



Here's the Max Amount of OAS and CPP Pension You Can Get

Description

COVID-19 is already reshaping retirement in the future. Many soon-to-be retirees must re-evaluate their [retirement options](#), particularly with regards to the Old Age Security (OAS) and the Canada Pension Plan (CPP). Both pensions will be the primary source of regular income for a substantial number of Canadian seniors.

Retirement [risks](#) are higher for the ageing population without adequate emergency funds or retirement savings. A prospective retiree must be thinking of working more years and delay receiving pensions to prop up the amount.

Let us go over the amount each Canadian retiree would receive from the OAS and CPP. It should help firm up retirement decisions or at least tell you when to tap the benefits.

First option

The OAS and CPP peg the “standard” retirement age at 65 years old. Thus, the payment at this age is the first figure you must know. When you retire at 65 and claim the benefits, the total combined monthly payment is \$1,286.40. The OAS benefit is \$613.53, while the average CPP is \$672.87.

Second option

The OAS is automatic when you reach 65, so the monthly payment stays at \$613.53. For the CPP, you can claim the pension as early as 60. However, it adjusts lower.

Your CPP reduces by 7.2% per year, or a 36% reduction overall. Low-income Canadians can qualify for the Government Income Supplement (GIS), which also starts at age 65.

Third option

The deferral option boosts the OAS and CPP. You bump up both pensions if you delay receiving them until age 70. Your OAS benefit increases by 7.2% per year (36% total boost), while the CPP payment improves by 8.4% per year (42% overall increase).

For healthy retirees, the incentive is worth the wait. However, OAS beneficiaries should know they will not qualify for the GIS if they defer the benefit. Also, spouses or common-law partners will not be eligible for the Allowance benefit for the period you are delaying your OAS pension.

Supplement your pension

Whatever option above, the OAS and CPP payments might not provide the comfortable retirement you expect. Despite the scaled-back expenses during the golden years, financial challenges like medical bills await retirees.

You can secure your financial future and avoid anxiety if you have income apart from the OAS and CPP. Saving is important, because you can invest the money and let it grow.

Bank of Montreal ([TSX:BMO](#))([NYSE:BMO](#)) is the ideal retirement stock to own. The fourth-largest bank in Canada has the longest dividend track record among all publicly listed companies on the TSX. This \$45.25 billion bank's dividend history dates back to 1829 — 191 years of providing income to shareholders.

BMO is the bedrock of many nest eggs. You can follow the lead of many retirees and build yours. This blue-chip asset pays a 6% dividend. A \$50,000 savings can produce \$750 in quarterly income.

In a Tax-Free Savings Account, you get to keep it all. The timing is right, as you'll be purchasing BMO at a discount (\$70.74 per share).

Forward-looking

Build your safety net as early as you can by investing in the Bank of Montreal stock. There will be future surprises. Your OAS and CPP might not be enough.

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Date

2025/08/27

Date Created

2020/06/29

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