

## CPP RULES—2011

The advent of 2011 brings with it lots of changes. Everyone knows that income trusts are now taxable, which is what has caused a slew of them to convert to dividend-paying corporate status over the past month or two.

But not as many people recognize that there are new rules regarding the Canada Pension Plan that start being phased in this year. These new rules may directly affect the amount you'll receive in CPP payments.

What's not changing is that at age 65, if you begin collecting your CPP at that point, you'll get the payments you're entitled to.

However, if you start to draw payments before age 65, the penalty goes up from 0.5% per month to 0.6% per month. For example, if you start taking your pension twelve months early, instead of getting 6.0% less of a pension, which is what the old rules called for, you'll get 7.2% less. At age 60, which is the earliest possible that you can start drawing, the haircut will be 36% instead of 30%.

Alternatively, every month you delay collecting your pension after your 65th birthday, you'll get 0.7% more pension for life instead of 0.5% more. At the maximum age of 70, you'll get 42% more instead of 30% more. A thought: Use a TFSA to delay taking CPP as long as you can.