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NEWS RELEASE

New Paper Highlights the Need for Improved Communications to Help Canadians Make Informed CPP/QPP Claiming Decisions

TORONTO, October 30, 2024 — A new paper published by the National Institute on Ageing (NIA) calls for improvements in how Canadians learn about their options for when to start claiming CPP/QPP benefits.






Step 4 of the 8-part paper series, [Providing the Right Information in the Right Way: Removing the Biases in CPP/QPP Communications and Empowering Informed Decisions](#), identifies information gaps and unintended psychological influences in current government communications that can lead people to claim benefits early. Based on research and evidence, it proposes alternative approaches to empower participants and industry experts in a position to help with the right information in the right way at the right time.

The CPP/QPP claiming decision is one of the most important financial decisions Canadians make. While claiming early can be a critical lifeline for financially vulnerable older adults, many people who can afford to wait are gravitating toward traditional “benchmark” ages (60 and 65) and forfeiting a valuable opportunity to secure a higher lifelong pension.

In 2021, six out of ten eligible participants started claiming CPP at two specific ages—60 or 65—even though they could start their pension at any time between 60 and 70. Research shows this behaviour is prompted in part by the way CPP/QPP benefits are communicated.

"Government communication plays a critical role in shaping the financial decisions of Canadians as they transition into retirement," said Dr Bonnie-Jeanne MacDonald, Director of Financial Security Research of the NIA. "Reframing how we present the options can empower older adults to make more informed choices that reflect their financial needs and long-term goals. It is not *what* is said but also *how* and *when* it is said that is important.






The paper recommends improvements to current communications and online tools to foster more informed decision-making, including the following:

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1. **Adopt more precise terms — such as “Minimum Benefit Age” when referring to age 60 and “Maximum Benefit Age” when referring to age 70 (CPP) and 72 (QPP) — to help foster greater clarity for CPP participants.** These evidenced-based terms clearly communicate the role of age in benefit claiming and offer a simple yet impactful way to help participants make more informed decisions.
2. **Reframe age adjustment factors to reference the amount payable at the “Maximum Benefit Age” rather than age 65.** This approach emphasizes the benefit reduction due to early claiming and encourages long-term thinking.
3. **Use a neutral term for age 65.** Referring to age 65 as the “standard age to start your retirement pension” could be misinterpreted as a government recommendation, diverting attention from the full range of choices. More neutral terms— like “the reference age for benefit calculations”—should be used.
4. **Send government communications to participants several years before age 60.** Giving participants more time to contemplate the decision allows them to understand their options better and appropriately plan for their retirement in a way that suits their circumstances.
5. **Provide a government-sponsored “basic” pension estimator that shows the impact of different claiming ages on a person’s CPP/QPP benefit entitlements.** This online tool should directly access the individual’s entitlement data held by the CPP/QPP administrators, enable the user to input future earnings and contribution estimates, and accurately estimate future pensions at alternative ages. It should incorporate the complicated rules of CPP/QPP benefit calculations that are currently omitted. This tool would enable more accurate advice from industry experts.
6. **Create a government-sponsored “beyond the basics” projection tool** for CPP/QPP participants who do not have the kinds of retirement investments that warrant professional support from the financial services industry. The tool would calculate their expected spendable income from Canada’s complex system of public pensions — CPP/QPP, Old Age Security (OAS), Guaranteed Income Supplement (GIS) — net of income taxes.

“It’s important to point out that we are not proposing any changes to CPP/QPP benefit design,” explains Doug Chandler, co-author and Associate Fellow of the NIA. “Instead, the paper proposes simple yet impactful steps. More neutral, well-timed and personally relevant information is needed to help Canadians think through their options more carefully.”

“The key goal of this paper is to validate, support and empower the ongoing efforts of CPP/QPP administrators and policymakers in addressing these concerns,” says Alyssa Brierley, Executive Director of the NIA. “By providing independent, evidence-based

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guidance on best practices, our north star is to serve and protect the long-term financial security of Canada’s older population and the systems that support them.”





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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