



## Canada Revenue Agency: When Should You Start Your CPP Pension in 2021?

### Description

As a retiree, the first matter you have to deal with is your finances. You have to take inventory of what you have in terms of savings, decide whether you'd stay as a retiree in your current town (if you are renting), move someplace else, and start your pension. There are two pensions you can usually get: the OAS and CPP. Unlike the OAS, which comes from the government's coffers, the CPP pension is based on your decades of contribution.

The official age at which you can start taking your CPP pension is 65, but that's not set in stone. You can start taking your CPP pension early (when you turn 60), but you'd get a reduced CPP amount. If you defer receiving your payments till you turn 70, you will get 42% more. Ideally, it would be best if you start your CPP pension as late as possible (between the ages of 65 and 70).

### Benefits of a late start

Once you start receiving your [CPP pension](#), the amount you receive will be fixed. And even if the monthly amount is adjusted for inflation, the increments would be based on your core pension amount, so you want to make it as high as possible. Once you turn 65, your CPP pension can start. But if you delay your pension a few months, you have two choices.

You can get retroactive payments for up to 11 months, or your base-pension amount will increase by 0.7% each month. The more you delay receiving your payment, the better. Let's say your CPP pension amount would have been \$650 when you turned 65. If you can wait till you are 70 to receive your payments, you will get \$923 a month.

If you want to start your CPP pension in 2021, you'd have to wait till 27th (for this month). The CRA issues benefit payments (like CPP) on pre-decided dates.

### Other retirement income

CPP and OAS shouldn't be your only sources of income in retirement. By investing in the right stocks

at the right time, you can create other income streams as well. For example, if you had invested \$5,000 in **First National Financial** ([TSX:FN](#)) precisely a decade ago and placed it in your Tax-Free Savings Account (TFSA), you could be receiving about \$98 every month (as per its current monthly payouts) in tax-free income.

First National is the largest non-bank [mortgage lender](#) in the country. Despite the situation of the real estate industry, the company managed to have a profitable 2020. It has been growing its dividends for eight consecutive years, and right now, it's offering a juicy yield of 6.15%. So even if you didn't invest in this company before, you might consider it for starting a small dividend-based passive income.

## Foolish takeaway

When you should start taking your CPP pension is just one of the many retirement decisions you have to make, but it's an important one. Unlike your savings, which would get depleted over the years (unless most of your retirement income is coming from dividends in a TFSA), the CPP and the OAS will stay with you till the end. So enhancing that monthly amount as much as possible can be highly beneficial.

### CATEGORY

1. Dividend Stocks
2. Investing

### TICKERS GLOBAL

1. TSX:FN (First National Financial Corporation)

### PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
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