



## Retirees: Should You Start Your CPP Pension at Age 60 or 70?

### Description

The Government of Canada has designated pension plans such as the Canada Pension Plan (CPP) to help individuals in their retirement. The CPP retirement pension is [a monthly taxable benefit](#). It aims to replace a part of your income on retirement. To qualify for this pension payment, Canadians must be over the age of 60 and have made at least one valid contribution to the CPP.

The CPP amount you receive depends on several factors. This includes the average earnings throughout your working life and your contributions to the CPP. The maximum CPP contributions for employees is \$2,898 and \$5,796 for self-employed individuals.

Further, the CPP payout also depends on the age you decide to start receiving your retirement pension. The average CPP payment for a 65-year old starting pension is \$679.16 per month or \$8,149.92 per year. The maximum monthly CPP payment for 2020 is \$1,175.83 or \$14,109.96 per year.

### Delay payments to receive a higher payout

The standard age to start CPP payouts is 65. However, as seen above, you can start taking these payments at the age of 60. Or, you can delay them until the age of 70. If you start the payments at 60, the CPP will be reduced by 0.6% for each month before the age of 65. Alternatively, if you delay your withdrawal, the CPP payment will increase by 0.7% for each month after the age of 65. This means, the maximum annual payment will rise to \$20,036.14 for people starting CPP at the age of 70.

Deciding when to start your pension depends on several factors including your current financial condition, health, taxes, and life expectancy. CPP payouts can be delayed if you do not entirely depend on them for survival. For this, you need to create a robust retirement nest egg by investing in stocks such as **North West Company** (TSX:NWH).

### A great way to supplement your CPP payments

The North West Company is a Canadian multinational grocery and retail firm with a market cap of

\$1.28 billion. The stock is currently trading at \$26.2, which is 17% below its 52-week high. The recent pullback has meant that investors can benefit from a dividend yield of 5%.

North West is a consumer defensive business. It owns supermarkets in [remote regions of](#) Northern and Western Canada as well as Alaska and the Caribbean. North West has experienced strong demand amid the COVID-19 pandemic as 91% of sales are in essential product and service categories. The lockdowns have in fact increased local retail demand for essential products.

The current uncertain macro environment is a good time to load up on defensive stocks that experience predictable cash flows. North West company is also trading at a lower valuation due to the recent weakness, making it a good bet for contrarian and value investors.

The company has increased its quarterly dividends from \$0.24 per share in 2011 to \$0.33 per share in 2020. North West's dividend payouts remain safe and make it one of the most attractive dividend companies on the TSX.

## The Foolish takeaway

The CPP payout is a good way to increase retirement income. However, it is not advisable to depend entirely on government-funded programs for your retirement. You need to create a solid portfolio of dividend-paying stocks that will ensure a stable cash flow as well as capital gains.

### CATEGORY

1. Dividend Stocks
2. Investing

### TICKERS GLOBAL

1. TSX:NWC (The North West Company Inc.)

### PARTNER-FEEDS

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### Author

araghunath

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