



## RETIREMENT

## Less than 1% of Canadians choose to delay CPP. Here's why the rest are missing out

**BONNIE-JEANNE MACDONALD**

CONTRIBUTED TO THE GLOBE AND MAIL

PUBLISHED JULY 21, 2020

361 COMMENTS

SHARE

- A

**A +**

TEXT SIZE



BOOKMARK



Delaying benefits from the Canada Pension Plan (CPP) – or its Quebec counterpart, the Quebec Pension Plan (QPP) – for as long as possible is the safest, most inexpensive pension that money can buy. So why do almost all Canadians take CPP at age 65, or even earlier?

According to a survey released Friday by the Government of Canada, the answer is simple: Canadians don't know about (or understand) this valuable option.

### Good things come to those who wait

Canadians aren't required to take their CPP/QPP benefits as soon as they retire, and there is a sizable financial advantage to delaying. Benefit levels are adjusted according to the age they start, and those adjustments are relatively large.

For example, waiting until the maximum age of 70 to take CPP would bring retirement benefits to nearly 50 per cent more than at age 65 – and more than double what they would be at age 60. Those higher benefits last for life and keep up with inflation. With Canada's aging population and widespread concerns that Canadians are inadequately prepared for the long retirement that may be in store, having worry-free income (like the CPP/QPP) will matter even more going forward.

#### [At what age should you start taking CPP? Try our Globe calculator](#)

It's critical that retiring workers know how to get the most from the CPP/QPP program. For Canadians in reasonable health who can afford to wait – whether by working longer or

dipping into their registered retirement savings plans (RRSPs) – delaying the start of CPP benefits for as long as possible, to age 70, helps maximize the benefits they'll receive.

However, fewer than 1 per cent of Canadians choose this option. Over the past decade, Canadians have most often taken their CPP benefits as soon as they're eligible (at age 60), giving up substantial lifetime income, as well as protection against financial market risks, high inflation and living longer than anticipated.

## More education needed

---

A 2018 poll carried out on the Government of Canada website demonstrates the lack of understanding of this valuable financial strategy.

The survey asked Canadian residents between ages 40 and 64: Do you think it's possible to delay the start of your Canada Pension Plan (CPP) retirement pension? Of nearly 4,000 participants, slightly more than a third answered correctly. Even more alarming, 40 per cent of respondents had already started taking their CPP benefits.

Although these are startling results, the bright side is that it brings us one step closer to solving the riddle. Canadians are not making use of this option simply because many do not realize its most basic mechanics.

The fact is, many Canadians would benefit from delaying their CPP/QPP payments. But first, they need to know this option exists.

*Bonnie-Jeanne MacDonald, PhD FSA FCIA, is the director of financial security research at the National Institute on Ageing (NIA) at Ryerson University, fellow of the Society of Actuaries, fellow of the Canadian Institute of Actuaries, and resident scholar at Eckler Ltd.*

---

© Copyright 2020 The Globe and Mail Inc. All rights reserved.

351 King Street East, Suite 1600, Toronto, ON Canada, M5A 0N1

Phillip Crawley, Publisher