JUST THE FACTS:
HELPING YOU TALK ABOUT MONEY

Pensions

A pension is a stream of income after retirement from the workforce.

All Canadians are eligible for Canada Pension Plan (CPP) or Quebec Pension Plan (QPP) benefits after age 65.

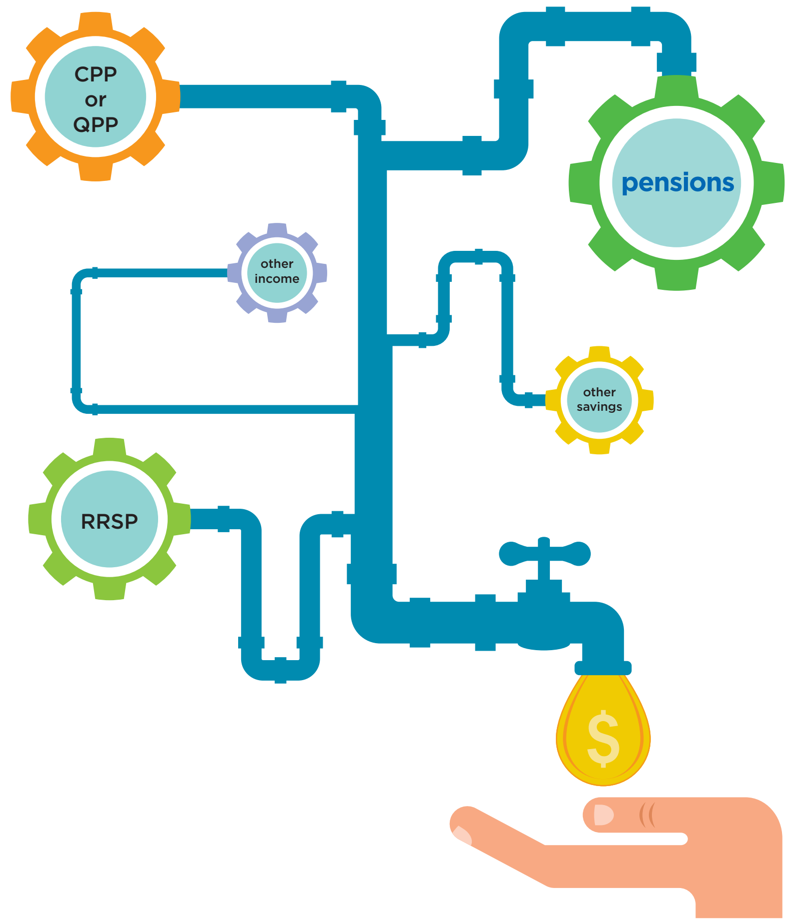
Starting at age 18, a portion of all income earned is dedicated to the CPP or QPP creating a large pool of funds.

Private pensions plans provide additional post-retirement income support.

- Some employers offer a pension plan for employees, who pay into the plan for as long as they work for the company or organization.
- Some employers also contribute on behalf of their employees, either with matching contributions (to a set limit) or through yearly payments into the plan.
- In some cases, when you change employers you can transfer the pension. If not, the money in the plan can be transferred to a Registered Retirement Savings Plan (RRSP).

There are two types of pension plans: Defined Contribution and Defined Benefit.

- Defined Contribution
  - Part of your pay (either a percentage of your salary/wages or a set amount each month) is put toward your pension plan.
  - This money is pooled and invested by the pension fund manager.
  - The amount you get when you retire depends on the return on investments i.e., how much money is in the pool.
  - Pension amounts will vary, depending on when you enroll in the plan and when you start making the withdrawals.
- Defined Benefits
  - The amount you receive when you retire is pre-determined.
  - These pension plans are uncommon outside government workplaces.



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You may also be interested in taking our Financial Wellness Guide questionnaire.

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