

Tax Tip

Canada Pension Plan changes for individuals aged 60 to 70 — January 2012

Did you know...?

Significant changes to the Canada Pension Plan (CPP) will occur in January 2012 to reflect the way Canadians are living, working, and retiring. The changes will affect both employees and self-employed workers aged 60 to 70. The changes will not affect you if you are already receiving a CPP or Quebec Pension Plan (QPP) retirement pension **and** you remain out of the workforce.

Contribution changes (what you will pay):

- All workers aged 60 to 65 will be required to make CPP contributions—even if they are receiving a CPP or QPP retirement pension.
- Workers who are 65 to 70 years of age and who are receiving a CPP or QPP retirement pension will be required to contribute unless they have elected to stop their CPP contributions. To elect to stop contributing to the CPP, workers will have to be at least 65 years of age and do the following:
 - Employees (who may also have self-employment income) will have to complete [Form CPT30, Election to Stop Contributing to the Canada Pension Plan, or Revocation of a Prior Election](#) and give a copy to their employer. In addition, employees should send the original to the Canada Revenue Agency (CRA). The election will take effect on the first day of the month after the employee gives the form to their employer.
 - **Note:** The CRA has been accepting [Form CPT30](#) since December 1, 2011, but only from those employees who as of December 31, 2011 are at least 65 years of age and in receipt of a CPP or QPP retirement pension.
 - Self-employed workers will have to complete Schedule 8, *CPP Contributions on Self-Employment and Other Earnings*, when they file their income tax and benefit return for 2012 or any subsequent year. The election will be effective on the first day of the month referred to in Schedule 8.

Benefit changes (what you will receive):

Changes to CPP retirement pension benefits began in 2011 and will continue to be phased in until 2016. If you are retired, or are planning your retirement, go to www.servicecanada.gc.ca/cppchanges for tools and information on how the changes to CPP retirement pension benefits may affect you.

Statistics

- Since 1998, Canada's average retirement age has been increasing.
- From a low of 22% in 1996, the employment rate of individuals 55 and older climbed steadily to 34% in 2010.
- According to Statistics Canada's Labour Force Survey, the average retirement age was 60.9 in 1998, and it rose to 62.1 in 2010.