIS)</b>	
Provides information on Canada Savings Bonds and other savings products from the Government of Canada.	<p>Call: 1 800 575-5151 1 800 354-2222 (TDD/TTY)</p> <p>Visit online: <a href="http://www.csb.gc.ca">www.csb.gc.ca</a></p>
<b>Canadian Life and Health Insurance Association Inc. (CLHIA)</b>	
Represents life and health insurance companies. It operates a Consumer Assistance Centre.	<p>Call: 1 800 268-8099 (English) 1 800 361-8070 (French)</p> <p>Visit online: <a href="http://www.clhia.ca">www.clhia.ca</a></p>
<b>Investment Funds Institute of Canada (IFIC)</b>	
The member association of the investment funds industry in Canada. A goal is to improve the knowledge of people who invest in investment funds.	<p>Call: (416) 363-2158</p> <p>Visit online: <a href="http://www.ific.ca">www.ific.ca</a></p>
<b>Investor Learning Centre of Canada (ILC)</b>	
An independent, not-for-profit organization dedicated to providing non-promotional investment education to Canadians.	<p>Call: 1 888 452-5566</p> <p>Visit online: <a href="http://www.investorlearning.ca">www.investorlearning.ca</a></p>



# NOTES

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Income  
Security Programs

