



Sharing of CPP/QPP Retirement Pensions

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Financial Advisory Support

This article outlines how you may be able to share your CPP and/or QPP benefits with your spouse to reduce your overall family tax bill.

Both CPP and QPP benefit plans allow spouses — i.e. married and common-law partners of the same or opposite sex — to share the pension benefits they earn with each other.

Spouses should consider sharing their CPP/QPP retirement pensions if the higher income spouse also receives a larger CPP/QPP benefit. By electing to share their pensions, a portion of the higher income spouse's retirement pension may be received by the lower income spouse and taxed in the lower income spouse's hands.

Since the eligibility requirements for each plan vary a bit, each plan will be dealt with separately.

Canada Pension Plan (CPP)

WHO IS ELIGIBLE FOR CPP SHARING?

To qualify for CPP retirement pension sharing, both spouses must be:

- A spouse as defined above in an ongoing relationship;
- 60 years of age or over; and
- A recipient of a pension benefit from CPP or a non-contributor to CPP

APPLICATION FOR CPP SHARING

The application form for sharing CPP retirement pension benefits can be downloaded from www.hrsdc.gc.ca/en/isp/pub/factsheets/sharing.shtml.

Supporting documents that must accompany the application include certified copies of birth certificates and SIN numbers (if applying for retirement pension benefits at the same time) and a certified copy of the marriage certificate or proof of a common-law relationship.

THE EFFECT OF SHARING CPP

The pension sharing process combines both spouses' pension entitlements that have accumulated during the time the spouses have lived together, and reallocates 50% of the combined entitlements to each spouse.

Example

Alice and Brad have been living together since 1988, and they currently receive monthly CPP retirement pensions of \$500 and \$200 respectively. Alice and Brad accumulated \$100 and \$0 of entitlements respectively prior to living together, and \$400 and \$200 of entitlements respectively while living together. By sharing their retirement pensions, Alice will receive a CPP pension of \$400 ($\$100 + 50\%$ of $[\$400 + \$200]$) per month. Brad will receive \$300 ($\$0 + 50\%$ of $[\$400 + \$200]$) per month.

TERMINATION OF CPP SHARING

The sharing of retirement pension payments ends at the earliest of:

- The month in which either spouse dies;
- The 12th month after a separation;
- The month of divorce;
- The month that the non-contributing spouse becomes a contributor; or
- The month following the approval of a written request by both spouses to terminate the assignment.

Quebec Pension Plan (QPP)

WHO IS ELIGIBLE FOR QPP SHARING?

Only spouses can apply for QPP sharing. If you are married, you must not be separated from the contributor. If you are living common law, you must have been in a de facto union for at least three years. The three-year period is reduced to one if you had a child together, adopted a child, or if one of you adopted the other spouse's child.

In addition, at the time of application, both of you must be at least 60 years of age, and each of you must either:

- Be receiving a pension benefit from QPP; or
- Have never contributed to QPP.

APPLICATION FOR SHARING QPP

The application form for sharing QPP retirement benefits may be downloaded from the Régie des Rentes du Québec at www.rrq.gouv.qc.ca/en/services/formulaires/regime_rentes/retraite/RRQ-060.htm.

THE EFFECT OF SHARING QPP

The pension sharing process essentially transfers a portion of your pension entitlement to your spouse and a portion of theirs to you. The pension sharing process combines both spouses' pension entitlements accumulated during the time the spouses cohabited, and reallocates 50% of the combined entitlements to each spouse.

For an example of how this works numerically, please refer to the example in the CPP-sharing section.

TERMINATION OF QPP SHARING

The sharing of retirement pension payments will end at the earliest of:

- The month in which either spouse dies;
- The date a copy of the divorce judgment or separation agreement is submitted;
- The date an application for the cessation of pension sharing is signed by both married spouses or by either of the de facto spouses;
- The 12th month after a separation of a de facto couple; or
- The date the non-contributing spouse to either CPP or QPP becomes a contributor to either plan.

When not to Share CPP/QPP Pensions

Assignment of CPP/QPP retirement pensions should be avoided where pension entitlement accumulated by the lower income spouse exceeds that of the higher income spouse during the time they live together.

SPOUSES WHO CONTRIBUTE TO DIFFERENT PLANS

In situations where one spouse receives CPP retirement benefits while the other spouse receives QPP retirement benefits, then sharing QPP benefits means sharing CPP benefits as well.

SPOUSES WHO CONTRIBUTE TO BOTH PLANS

APPLYING FOR YOUR RETIREMENT PENSION

- If you have always worked in Quebec but now live elsewhere in Canada, you must apply for your pension from the Régie des rentes du Québec since you contributed to the Quebec Pension Plan.
- If you worked in Quebec and elsewhere in Canada and now live elsewhere in Canada, you must apply for your pension from Department of Human Resources and Social Development since you contributed to both the Quebec Pension Plan and the Canada Pension Plan. You can contact this agency by phone at 1-800-277-9914 or if you're hearing impaired at 1-800-603-3540.
- If you worked in Quebec and elsewhere in Canada and now live outside Canada, you retain all of the rights you accumulated under both plans and you can apply to receive a retirement pension from the plan that applied in your last province of residence in Canada. For example, if your last province of residence was Quebec, you can apply for your pension from the Régie.

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