A Reference Guide

Old Age Security and the Canada Pension Plan

This booklet is a reference guide to the Canada Pension Plan and Old Age Security programs. It is intended to give a general description of how the programs operate, who is eligible, and how benefits are determined.

It is not possible, in the limited space available, to provide a comprehensive explanation of all the details of the complex legislation governing these programs. When questions arise, the legislation must govern.

This booklet is also available in alternative formats on request.

Aussi disponible en français sous le titre: Guide de référence — Sécurité de la vieillesse et Régime de pensions du Canada

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If an individual:
- and his or her spouse or common-law partner are both 60 or over
- is recently widowed
- is divorced or separated
- has children who were born after December 31, 1958
- has lived or worked abroad
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If an individual...

- and his/her spouse or common-law partner are both 60 or over, the individual can apply to share his/her CPP retirement pensions. This could result in income tax savings. ................................................................. 22

- is recently widowed, he/she may be eligible for monthly survivor benefits. Dependent children up to the age of 25 may also be eligible (those between 18 and 25 must be in school full time). The CPP also offers a lump-sum death benefit to the estate of the contributor to help with funeral expenses. ........................................................................... 27

- is divorced or separated, CPP contributions made by the individual or common-law partner during the marriage or common-law relationship can be divided equally. ............. 18

- has children who were born after December 31, 1958, the child-rearing provision may help him or her qualify to increase his/her payments. In calculating an individual’s benefits, the CPP can leave out the time when he or she had no income or a low income because he/she was raising children under the age of seven. ............................... 17

- has lived or worked abroad, the individual or his/her family may be eligible for old age, retirement, disability, or survivor benefits from that country, from Canada, or from both. .................................................................................. 33
Canada’s Social Security System

Canada’s social security system has evolved gradually in response to a variety of social, economic, and political factors. From a modest beginning in 1927, a system has developed that consists of virtually universal benefits, social insurance plans, social assistance programs, and a wide array of health and social services. Canada’s retirement income system has three levels.

Under the Canadian constitution, the federal and provincial governments share responsibility for social security. Both play an important role in planning, administering, delivering, and financing income security, health, and social service programs.

In the area of income security, the Department of Human Resources and Social Development administers the following federal programs, which provide financial benefits directly to individuals and make up the first two tiers of Canada’s retirement income system:

- the Old Age Security (OAS) program, which includes the Guaranteed Income Supplement (GIS) and the Allowance, and
- the Canada Pension Plan (CPP), which includes the CPP Disability benefit.

These benefits are delivered to Canadians by Service Canada. Service Canada is also responsible for delivering the Employment Insurance program. Other federal departments and agencies involved in income security include the Canada Revenue Agency (CRA) and the Department of Veterans
Old Age Security and the Canada Pension Plan

The CRA collects Canada Pension Plan and employment insurance contributions and delivers the Canada Child Tax Benefit, and the DVA is responsible for pensions and allowances for veterans and their dependants.

Provincial and territorial governments are responsible for other social assistance programs and determine the conditions of eligibility and the benefit amounts for these programs. They also have jurisdiction over Workers’ Compensation plans, which provide benefits in cases of injury or death occurring at work. Several provinces also provide income support to seniors by supplementing the benefits paid by the federal Old Age Security program.

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

Many employers help build an individual’s retirement income by providing pension plans. But some individuals are self-employed or do not have an employer plan or they may wish to supplement their pension income. Canadians can build their own nest egg through Registered Retirement Savings Plans (RRSPs) or other investments such as mutual funds or home equity.

The Government of Canada provides tax assistance on savings in Registered Pension Plans and RRSPs, which encourages and assists 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. An individual may also have other personal savings that can be included in his or her retirement plan to supplement future income.
Old Age Security Program

GENERAL INFORMATION

The Old Age Security program, which had its beginnings in 1927, is the cornerstone of Canada's retirement income system.

Administered by the Department of Human Resources and Social Development, the program is financed from general federal tax revenues. It pays monthly pension benefits to all Canadians 65 and over who meet the residence requirements, and some supplementary benefits to eligible low-income seniors 60 and over.

All benefits payable under the *Old Age Security Act* are adjusted, if necessary, in January, April, July, and October of each year to reflect increases in the cost of living as measured by the Consumer Price Index. Monthly payments are **not reduced** if the cost of living drops.

The Old Age Security program provides the following benefits:

- the OAS pension,
- the Guaranteed Income Supplement, and
- the Allowance (which includes the Allowance for the survivor).

Eligibility for OAS benefits is based on years of residence in Canada. Specific eligibility requirements are explained in the sections describing the individual benefits.

All OAS benefits must be applied for, and retroactive payments can be made for a maximum of 11 months.
Payment of OAS benefits can be made retroactively for a longer period only if the applicant was considered unable to apply earlier because of a severe incapacity. A person may be considered to be “incapacitated” if he or she is incapable of forming or of expressing the intent to make such an application or request.

**Reconsidering and appealing a decision:** Applicants may request an explanation of a decision and, if they are not satisfied, a reconsideration of any decision that affects their eligibility or the amount of their benefit. This request must be made in writing within 90 days of receiving the notice of decision. If they are still not satisfied with the decision after reconsideration, they may then appeal to a Review Tribunal.

**THE BENEFITS**

**OLD AGE SECURITY PENSION**
The OAS pension is a taxable monthly benefit available to most people 65 or older who meet the residence requirements. Eligible applicants can receive the OAS pension even if they are still working or if they have never worked, but they must apply for it. Pensioners whose net income, including the OAS pension, is above a certain amount ($62,144 in 2006) are required to reimburse part of their pension amount.

**To qualify:** To qualify for an OAS pension in Canada, applicants must be 65 years of age or older and must be Canadian citizens or legal residents of Canada at the time the pension is approved. They must have resided in Canada for at least 10 years after the age of 18. Periods of residence and/or contributions in a country with which Canada has a social security agreement may be used to help meet the residence requirement for eligibility. (See page 33 for details.)
Amount of benefit: The amount of the OAS pension is determined by how long a person has resided in Canada, according to specific rules.

- A person who has resided in Canada for at least 40 years after reaching the age of 18 may qualify for a full OAS pension.
- A person who has not resided in Canada for 40 years after the age of 18 may still qualify for a full pension if, on July 1, 1977, he or she was 25 years of age or over, and
  1. resided in Canada on that date, or
  2. had resided in Canada after the age of 18 and before that date, or
  3. possessed a valid immigration visa on that date.

To qualify, a person must normally have resided in Canada for 10 years immediately before approval of his or her application. However, under certain circumstances, an exception can be made. A person who, after the age of 18, lived in Canada for at least three years for each year of absence during that 10-year period, and also resided in Canada for at least one year immediately before the application is approved, will qualify for a full OAS pension.

Example: From age 55 to 65, Marie lived outside Canada for two years. She lived in Canada for 30 years between the ages of 18 and 55. Marie has thus lived three years in Canada for each of the two years she was absent from Canada (during the 10-year period). Since Marie also lived in Canada for a year before her application was approved, she qualifies for a full OAS pension.
Absence from Canada: People working outside Canada for Canadian employers, or for international organizations, may have their time working abroad counted as residence in Canada. This may also apply to their spouses/common-law partners and dependants.

Partial pensions: A person who cannot meet the requirements for the full OAS pension may qualify for a partial pension if he or she has resided in Canada for at least 10 years after the age of 18. A partial pension is paid at the rate of 1/40th of the full monthly pension for each full year of residence in Canada after the applicant’s 18th birthday.

Payment outside Canada: To receive the pension when no longer residing in Canada, the applicant must have been a Canadian citizen or a legal resident of Canada when he or she left.

Once a full or partial OAS pension has been approved, it may be paid indefinitely outside Canada if the pensioner has resided in Canada for at least 20 years after reaching the age of 18. A person who has not resided in Canada for 20 years but who has resided or worked in a country that has a social security agreement with Canada may meet the 20-year residence requirement under the provisions of that agreement (see page 33).

If the person does not meet the 20-year residence requirement, payment may be made only for the month when he or she leaves Canada, and the following six months. The pension may be reinstated if the person returns to reside in Canada.
Retroactive payments: People who apply for an OAS pension after the age of 65 can receive a retroactive payment back to their 65th birthday or to a maximum of 11 months, whichever is shorter. The period of retroactivity is calculated from the month the application is received. (They would at the same time receive payment for the month in which the application was received.)

GUARANTEED INCOME SUPPLEMENT
The Guaranteed Income Supplement (GIS) is a monthly benefit paid to residents of Canada who are eligible to receive an OAS pension (full or partial) and have little or no other income. GIS payments can begin in the same month as OAS pension payments.

The GIS is not taxable. It must be applied for and renewed annually (most people can reapply automatically by filing their annual income tax return by April 30), and the monthly payments may increase or decrease according to changes in the recipient’s annual income and marital status.

The GIS is not payable outside Canada for more than six months following the month of departure, regardless of how long the person resided in Canada.

To qualify: To receive the GIS benefit, a person must be eligible for an OAS pension. The annual income of the applicant or, in the case of a couple, the combined income of the applicant and his or her spouse/common-law partner cannot exceed certain limits.
Sponsored immigrants who receive OAS benefits as a result of a social security agreement are not eligible for the GIS or the Allowance during their sponsorship period (up to a maximum of 10 years) unless they resided in Canada as Canadian citizens or permanent residents on or before March 6, 1996, and became eligible for benefits before January 1, 2001.

**EXCEPTION**: In the case of a breakdown of sponsorship, sponsored immigrants who were admitted to Canada after March 6, 1996, may be entitled to a partial GIS benefit or the Allowance.

**Retroactive payments**: As is the case for the OAS, people who apply for the GIS after the age of 65 can, if eligible, receive a retroactive payment covering the period from their 65th birthday or 11 months, whichever is shorter. The period of retroactivity is calculated from the month the application is received. (They would at the same time receive payment for the month in which the application was received.)

**Amount of benefit**: The amount to which a person is entitled depends on his or her marital status and income.

Income is defined for the GIS in the same way income is defined for federal income tax purposes, with a few exceptions—the most important one being that, for GIS purposes, the OAS is not considered income.

If the GIS applicant is married or living in a common-law relationship, the combined income of the pensioner and his or her spouse/common-law partner must be taken into account.
Generally, income earned in the previous calendar year is used to calculate the amount of benefits paid in a payment year (July to June of the following year). However, if a pensioner or his or her spouse/common-law partner has recently retired or has experienced a loss of income, an income estimate for the current calendar year may be used to calculate benefits.

**Basic GIS rates**

The GIS has two basic rates of payment:

- The single rate applies to single, widowed, divorced or separated persons, and to married or common-law OAS pensioners whose spouse or common-law partner receives neither the OAS pension nor the Allowance.

- The married/common-law rate applies both to legally married couples and to couples living in common-law relationships if both spouses or common-law partners are OAS pensioners or if one is a pensioner and the other receives the Allowance. If a couple is separated for reasons beyond their control, they may receive either the single GIS rate for each or the married rate, whichever is more advantageous.

**Non-sponsored immigrants**: Non-sponsored immigrants with less than 10 years of residence in Canada who qualify for OAS benefits under a social security agreement may qualify for a pro-rated GIS/Allowance benefit. Their entitlement will grow gradually over 10 years—one tenth of the benefit for each year of residence.
THE ALLOWANCE AND THE ALLOWANCE FOR THE SURVIVOR
The Allowance and the Allowance for the survivor are benefits for 60- to 64-year-old low-income seniors. They are designed to lessen the financial difficulty faced by couples living on a single pension and by many seniors whose spouse or common-law partner has died. Benefits must be applied for every year and are not considered to be income for tax purposes. Allowance benefits are not payable outside Canada beyond a period of six months after the month of departure, regardless of how long the person resided in Canada.

To qualify: The Allowance may be paid to the spouse or common-law partner of an OAS pensioner who is eligible for the GIS, and the Allowance for the survivor to a senior whose spouse or common-law partner has died. To qualify, an applicant must be between 60 and 64 and have resided in Canada for at least 10 years after turning 18. He or she must also have been a Canadian citizen or a legal resident of Canada on the day before approval of the application. His or her annual income, combined with that of the pensioner (or on its own in the case of a surviving spouse/common-law partner), cannot exceed certain limits, which are set annually. OAS and GIS benefits are not included in the calculation of income for the Allowance.

The Allowance stops when the recipient becomes eligible for an OAS pension at 65 or if the beneficiary leaves Canada for more than six months or dies. For a couple, the Allowance stops if the recipient of the OAS pension ceases to be eligible for the GIS or if the couple separate or divorce. The Allowance for the survivor stops if a survivor remarries or enters into a common-law relationship for more than 12 months.
Retroactive benefits: People who apply for the Allowance or the Allowance for the survivor after the age of 60 can, if eligible, receive a retroactive payment covering up to 11 months. The period of retroactivity is calculated from the month the application is received. (They would at the same time receive payment for the month in which the application was received.)

Sponsored immigrants: A sponsored spouse/common-law partner of an OAS pensioner with less than 10 years of residence in Canada after the age of 18 is not eligible for the Allowance for the period of his or her sponsorship (up to a maximum of 10 years).

Non-sponsored immigrants: A pro-rated benefit may be paid to a non-sponsored immigrant who has not resided in Canada for 10 years after reaching 18 if he or she qualifies under a social security agreement with another country. The Allowance entitlement grows gradually over 10 years, paid at the rate of one tenth of the benefit for each year of residence in Canada.

Amount of benefit: Allowance benefits are income-based. The maximum amount payable to a pensioner’s spouse/common-law partner is equal to the combined full OAS pension and the maximum GIS at the “married/common-law” rate. The maximum amount for a survivor is higher.

APPEALING AN OAS DECISION
Reconsideration: Applicants who disagree with the decision concerning their application for an OAS benefit may request a reconsideration of their case by Service Canada. They must do this in writing within 90 days of receiving Service Canada’s written decision.
Appeal to the Review Tribunal: Applicants who are not satisfied with the reconsideration decision may request an appeal by the Office of the Commissioner of Review Tribunals. Again, this must be done in writing within 90 days of receiving the written reconsideration decision. A Review Tribunal consists of a chairperson (who is always a lawyer) and two others. The Tribunal is an independent body; it does not act on behalf of the Minister or the Department, the appellant, or any other party to the appeal.

The decision of the Tribunal is final and binding. However, if there is any question of law, any of the parties may ask for a judicial review by the Federal Court of Canada.

Canada Pension Plan

GENERAL INFORMATION

The Canada Pension Plan (CPP) is a social insurance program based on contributions on earnings. Part of Canada’s retirement income system since 1966, the Plan ensures a measure of protection to contributors and their families against the loss of income due to retirement, disability, or death. It is delivered by Service Canada through offices located in each province.

The CPP operates throughout Canada, in concert with the Quebec Pension Plan (QPP), which covers people who work in the province of Quebec. The CPP and QPP have similar benefits, and their operation is coordinated through
agreements between the two plans. Benefits from either plan are based on pension credits accumulated under both and are taxable. All CPP benefits except the death benefit are adjusted in January each year to reflect increases in the cost of living as measured by the Consumer Price Index. They are not reduced if the cost of living goes down.

The CPP covers most employed and self-employed persons in Canada between the ages of 18 and 70 who earn more than a specified amount in a calendar year. This minimum level, known as the Year’s Basic Exemption, is frozen at $3,500.

The legislation governing the CPP contains a unique formula for making major changes to the Plan. Such changes must be approved not only by Parliament but also by at least two thirds of the provinces with at least two thirds of the population of Canada.

FUNDING THE PLAN
The CPP is a contributory plan. This means that all costs are covered by the financial contributions of employees, employers, and self-employed workers, and from revenue earned on CPP investments. The CPP is not funded through general tax revenues.

The CPP Investment Board invests CPP funds in financial markets, broadly following the same investment rules as other pension plans. It is accountable to the public and reports its investment results regularly. The Board operates at arm’s length from the federal and provincial governments.
To ensure that the CPP remains financially sound, the combined employer-employee contribution rate has consistently risen over the past few years and is now at a level that is expected to sustain the Plan well into the future. Federal and provincial finance ministers continue to review the Plan’s financial state every three years, as required by the legislation.

**CONTRIBUTIONS AND CREDITS**

Contributions are paid on annual employment earnings between the minimum ($3,500) and an annual maximum level. Contributions from self-employed persons are based on net business income (after expenses). The maximum is linked directly to the average Canadian wage.

**Contributory period**

The contributory period is defined as the period:

- starting on January 1, 1966, or when the contributor reached 18 years of age, whichever is later; and
- ending the month before the contributor begins to receive a CPP retirement pension, turns 70, or dies, whichever happens first.

The contributory period does not include any month during which the contributor was deemed to have a disability according to the CPP or the QPP legislation. If a client is receiving a disability benefit when he or she turns 65, the disability pension is automatically converted to a retirement pension.
Tracking earnings
A record of earnings is maintained for every contributor to document the history of his or her pensionable earnings and contributions to the CPP. A personal “Statement of Contributions” is updated annually and is available to contributors both online and through the mail.

Drop-out provisions
Certain periods of low or zero earnings—up to 15 percent of an individual’s contributory period—may be excluded when calculating average monthly pensionable earnings. This “drop-out” period is intended to compensate for periods of unemployment, illness, schooling, and so on.

Months of low or zero earnings while caring for dependent children under the age of seven may also be excluded from the contributory period. This provision ensures that reduced earnings during child-rearing years will not result in lower CPP benefits. It applies to the person who received a Family Allowance benefit or was the spouse of a Family Allowance recipient. It also applies to those who are eligible for the Child Tax Benefit.

If a person continues to work and contribute to the CPP after turning 65 and has higher earnings than previously, those earnings can be substituted for similar periods of earnings before the age of 65. For example: if a person works for two years after turning 65 and contributes at the maximum level, those two years can be used to replace any two years of low or zero earnings that took place before his or her 65th birthday. Please note that once the retirement pension begins, it is not possible to contribute to the CPP.
Credit splitting

Since 1978, the CPP has contained a provision allowing CPP credits to be divided between ex-spouses after a divorce or legal annulment. In January 1987, the provision was broadened to include couples who separate from a legal or common-law union.

When a marriage or common-law relationship ends, the CPP credits built up by the couple while they resided together can be divided equally between them. These credits can be split even if one spouse/common-law partner did not contribute to the CPP.

Credit splitting can affect the CPP entitlements of both former spouses/common-law partners. Please note the following differences in application requirements:

- There is no time limit to apply for credit splitting in the case of divorce or annulment.
- Spouses who separate must have been living apart for at least one year before they can submit an application. There is no time limit for applying unless one of the former spouses dies, in which case the application must be submitted within three years of the date of death.
- Separated common-law partners must also have been living apart for at least one year before they can submit an application, unless one of the former partners dies during that year. Unlike former spouses, however, former common-law partners must in all cases apply for credit splitting within four years of the date they began living apart.
A credit split is mandatory by law in cases of divorce once the Minister of Human Resources and Social Development receives the required documentation (with certain exceptions noted below). Therefore, once a request for credit splitting is made, it cannot be withdrawn. Separated couples who were married or in a common-law relationship can withdraw their application within 60 days after being notified of a split. No split will be made if the result would be a loss of credits to both spouses/common-law partners.

Any spousal agreements in existence must be submitted. Some agreements that contain a general property waiver or specific waivers of pension credits can prevent a split of pension credits, particularly if they were signed before June 4, 1986, or if they were signed in British Columbia, Alberta, Saskatchewan, or Quebec. Most waivers, however, do not prevent a split of pension credits.

Former common-law partners of the same sex may be eligible for credit splitting if the separation occurred after July 2000 and they have been separated for at least 12 months since that date.

**Contributors to both the CPP and QPP:** Contributors pay into the Plan based on where they work, not where they reside. Contributors who work in Quebec pay into the QPP. Those who work in any other province or territory pay into the CPP. Depending on where a person works, contributions may be made to both plans during his or her years of employment.

The two plans provide similar benefits. A person who pays into only one of the plans should apply to that plan for pensions or benefits, regardless of where he or she lives.
People who have contributed to both the CPP and the QPP apply to the QPP if they reside in Quebec when applying for a benefit and to the CPP if they reside elsewhere in Canada when they apply. Those who reside outside Canada apply according to the last province in which they resided before they left the country.

Regardless of which plan pays the benefit, the amount is calculated according to contributions made to both plans and the legislation of the plan responsible for paying the benefit.

Provided an applicant meets CPP eligibility conditions, payments are made anywhere in the world.

**Social security agreements with other countries:** Contributors who have resided or worked outside Canada may meet the minimum eligibility requirements for CPP benefits through international social security agreements (see page 33 for more information).

**APPLYING FOR BENEFITS**
Canada Pension Plan benefits are not paid automatically. They must all be applied for. Prompt application is recommended because retroactive payments can be made for no more than 12 months.

**Exception:** An application for CPP benefits can be made retroactively if the applicant was considered unable to apply earlier because of an incapacity. A person may be considered to be “incapacitated” if he or she is incapable of forming or expressing the intention to make such an application or request.
THE BENEFITS

RETIREMENT PENSION

To qualify: Anyone who has made at least one valid contribution to the CPP is eligible to receive a monthly retirement pension. The pension may be received as early as the month following the contributor’s 60th birthday, provided an application is completed and the necessary documents are provided.

Early retirement: To receive a pension before the age of 65, the contributor must have stopped working or reduced his or her employment/self-employment income to less than the maximum monthly retirement pension payable at the age of 65. The income must be at this level for the month before the early retirement pension begins and for the month in which it starts. This requirement does not apply to people who begin their pension at 65 or later.

People receiving a CPP retirement pension can return to work, but can no longer contribute to the CPP.

Amount of benefit: People who start their pension at the age of 65 receive a monthly benefit equal to about 25 percent of their average monthly pensionable earnings during their contributory period.

The amount of a retirement pension beginning before the person’s 65th birthday is reduced by 0.5 percent for each month between the starting of the pension and the month of his or her 65th birthday. Similarly, the amount of a retirement pension that starts between the ages of 65 and 70 is adjusted upwards by 0.5 percent for each month between
the month after the 65th birthday and the month for which the first payment is made. No adjustment is made after the 70th birthday. Thus, the maximum adjustment that may be made, up or down, to the retirement pension is 30 percent.

People who apply for a retirement pension after the age of 65 may choose to receive the adjusted pension rate or take a retroactive payment of up to 12 months (or dating back to when they reached 65 years of age if that is less than 12 months).

Sharing of retirement pensions: Spouses in a continuing marriage and partners in a common-law relationship may apply to receive an equal share of the CPP retirement pension earned by both. This may be a tax advantage for them as a couple. Either one of the spouses or common-law partners can apply for this sharing of pensions, but both must be at least 60 years of age and have applied for their CPP retirement pensions.

DISABILITY BENEFIT
To qualify: To receive a CPP disability benefit, a person must have made sufficient valid contributions to the Plan and have a disability as defined in CPP legislation. He or she must be under 65 and not receiving a retirement pension. All applications must be made in writing.

To be eligible, a contributor must have a physical or mental disability that is both severe and prolonged. “Severe” means that the person’s condition prevents him or her from working regularly at any job. “Prolonged” means that the condition is long-term or likely to result in death.
As of January 1, 1998, applicants must have made sufficient valid contributions to the CPP in four of the last six years. (There are also provisions that may help late applicants qualify for benefits.)

The CPP cannot pay a disability benefit to the estate of a deceased person unless an application was received before the contributor died.

**Amount of benefit:** The monthly disability benefit includes a fixed amount ($397.61 per month in 2006), plus an amount based on how much and for how long the contributor paid into the Plan. The **maximum** benefit payable in 2006 is $1,031.05.

A CPP disability benefit begins four months after the month a person is deemed to be disabled. It is payable until the beneficiary:

- regains the capacity to work on a regular basis,
- begins receiving a CPP retirement pension, or
- dies.

When the recipient of a disability benefit reaches 65, the benefit is automatically converted to a retirement pension. The monthly retirement payment will be lower than the disability payment, but most people in Canada are eligible for the Old Age Security (OAS) pension at the age of 65, which offsets the reduction. See page 5 for information about the OAS pension.
CPP disability benefits are payable to all eligible contributors who apply, whether or not they receive disability income from other sources. Other disability income programs, such as private long-term disability insurance plans, workers’ compensation, and provincial/territorial social assistance programs are often designed to offset CPP benefits. This means that the monthly amount paid by these other programs is usually reduced by an amount equal to all or some of the amount paid by the CPP.

**Continuing eligibility:** The Department of Human Resources and Social Development is responsible for ensuring that only those who qualify for benefits continue to receive them. A person’s condition may be periodically reassessed to ensure that he or she continues to be eligible.

**Returning to work**
While many CPP disability beneficiaries will not be able to return to regular employment because of the severity of their disability, the CPP offers a number of *supports and services* to make it easier for those who want to try returning to work.

Beneficiaries can continue to receive benefits while:

- volunteering;
- attending school, participating in training, or upgrading their skills; or
- working—beneficiaries can earn up to $4,200 (gross income in 2006) without having to report these earnings to the CPP. Once they have earned $4,200, they need to contact us.
PLEASE NOTE: this amount is **not** a point at which benefits are stopped; it is an opportunity to see if beneficiaries would benefit from some additional assistance that may help them return to work on a regular basis.

In consultation with the CPP, beneficiaries can also:

- plan a return to work, tailored to their needs, through the CPP’s vocational rehabilitation services; or
- participate in a paid work trial for up to three months while continuing to receive CPP disability benefits. This provides an opportunity for them to test their ability to work on a regular basis and for us to determine how we can help them in their attempt to return to regular work, if that is a possibility.

**Stopping and re-starting benefits**

Benefits will be stopped only after a beneficiary has completed the paid work trial described above, demonstrating the ability to work on a regular basis.

Since January 31, 2005, a new provision in the Canada Pension Plan called **Automatic Reinstatement** provides a financial safety net for people whose benefits were stopped because they returned to regular employment. If their disability recurs within two years and they cannot continue working, their CPP disability benefits will be quickly reinstated upon request; they will not have to re-qualify.

**NOTE:** Automatic Reinstatement is available only to beneficiaries who inform the CPP when they go back to work.
There is also a fast-track re-application available for up to five years after benefits stop to people who have been contributing to the CPP.

**Benefits for children of contributors with a disability**

**To qualify:** A benefit may be paid to (or on behalf of) the child of a disability benefit recipient if that child is:

- under 18, or
- between the ages of 18 and 25 and in full-time attendance at a recognized educational institution. Benefits are suspended if the child is no longer attending school full time, but may be reinstated if he or she goes back to school full time.

**Payment of benefits:** For 2006, the monthly amount for a child’s benefit is $200.47. Once the application is approved, payment begins either:

- the month when the disability benefit becomes payable to the contributor,
- the month following the child’s birth or adoption, or
- the month after the 18- to 25-year-old dependant started attending school full time.

Payment stops if the contributor no longer receives a disability benefit, if the child no longer meets the eligibility conditions described above, or if the child dies.

Children may receive two children’s benefits if both parents have made the required contributions, and if:
• both parents receive CPP disability benefits or are deceased, or
• one parent is deceased and the other receives a CPP disability benefit.

SURVIVOR BENEFITS
Survivor’s pension
To qualify: The spouse or common-law partner of a deceased contributor may be eligible for a survivor’s pension if the deceased contributed to the CPP during at least one third of the calendar years in his or her contributory period. A minimum of three years of CPP contributions is needed. If the contributory period was 30 years or longer, 10 years of contributions are required.

As of July 2000, the CPP survivor’s pension is also available to same-sex surviving spouses or common-law partners.

Amount of benefit: The amount of the monthly payment depends on:

• whether the survivor is receiving a CPP retirement pension or disability benefit (see “Combining CPP Benefits” on page 30);
• how old the survivor is at the time of the contributor’s death;
• how much the deceased contributor contributed; and
• (in some cases) whether or not the survivor has dependent children or was disabled at the time of the contributor’s death.
The amount of the pension paid to a survivor who was 65 or over at the time of the contributor’s death is equal to 60 percent of the retirement pension that the deceased contributor could have received at 65. If the contributor died before turning 65, a retirement pension is calculated as if he or she had turned 65 in the month of death.

The amount paid to a survivor under 65 is composed of two parts—a flat-rate component and an earnings-related portion. The earnings-related portion of the survivor’s pension is equal to 37.5 percent of the actual or calculated retirement pension of the deceased contributor. The benefit is recalculated when the survivor turns 65.

If the survivor is under 45, is not disabled (according to CPP legislation) and has no dependent children, the amount of the survivor’s pension is reduced by 1/120 for each month the survivor is under 45 at the time of the contributor’s death.

Survivors under 35 who are not disabled (according to CPP legislation) and have no dependent children are not eligible to receive a survivor’s pension until they turn 65 or become disabled.

Only one survivor’s pension can be paid at any given time, even if the survivor has survived more than one spouse or common-law partner. In such a case, the highest of the applicable benefits is paid.
Benefits for children of deceased contributors

To qualify: A benefit may be paid for the dependent child of a deceased contributor if the application is made in writing and if the contributor made contributions for the minimum qualifying period for a survivor benefit (as described on page 27).

To be eligible, the child must be:

- under 18, or
- between the ages of 18 and 25 and in full-time attendance at a recognized educational institution. Benefits are suspended if the child is no longer a full-time student, but may be reinstated if he or she goes back to school full time.

Payment of benefits: For 2006, the monthly amount for a child’s benefit is $200.47.

Once the application is approved, payment begins either:

- the month following the contributor’s death,
- the month following the child’s birth or adoption, or
- the month after the 18- to 25-year-old dependant started attending school full time.

Payment stops if the child no longer meets the eligibility conditions described above, or if the child dies.
Children may receive up to two children’s benefits if both parents have made the required contributions, and if:

- both parents receive CPP disability benefits, or are deceased, or
- one parent is deceased and the other receives a CPP disability benefit.

**Death benefit**

**To qualify:** A death benefit may be paid to the estate of a deceased contributor if contributions to the CPP were made for the minimum qualifying period. (This minimum period is the same as for a survivor’s pension. See page 27.) When there is no will or estate, the death benefit is paid to the person responsible for paying the funeral expenses, the surviving spouse or common-law partner, or the next of kin, in that order.

**Amount of benefit:** The death benefit is a lump-sum payment equal to six times the monthly retirement pension of the deceased contributor, up to a maximum of $2,500. If the deceased was not receiving a CPP pension, the amount is calculated as though he or she were 65 years of age at the time of death.

**COMBINING CPP BENEFITS**

If a person receives a disability benefit or a retirement pension and is eligible for a survivor’s pension as well, he or she is entitled to a combined benefit. The CPP will combine
the benefits into one monthly payment. There are, however, limits to the amount that can be paid; the new amount will not equal the total of both benefits.

- The most that can be paid to a person eligible for both the disability benefit and the survivor’s pension is the maximum disability benefit for the year that the second benefit becomes payable. In 2006, the maximum CPP disability benefit is $1,031.05.

- The most that can be paid to a person 65 or over who is eligible for both the retirement pension and the survivor’s pension is the maximum retirement benefit for the year that the second pension becomes payable. In 2006, the maximum retirement pension is $844.58.

**APPEALING A CPP DECISION**

Reconsidering and appealing a decision: CPP applicants may request an explanation or a reconsideration of any decision that affects their eligibility or the amount of their CPP benefit. The request must be made in writing to the Minister of Human Resources and Social Development.

If an applicant disagrees with the decision of the Minister, he or she may appeal to a Review Tribunal. A request to appeal a decision of the Review Tribunal may be made to the Pension Appeals Board by the Minister or by the applicant. Permission to appeal is not automatic: the Board can refuse the request at this stage.
Each of the stages in the reconsideration and appeal process can take several months to complete and each has very specific requirements of both the client and the Minister. The following is a more detailed description of each stage.

**Reconsideration**—This is a written request from the applicant (within 90 days of receiving the letter of decision) to the Minister of Human Resources and Social Development to review a decision. A review of the file is carried out by an officer who was not involved in making the initial decision.

**First-level appeal**—If the applicant disagrees with the reconsideration decision, he or she may submit a written request for review of the decision to the Office of the Commissioner of Review Tribunals. A Review Tribunal consists of three people appointed by the Commissioner. The chairperson is always a lawyer in the province where the appeal is taking place. If a disability benefit is involved, at least one of the other members must be a health-care professional. Review Tribunals are independent—they do not act on behalf of the applicant, the Minister, the Department, or any other party to the appeal.

**Second-level appeal**—This is a written request for permission to appeal, made to the Pension Appeals Board by the Minister or the applicant. The Board consists of a panel of judges (usually three) of the federal court or a provincial court. If permission is granted, the Board will meet to hear the appeal in the jurisdiction where the client lives. The decision of the Pension Appeals Board is final, but subject to judicial review by the Federal Court of Appeal.
International Social Security Agreements

International social security agreements coordinate the OAS and CPP programs with the social security programs of other countries for the benefit of citizens of the participating countries.

OLD AGE SECURITY
The *Old Age Security Act* permits the inclusion of the OAS program in social security agreements. These agreements allow periods of residence and/or periods of contributions in the other country to be counted as periods of residence in Canada for eligibility purposes. This may help applicants satisfy the minimum *eligibility* requirements for OAS benefits. For example, someone who has resided in Canada for less than the 10 years required to receive a partial OAS pension in Canada would be able to use periods of residence and/or periods of contributions in the other country to meet the residence requirement. A similar provision would apply for someone who has resided in Canada for less than the 20 years needed to receive an OAS pension outside the country. Some restrictions may apply under some agreements.

Once eligibility for the OAS pension has been established, the *amount* of the OAS pension payable is equal to 1/40 of a full OAS pension for each year of actual residence in Canada after reaching 18.
CANADA PENSION PLAN
Social security agreements may also help people to qualify for disability, survivor, children’s, and death benefits under the CPP. As noted earlier, these benefits have minimum qualifying requirements. Social security agreements allow periods of residence and/or contribution to the other country’s social security system to be added to periods of contribution to the CPP to help the applicant meet eligibility conditions. Once eligibility has been established, the amount of the benefit is based on actual contributions to the CPP.

SOCIAL SECURITY PROGRAMS OF ANOTHER COUNTRY
In many countries, nationality is an important factor in determining eligibility for social security benefits. Non-citizens may be required to meet special conditions before they can receive a pension, and the payment of benefits to non-citizens living abroad may be restricted or even prohibited. These social security agreements also allow Canadians who now live in other countries to qualify for social security benefits from these countries as a result of contributions or residency requirements they satisfied while still living in Canada.

PROVINCIAL SOCIAL SECURITY PROGRAMS
Canada’s social security agreements contain a provision that allows provinces to conclude understandings with other countries concerning social security programs under their jurisdiction (for example, the QPP or Workers’ Compensation plans).
Protection of Client Information

All information from clients is considered private and confidential, and is legally protected by the *Old Age Security Act*, the *Canada Pension Plan*, and the *Privacy Act*.

Information may be made available to a federal or provincial institution or a non-governmental organization to administer the CPP, and to specified federal departments or provincial institutions to administer a federal or provincial law, or to foreign institutions under a social security agreement.

Under the *Old Age Security Act* and the *Canada Pension Plan*, information about an individual applicant or beneficiary is privileged and cannot be communicated to anyone not legally entitled to receive it. All client information gathered by Human Resources and Social Development is protected, and cannot be disclosed to a third party without the client’s consent, unless disclosure is allowed by law for the purpose of administering the OAS program or the CPP.

**Privacy Act**

The purpose of the *Privacy Act* is to protect the privacy of individuals with respect to personal information about them that is held by a government institution. It also provides individuals with the right of access to such information. A main principle underlying the Act is that individuals should be entitled to see the personal information held about them by government institutions and to have some measure of control over who has access to it and how it is used.
Contact Us

For more information on these programs and services, or to request an application for Old Age Security or Canada Pension Plan benefits, contact us:

By telephone (toll-free)

1 800 277-9914
1 800 255-4786 (TTY)

On the Internet or by email

www.sdc.gc.ca

Our phone lines are busiest at the beginning and end of the month. If your inquiry can wait, it’s best to call at other times.

Service Canada delivers Old Age Security and Canada Pension Plan programs and services on behalf of the Department of Human Resources and Social Development.