

Sharing Your Retirement Pension for possible tax savings

What does “pension sharing” mean?



Married or common-law partners who are together (not separated or divorced), who are both at least 60 years of age, and receive their Canada Pension Plan (CPP) retirement pension can share the portion of their 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.

How does pension sharing work?

Pension sharing adjusts the amount of the monthly retirement pension each spouse/common-law partner receives from the CPP. The following example explains how it works.

Pat and Jean have been living together in a common-law relationship since 1979. They are both over 60 and both receive a CPP retirement pension.

Jean’s monthly retirement pension is \$400. Of that, \$100 is based on income earned before moving in with Pat; this amount will not be affected by a pension-sharing arrangement. The other \$300 is based on income earned during their relationship.

Pat was not working before this relationship. Pat’s monthly retirement pension of \$550 is based entirely on income earned while living with Jean.

Canada Pension Plan

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Their pension payments, added together, total \$950. After subtracting the portion of Jean's pension that is based on income earned before moving in with Pat (\$100), their "shareable" pension amount is \$850. With pension sharing, they would each receive half of \$850, or \$425. In addition to the \$425, Jean would also receive the \$100 that is based on earnings prior to this relationship with Pat. Jean's total monthly CPP payment would be \$525, while Pat's would be \$425.

Their T4 slips will show the amount each received during the previous year and will be used when calculating their income tax.

How do you qualify?

Either you or your spouse/common-law partner can apply for pension sharing. To qualify for pension sharing, at least one of you must be a CPP contributor. You and your spouse/common-law partner must also:

- both be at least 60 years old;
- apply for or already be receiving a CPP retirement pension.

What documents do you need to provide?

The documents required will depend on when you apply. If you apply for pension sharing at the same time as you apply for your retirement pension, you will need:

- your social insurance number, and
- your original or a certified copy of marriage certificate or proof of your common-law relationship.



If you and your spouse/common-law partner are already receiving CPP retirement pensions, only your original marriage certificate or proof of your common-law relationship is needed. This is because you would already have supplied the other information to the CPP when you applied for your pension.

When will your pension sharing end?

If you are married, your pension-sharing arrangement will end if you and your spouse separate or divorce, or if one of you dies. If you are living in a common-law relationship, the pension-sharing arrangement will end if your common-law union ends or if either partner dies. The pension-sharing arrangement will also end if you both request that it be cancelled.



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Please note: The Quebec Pension Plan also has a provision for pension sharing, but with different eligibility requirements. If you are receiving a retirement pension from the Canada Pension Plan and your spouse/common-law partner is receiving a retirement pension from the Quebec Pension Plan (or vice-versa), you may still apply. Your eligibility for pension sharing will be based on the legislation for the respective plans.

If you need more information on the Quebec Pension Plan, please contact La Régie des rentes du Québec.

By telephone (toll free): 1 800 463-5185 or 1 418 643-5185

If you use a TTY machine:  1 800 603-3540

On the Internet or for e-mail, please visit: www.rrq.gouv.qc.ca

Contact Us

If you need more information about pension sharing or other benefits available under the Canada Pension Plan (CPP) or Old Age Security (OAS) program, please contact us.

By telephone (toll free)*: **1 800 277-9914**

If you use a TTY machine:  **1 800 255-4786**

* 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 when you call.

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

On the Internet or for e-mail, please visit: www.sdc.gc.ca