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NEWS RELEASE

New Insights from NIA Reveal Strategies to Help Canadians Secure Greater Retirement Income by Overcoming Early Claiming Biases

TORONTO, Wednesday, November 27 — The National Institute on Ageing (NIA) has released a new report presenting evidence-based strategies to guide Canadians to make one of the most critical financial decisions of their lives: when to claim Canada Pension Plan (CPP) or Quebec Pension Plan (QPP) benefits.

Steps 5 and 6 of the eight-part paper series, [Improving Long-term Financial Decision-making by Bridging the Psychological Divide Between Today and Tomorrow](#), delve into the psychological factors that often prompt Canadians to start their pension benefits earlier than necessary: a choice that can significantly reduce their financial security in later years. Building on previous report findings, this segment offers practical strategies to help retirees overcome these factors and make informed decisions about delaying benefits, ultimately enabling them to secure larger, inflation-protected incomes throughout their retirement.

“Deciding when to claim CPP/QPP benefits is a highly complex decision, and many Canadians may not fully appreciate how the financial choices they make today will impact their future,” says Dr. Bonnie-Jeanne MacDonald, Director of Financial Security Research of the NIA. “Our research highlights the challenges people face in prioritizing their future financial needs. By developing strategies to strengthen the connection between our current and future selves, we can empower Canadians to make decisions that provide greater financial security throughout a potentially long retirement.”

This latest paper addresses the cognitive and behavioural hurdles that contribute to a “present bias”: the natural tendency to prioritize immediate needs over long-term benefits. This bias can lead to hasty decisions that fail to consider the vulnerabilities many Canadians experience in later years.

The recommendations underscore the importance of framing CPP/QPP deferral as a financially advantageous option that shouldn’t be overlooked. Key strategies include:

1. **Strengthening the Connection to the Future Self:** Step 5 emphasizes tools like stories, testimonials and gamification that help individuals visualize their future

needs. When these needs — and the consequences of their decisions are more tangible — Canadians are more likely to consider the long-term implications of their financial decisions today. For example, asking, “What if I don’t delay CPP/QPP?” invites a pre-retiree to contemplate the financial consequences for themselves and their loved ones, which can reinforce their natural desire to avoid negative outcomes and make the advantages of delaying benefits feel more significant.

2. **Framing Delayed Benefits as a Financial Opportunity:** Step 6 presents innovative approaches to help people overcome their short-term focus by better communicating the deferral option as a unique financial opportunity with immediate value, such as:

- Emphasizing the amount of money a person can expect to lose by claiming early (i.e., the "Lifetime Loss"),
- Highlighting how much the benefit will grow (for example, by waiting a single year from age 60 to 61, CPP pension benefits will grow by 11.25% above inflation!);
- Calculating how much a retiree can “Spend More Today Smartly” (SMarTS) by locking into a future higher CPP benefit income;
- And comparing the deferral to buying an annuity at half the price.

These perspectives make delaying benefits feel like a "good deal," offering immediate satisfaction and mitigating discomfort from waiting for future rewards.

“When CPP/QPP deferral is framed as a valuable financial opportunity, we can leverage psychological biases such as loss aversion and fear of regret to support more informed decision-making,” explains MacDonald. “These approaches can encourage retirees to more carefully assess the age at which they start claiming CPP/QPP benefits, with the overall goals of long-term financial well-being.”

“This paper represents a significant step in helping Canadians achieve financial security in retirement by bridging the gap between academic insights and practical application,” adds Alyssa Brierley, Executive Director of the NIA. “Our goal for the paper series is to support policymakers and the financial services sector in developing practical, accessible tools that can help Canadians maximize their retirement security.”

About The National Institute on Ageing

The National Institute on Ageing (NIA) improves the lives of older adults and the systems that support them by convening stakeholders, conducting research, advancing policy solutions and practice innovations, sharing information and shifting attitudes. Our vision is

a Canada where older adults feel valued, included, supported, and better prepared to age with confidence.

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