

## WHEN TO TAKE CPP - [calculator](#)

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There's been some talk lately about [the cost](#) of the Liberal government's decision to shelve plans to gradually increase the age of eligibility for Old Age Security to 67 from the current age of 65. The previous Conservative government announced that change in the 2012 budget, along with another measure that is still in effect. You can [delay receiving](#) OAS benefits for up to five years past age 65 and receive a higher monthly payment.

The Canada Pension Plan offers [similar flexibility](#) – you can start collecting CPP as early as age 60 at a reduced amount, wait until 65 and receive your regular amount or wait as many as five more years to receive higher payments. What's the best age to start collecting both CPP and OAS? Obviously, there's no definitive answer. But here's [a calculator](#) that will let you compare various outcomes based on life expectancy and the age at which you start benefits.

Life expectancy is an important part of this analysis. If you live a very long life, you can collect higher total CPP and OAS benefits if you delay past 65. There are lots of life expectancy calculators available online to help you with this. [Here's one](#) that gave me 79 years, and [here's another](#) that gave me 94 (it's highly detailed, but you need to provide your e-mail address).

### Discussion:

Interesting CPP withdrawal article in the G&M today by Rob Carrick chatting with Daryl Diamond who wrote Your [Retirement](#) Income Blueprint (good book-recommended). I'd link it but it's behind a paywall on their website.

A couple of key discussion points in the article are:

- There is a lot of personal preference around comfort level in making the decision to take early or delay
- Daryl Diamond's preference is to take CPP early
- One reason to draw on CPP early are the poor rules around survivor benefits. Survivor benefits are modest in size. And you take a survivor benefits hit if it pushes you over the maximum CPP payment for an individual
- A second reason to draw on CPP early is that you can potentially delay drawing from [retirement](#) savings and continue to grow them. However, your investments are obviously subject to continuing market and interest rate volatility. But your investments can be passed on versus the subpar survivor benefits.
- A minor third point is that a higher CPP payment may push you into OAS clawback territory
- You obviously get a larger monthly indexed payout by delaying. There is value in delaying for a larger monthly payout if you feel you haven't saved enough for retirement.

What I take from it is that if you have a large enough [retirement](#) portfolio, it isn't necessarily a bad idea to take CPP early as it kind of mitigates the risk of dying early and not really benefiting, both personally and your spouse, from your contributions. I've still got over a decade to make this decision but I still struggle with taking a higher payout at 65 versus addressing mortality risk and taking at 60. I was leaning towards taking CPP at 65 but I might have been swayed back to 60. But I really have to see where I'm at (health, portfolio status, etc) at age 59 as a lot can change in a over a decade.