

Canada Pension Plan

Survivor Benefits

Death Benefit
Survivor's Pension
Children's Benefit



Service Canada



Government
of Canada

Gouvernement
du Canada

Canada

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This booklet on the Old Age Security pension contains general information only. In case of disputes, the wording and provisions of the *Old Age Security Act* and *Regulations* prevail.

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The Canada Pension Plan (CPP), which has been in operation since 1966, provides basic benefits to Plan contributors when they retire or if they become disabled. If a contributor dies, the Plan may also provide benefits to his or her surviving spouse/common-law partner and dependent children under 25.

Please note that the information contained in this booklet is of a general nature and reflects the CPP as of March 2006. In case of disagreement, CPP legislation prevails.

For more information about the Canada Pension Plan, contact us. See page 33 for details.



Information For Contributors About CPP Survivor Benefits

> What are CPP survivor benefits?

Survivor benefits are benefits paid to the eligible survivors or to the estate of a deceased contributor who has made enough contributions to the CPP.

There are three types of CPP survivor benefits.

- **The death benefit** is a one-time payment to, or on behalf of, the estate of a deceased CPP contributor.
- **The survivor's pension** is a monthly benefit paid to the surviving spouse or common-law partner of a deceased contributor.
- **The children's benefit** is a monthly benefit for dependent children of a deceased contributor.

It is important to apply for CPP benefits. If you do not apply, you will not receive them.

> How long must I contribute for my survivors to receive benefits?

For your survivors to be eligible for CPP survivor benefits, you must have contributed in:

- one third of the calendar years in your contributory period, **or**
- 10 calendar years, whichever is less, **but**
- **not less than three years.**

> Who is eligible for survivor benefits?

The **CPP death benefit** is a one-time, lump-sum payment made to your estate after your death. If there is no estate, the person responsible for the funeral expenses, the surviving spouse or common-law partner, or the next of kin may be eligible to receive it, in that order.

Your legal spouse or common-law partner at the time of your death is eligible for a **CPP survivor's pension**. If you are separated, your legal spouse may be eligible for the pension if there is no cohabitating common-law partner at the time of your death.

Your natural or adopted children under 25 and any children in your care and control at the time of your death may be eligible for a **CPP children's benefit**. To be eligible, the child must be either under 18 or between the ages of 18 and 25 and in full-time attendance at a recognized educational institution.

> **How much is the death benefit?**

As with most CPP benefits, the amount of the death benefit depends on how much, and for how long, you paid into the CPP.

First, the CPP calculates your CPP retirement pension (or what it would have been if you had been 65 at the time of your death). The death benefit is equal to six months' worth of this "calculated" retirement pension, up to a maximum of \$2,500.

> **How much will my surviving spouse/common-law partner receive?**

The amount of your surviving spouse's/common-law partner's monthly pension depends on:

- how much, and for how long, you have paid into the Plan;

- his or her age when you die;
- whether he or she is also receiving a CPP disability benefit or retirement pension;
- whether he or she has dependent children; and
- whether he or she has a disability.

First, the CPP calculates your CPP retirement pension (or what it would have been if you had been 65 at the time of your death). Then, a further calculation is done based on the survivor's age at the time of your death. The chart below provides further details.

In 2005, the **average** survivor's pension paid to people 65 and over was \$280.32 per month. The **maximum payment** for 2006 is \$506.75 per month.

<p>If the surviving spouse/common-law partner is:</p> <ul style="list-style-type: none"> • 65 or more 	<p>and is not receiving a CPP disability benefit or retirement pension,* then the amount is:</p> <ul style="list-style-type: none"> • 60 percent of your retirement pension
<ul style="list-style-type: none"> • 45 to 64 or • under 45 and <ul style="list-style-type: none"> – has a disability (according to the CPP definition) or <ul style="list-style-type: none"> – is raising a dependent child 	<ul style="list-style-type: none"> • a flat-rate portion plus 37.5 percent of your retirement pension
<ul style="list-style-type: none"> • under 45 and <ul style="list-style-type: none"> – does not have a disability (according to CPP) and – is not raising a dependent child 	<ul style="list-style-type: none"> • as above (for 45 to 64) minus 1/120 for each month your spouse/common-law partner is under 45 at the time of your death
<ul style="list-style-type: none"> • under 35 and <ul style="list-style-type: none"> – does not have a disability (according to CPP) and – is not raising a dependent child 	<ul style="list-style-type: none"> • not paid until the spouse/common-law partner <ul style="list-style-type: none"> – reaches 65 or <ul style="list-style-type: none"> – becomes disabled (according to CPP legislation)

* If the surviving spouse/common-law partner is receiving a CPP disability benefit or retirement pension, the survivor's pension will be lower. See *Combining CPP benefits* on page 13.

> Who qualifies for the children's benefit and how much is it?

A child who has lost **at least one parent** who was a CPP contributor may qualify. For the benefit to be paid, the deceased parent must have met the contributory requirements.

The monthly children's benefit is a flat rate that is adjusted annually. In 2006, the children's benefit is \$200.47 per month.

A child may get two benefits if both parents paid into the CPP and both have died, or if one parent has died and one is receiving a disability benefit under the CPP. (Children with both parents getting CPP disability benefits can also receive two children's benefits.)

For information on disability benefits, contact us (see page 33) and ask for the booklet *Canada Pension Plan: Disability Benefits*.

Note: If the child is under the age of 18, the benefit is normally paid to the person responsible for his or her day-to-day care. If the child is 18 or older and qualifies because of full-time attendance at a recognized educational institution, the benefit is paid directly to him or her on application.

Information for Survivors



Applying for survivor benefits

> Are benefits always paid?

No. The person who died must have made sufficient contributions to the Canada Pension Plan in the required number of years.

> If I am the survivor, when should I apply?

You should apply for all survivor benefits as soon as possible after the contributor's death. If you delay, you may lose benefits. CPP can make back payments for up to 12 months only.

Note: Even if you are widowed more than once, only one survivor's pension—the larger of the two—will be paid.

> Who should fill out the application form?

As the surviving spouse or common-law partner, you are responsible for applying for your monthly pension. If you are incapable of applying,

you may have a representative (such as a trustee) apply for you.

If you are caring for a dependent child of the deceased contributor and the child is under 18, you should also apply for the children's benefit on behalf of the child.

Dependent children who are between 18 and 25 and in full-time attendance at a recognized educational institution must apply for the children's benefit themselves.

The executor, administrator or legal representative of the estate should apply for the death benefit. If there is no estate, payment will be made to the person responsible for the funeral expenses, the surviving spouse or common-law partner, or the next of kin.

> How do I apply?

You must fill out an application form. Application kits are available from our website, from any Service Canada Centre, and from many funeral homes. Or you can call 1 800 277-9914 to have a kit mailed to you.



Receiving survivor benefits

> When do monthly payments begin?

The survivor's pension and the children's benefits can be paid beginning the month after the contributor's death. As soon as the CPP has all the information and documentation, your application will be processed. If you delay in applying, the CPP can make back payments for up to 12 months.

> When should I expect payments to arrive each month?

If you have your payment deposited directly to your account, it will be there on the third last banking day of the month (see page 24 for details).

If you get your payment by mail, the cheque will usually arrive during the last three banking days of the month.

> Will I lose my pension if I remarry?

No. Your pension will continue even if you remarry.

Note: This rule changed in 1987. If you previously lost a CPP survivor's pension because you remarried, call us to find out if you are now eligible.

> When will my survivor's pension stop?

If you are **over** 35 at the time of the contributor's death, your pension will stop:

- the month after *your* death.

If you are **under** 35 at the time of the contributor's death, your survivor's pension ends:

- when you no longer have a disability (according to CPP); **or**
- when you are no longer raising the deceased contributor's dependent child; **or**
- the month after *your* death.



Benefits for older children

> Can I get children's benefits if I'm married?

Yes. Since 1987, children's benefits are not affected if you marry, as long as all other conditions of eligibility continue to be met.

> What happens when I turn 18?

When you reach the age of 18, you are still eligible for benefits as long as you are in full-time attendance at a recognized educational institution. You must complete an application and a "Declaration of Attendance at School or University" form. Do this as soon as possible because back payments will cover only a 12-month period.

> How is this payment made?

The monthly benefit will be paid directly to you. The children's benefit continues to be paid during normal school vacations, but will stop if you do not send the CPP a signed school attendance form. This form must be completed each year or semester and signed by both you and a school official.

> What happens if I leave school?

If you leave school, the benefit will be stopped. If you later return to school full time, you can have it reinstated by reapplying. It will be paid starting the month you return to school.

You must tell the CPP if you leave school. If you receive benefits to which you are not entitled, you will have to pay them back.

> When does my benefit stop?

The children's benefit stops when:

- you are between the ages of 18 and 25 and no longer in full-time attendance at a recognized educational institution; **or**
- you reach 25; **or**
- you die.

You must tell CPP about any changes that affect your eligibility. If you do not, and you receive payments to which you are not entitled, you will have to pay them back.



Combining CPP benefits

> Can I receive another benefit from the CPP while I am getting a survivor's pension?

Yes, you can receive a survivor's pension at the same time as a retirement or disability benefit. The CPP will combine the benefits into a single monthly payment. There are, however, maximum amounts payable for combined CPP 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** paid the same year the pension is paid (which is more than the maximum survivor's pension by itself).
- **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 pension** paid the same year the second pension is paid (which is more than the maximum survivor's pension by itself).

- The total amount of combined CPP benefits paid is calculated based on the survivor's age and other CPP benefits he or she receives.

In other words, you cannot receive a full survivor's pension while also receiving a CPP retirement pension or disability benefit.



General information about the Canada Pension Plan

> What benefits does the Canada Pension Plan provide?

There are three kinds of Canada Pension Plan benefits:

- the **retirement pension**;
- **disability benefits** (for contributors with a disability and their dependent children); and
- **survivor benefits** (including the death benefit, the survivor's pension, and the children's benefit).

The CPP operates throughout Canada. The province of Quebec administers its own program, the Quebec Pension Plan (QPP), for workers in Quebec. The two plans work together to ensure that all contributors are protected no matter where they live.

> How is the Canada Pension Plan financed?

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

> What does the CPP investment board do?

The CPP Investment Board, which operates at arm’s length from the federal and provincial governments, invests CPP funds in financial markets, broadly following the same investment rules as other pension plans.

The Board is accountable to the public and regularly reports its investment results. Visit the CPP Investment Board at www.cppib.ca for more information.

> Who pays into the CPP?

With very few exceptions, every person in Canada over 18 who earns more than the basic exempted amount (\$3,500 per year) must pay into the CPP (or the QPP in Quebec). You and your employer each pay

half of the contributions. If you are self-employed, you pay both portions.

You do **not** make contributions if you receive a CPP or QPP disability benefit or retirement pension. At the age of 70, you stop contributing.

> How much do I pay into the CPP?

The amount you pay is based on your employment earnings. If you are self-employed, it is based on your net business income (after expenses).

You do **not** contribute on any other type of income, such as investment earnings. If, during a year, you contributed too much or earned less than a set minimum amount, your excess contributions will be refunded when you file your income tax and benefits return.

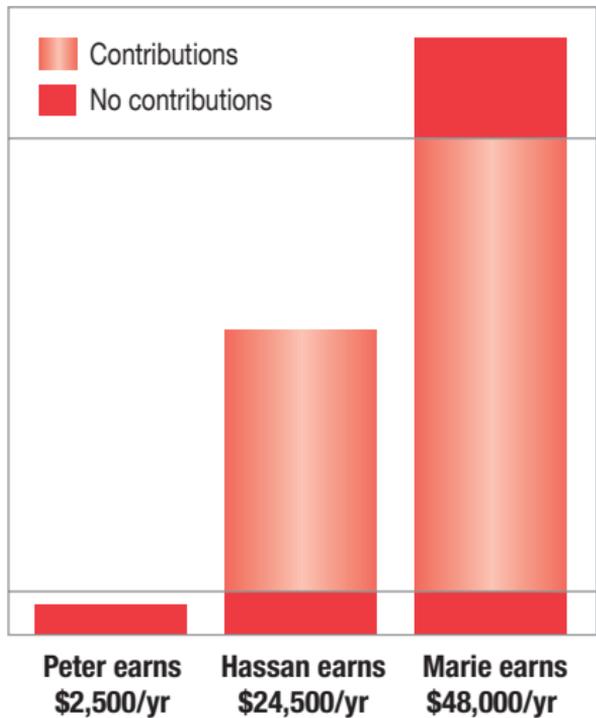
You pay contributions only on your annual earnings between a **minimum** and a **maximum** level (these are called your “pensionable” earnings).

The minimum level is \$3,500. The maximum level is adjusted each January, based on increases in the average wage. In 2006, the maximum level is \$42,100.

Contributions on employment income

2006 Maximum
\$42,100 (average
wage in Canada)

Minimum \$3,500



> Why are my contributions important?

The CPP uses your contributions to determine whether you and/or your family are eligible for a benefit and, if so, its amount. Both how long and how much you contribute are factors.

Normally, the more you earn and contribute to the CPP over the years, the higher the benefit will be (when you become entitled) because you have built up more CPP pension credits.

> What is my “contributory period” and how is it used?

The time during which you may contribute to the CPP is called your contributory period. It is used in calculating the amount of any CPP benefit to which you are entitled.

The CPP contributory period starts when you turn 18 (or on January 1, 1966, whichever is later) and ends when you start getting your retirement pension, die, or turn 70.

> If I had some low-earning years, will they reduce my pension?

If you had low-earning years, some can be removed from your contributory period.

CPP calculations consider both **how much** and **how long** you contributed.

To keep your pension as high as possible, the CPP drops out some parts of your contributory period from the calculation:

- periods when you stop working or your earnings are lower while you raise your children under the age of seven;

- months **after** the age of 65 (which can be used to replace any low-earning months before 65);
- any month in which you were determined to be disabled and in receipt of a CPP Disability benefit;
- the 15 percent of your contributory period in which your earnings were lowest.

> **How does the CPP keep track of my contributions?**

Since its implementation in 1966, the CPP has kept a record for each person who pays into the Plan and for people who pay into both the CPP and the QPP. The information is supplied through the Canada Revenue Agency and Revenu Québec.

It is **important** that you check your T4 slip (the statement of earnings you receive from your employer each year) to make sure your name and social insurance number (SIN) are the same as they are on your SIN card. If they are not, your CPP contributions may not be credited to your CPP record. This could mean not getting benefits to which you are entitled.

If you change your name or lose your social insurance card, you should contact your local Service Canada Centre as soon as possible. It is listed in the Government of Canada section of most phone books.

> How do I find out how much I have contributed?

A Statement of Contributions is available from Service Canada on request, by mail, or online.

Your Statement shows the total amount of your CPP contributions by year and the “pensionable earnings” on which they are based. It also provides an estimate of what your pension or benefit would be if you were eligible to receive it now.

Check your statement carefully, particularly your earnings and contributions. You should compare these amounts to any previous T4 (income tax) slips. If you disagree with any of the figures, contact us immediately. A discrepancy could affect the amount of your future CPP benefits.

Some definitions

“Spouse” or “common-law partner”

A “spouse” is a person to whom you are legally married. The CPP defines a “common-law partner” as a person with whom you have lived in a conjugal relationship for at least one year.

CPP pension credits

The CPP keeps a record of your contributions over the years. These are your “pension credits.” Generally, the more credits you have, the higher your CPP benefits will be.

Credit splitting

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

Credit splitting can affect the CPP entitlements of both former spouses/common-law partners. For more information, contact us and ask for the CPP fact sheet, *Credit Splitting upon divorce or separation*, or visit our publications section online (see page 33).

Pension sharing

Spouses or common-law partners who are together (not separated or divorced), who are both at least 60 years of age, and who receive CPP retirement pensions can share the pension benefits earned during their time together. This may result in tax savings. If only one is a CPP contributor, they share that one pension. The overall benefits paid do not increase or decrease with pension sharing. You must apply to share your pension.

> What if I pay into the Quebec Pension Plan (QPP)?

Which plan you pay into (CPP or QPP) depends on where you work, **not** where you live. If you work in Quebec, you pay into the QPP. If you work in any other province or territory, you pay into the CPP. Depending on where you work over the years, you may pay into both plans.

The two plans provide similar benefits. If you pay into only one of the plans, you apply to **that** plan for your pension or benefits.

If you have contributed to both the CPP and the QPP, you apply to the QPP if you live in Quebec and to the CPP if you live elsewhere in Canada.

If you live outside Canada, you apply according to the last province in which you lived before you left the country.

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

> **What happens if I have lived or worked in another country?**

Canada has international social security agreements with many countries. These agreements can help you get pensions or benefits from **either** country. If you did not live or work long enough in another country to qualify under its rules, the time you spent there may be added to your time in Canada to help you to meet the eligibility requirements.

If you have lived or worked in another country, you should contact us for more information (see page 33).

> **Can I have my payments deposited directly to my bank account?**

Yes. You can obtain direct deposit forms from our website, as well as from many banks, caisses populaires,

credit unions, and trust companies. Or you can call us (see page 33).

If your payment comes by **cheque**, it will usually arrive during the last three banking days of each month. If you have **direct deposit**, the money will be deposited in your account on the third-last banking day of each month.

> **Can I receive my CPP payments outside Canada?**

Yes. Provided you meet all CPP eligibility conditions, payments are made anywhere in the world.

> **Do I get cost-of-living increases?**

Yes, your CPP payments are indexed to the cost of living. Payments are adjusted in January, if needed.

Payments will **not** decrease if the cost of living goes down.

> **What if I am incapable of applying?**

If, because of an illness or infirmity, you are incapable of applying for a CPP pension or benefit, a representative can apply on your behalf.



Appealing a decision

> What can I do if I do not understand or if I disagree with a CPP decision that affects me?

If you do not understand a decision, you should ask the CPP to explain it.

If you are dissatisfied, you can ask the CPP to reconsider the decision. If you are still dissatisfied after reconsideration, you may appeal to a review tribunal within 90 days of receiving the decision.



Protecting your information

> Who can see the information on my CPP file?

Your information is protected by *Canada Pension Plan*, the *Access to Information Act*, and the *Privacy Act*. Information may be made available to a federal or provincial institution or to a non-governmental organization to administer the CPP or to administer a federal or provincial law. It may also be made available to foreign institutions under a social security agreement.

> Can I see the information on my file?

Yes. You can see and obtain a copy of any information about you in a federal government file. You can obtain the Treasury Board publication *Info Source: Sources of Federal Government Information* and forms to request the information in government offices, public libraries, and federal constituency offices. If you live outside Canada, these publications may be available at Canadian embassies and consulates. They are also available from the Treasury Board Secretariat online at www.tbs.gc.ca.



Taxation and your CPP benefits

> Are my CPP payments taxable?

Yes. CPP payments are taxable income.

If you wish, you may ask us to deduct tax from your monthly benefit.

Contact us for more information.

If you do not request monthly tax deductions, you may have to pay income tax in quarterly instalments. For more information, contact a tax services office of the Canada Revenue Agency.

If you live outside Canada and are not considered a Canadian resident for income tax purposes, a non-resident tax is withheld from your monthly CPP payment. The tax rate is normally 25 percent. If you have tax-related questions, call the International Tax Services Office of the Canada Revenue Agency at **1 800 267-3395** (from Canada and the US) or **(613) 952-2344** (from all other countries), or send a fax to **(613) 941-6905**. You can also get copies of many Canadian tax forms and publications from your Canadian embassy or consulate.

Early each year, you receive a T4A(P) slip showing the amount of CPP payments you received the previous year. You need this information to complete your income tax form and must include it with your tax return.

For your convenience, it is now possible to view your tax information slips online. This allows you to print them and file your income tax when you are ready, without waiting for them to arrive in the mail.

To do this, you will need to register for a personal access code at servicecanada.gc.ca. This code will give you access to a number of government services, and will allow you to view the current OAS and CPP rates or change your personal information online. Please note that the new personal access code replaces the access code provided on last year's tax slips—the old codes are no longer valid.



Other benefits

> Am I eligible for other benefits?

You may be.

If you are over 65, you may be eligible for a pension under the *Old Age Security Act*. If you have a low or modest income, you may also qualify for the income-based Guaranteed Income Supplement.

If you are 60 to 64, are the spouse/common-law partner of an OAS pensioner and have a low income, you may qualify for the Allowance. If your spouse/common-law partner has died, and you are 60 to 64, you may be eligible for the Allowance for the survivor.

You may also be eligible for benefits under the *War Veterans Allowances Act* or Employment Insurance benefits from the federal government, or for other types of provincial/territorial and municipal income assistance and services.

> Do my CPP benefits affect the amount I receive from other programs?

It's possible. Income-based benefits from programs such as War Veterans Allowances, the Guaranteed Income Supplement, the Allowance and the Allowance for the survivor and provincial/territorial social assistance ("welfare") take your CPP income into account.

CPP benefits may also affect how much you get from your employer pension or private-sector disability insurance.

Most workers' compensation programs also take CPP income into account.

For information on how your CPP benefits may affect your other benefits, please contact your benefit or pension provider.



Other publications

(available in print, online or both)

Canada Pension Plan

- *Retirement Pension*
- *Disability Benefits*
- *Credit Splitting Upon Divorce or Separation*
- *During your time of loss...*

Old Age Security

- *Old Age Security Pension*
- *The Allowance and the Allowance for the Survivor*
- *Guaranteed Income Supplement*

General

- *Canada's Retirement Income System*
- *A Reference Guide (to the Canada Pension Plan and Old Age Security programs)*

> Contact us



1 800 277-9914 (toll-free)*
1 800 255-4786 (TTY)



On the Internet or by email
www.sdc.gc.ca

*** Our lines are busiest at the beginning and end of the month. If your inquiry can wait, it's best to call at other times. Please have your social insurance number ready.**

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

Notes

Notes

Canada