JACOB WARREN FINANCIAL

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Should You Take CPP at 60, 65 or 70?

Starting CPP early gives you money sooner. Waiting gives you a permanently larger monthly pension. The best choice depends on much more than a break-even age.

The core rule

Age 65 is the standard CPP start age. You can start as early as 60 or as late as 70. Before age 65, CPP is permanently reduced by **0.6% for every month early** - equal to **7.2% for each full year**. After age 65, CPP is permanently increased by **0.7% for every month you delay** - equal to **8.4% for each full year**. At age 60 the reduction can reach 36%; at age 70 the increase can reach 42%.

A plain-English guide for Canadian retirees

This guide looks at the trade-offs behind starting CPP early, at 65, or delaying to 70 - and why the right decision should be made in the context of your entire retirement-income plan.

1. Exactly how much does waiting increase CPP?

The age adjustment is permanent. Relative to starting at age 65, the percentage adjustment at each whole-year start age is:

Start age	Adjustment vs. age 65	If age-65 CPP = $1,000/mo*
60	-36.0%	$640
61	-28.8%	$712
62	-21.6%	$784
63	-14.4%	$856
64	-7.2%	$928
65	0%	$1,000
66	+8.4%	$1,084
67	+16.8%	$1,168
68	+25.2%	$1,252
69	+33.6%	$1,336
70	+42.0%	$1,420

*Illustration only. The percentages are the legislated age adjustments. Your actual CPP amount also depends on your contribution and earnings history and other CPP calculation rules.

Easy way to remember it: before 65, each year early costs 7.2%. After 65, each year you wait adds 8.4%. There is no additional age-related increase for waiting beyond 70.

2. What about the break-even age?

A simple break-even calculation asks how long you must live before the larger delayed pension catches up with the payments you gave up by waiting.

Using only the age-adjustment percentages and ignoring taxes, investment returns, inflation timing, survivor considerations and other planning factors, the rough crossover is around the mid-to-late 70s when comparing age 60 with 65, and around the early 80s when comparing 65 with 70.

But break-even math is only one lens. CPP is lifetime, inflation-adjusted income, so longevity protection can be an important reason to delay.

3. Reasons someone might start earlier

• You need the income to fund retirement now.

• Your health or longevity outlook makes earlier income more valuable to you.

• You have limited other liquid assets.

• Starting CPP allows you to reduce withdrawals from other assets for a period.

• Your broader tax and retirement plan supports taking it sooner.

4. Reasons someone might delay

• You are healthy and place a high value on larger guaranteed lifetime income later.

• You have other assets or income available to bridge the years before CPP begins.

• You want more inflation-adjusted income in your 70s, 80s and beyond.

• Your withdrawal strategy can use RRSP/RRIF or non-registered assets efficiently while CPP is deferred.

• Your overall tax position makes delaying attractive.

5. Don't make the CPP decision in isolation

The strongest retirement plans coordinate CPP with OAS, pensions, RRSP/RRIF withdrawals, TFSAs, non-registered investments, corporate assets and expected spending.

> **The better question is not: *What age gives me the most CPP?***
>
> **It is: What CPP start age makes my entire retirement plan work better?**

Questions worth asking before you choose

- How much CPP am I actually projected to receive at 65?
- Do I need CPP income immediately, or can other assets fund the first years of retirement?
- How is my health, and how do I think about longevity?
- What happens to my taxable income if I start CPP now versus later?
- Should I draw some RRSP assets before CPP and OAS begin?
- How does my spouse's or partner's retirement income affect the plan?
- How much secure, inflation-adjusted income do I want later in retirement?
- Am I choosing based on my full retirement plan - or just a break-even calculation?

The takeaway

Starting CPP at 60 is not automatically a mistake. Waiting until 70 is not automatically better. The age adjustment is important, but the right decision depends on cash flow, taxes, longevity, other assets and what you want your retirement income to accomplish.

Want to see what 60, 65 and 70 look like with your numbers?

Jacob Warren Financial can help you compare CPP start dates within your broader retirement-income strategy - alongside your RRSPs, RRIFs, TFSAs, pensions and other assets.

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Important: This guide is for general educational purposes only and is not individualized tax, legal, investment or financial advice. CPP rules and individual circumstances can change. Verify your own CPP estimate and consult the appropriate professional advisors before making retirement decisions.

Prepared for Jacob Warren Financial Inc. | Money, Clearly.