CPP Integration and Your PSPP Pension

How your Public Service Pension Plan and the Canada Pension Plan work together

OPB
Your Pension. Our Promise.

Contents

About this booklet

This booklet provides a high-level summary of the key features of the Public Service Pension Plan (PSPP). A complete description of this valuable benefit is contained in the legal documents that govern the Plan (these can be viewed at the offices of OPB). All reasonable steps have been taken to ensure that this booklet is accurate. However, if there is any difference between the information provided in this booklet and the official Plan documents, the official Plan documents will govern.

Before making any decisions affecting your pension, please contact OPB to verify your rights, responsibilities and entitlements under the Plan.

OPB 8002 (2024-12)

Your pension income at retirement

Introduction

The Public Service Pension Plan (PSPP) is a contributory defined benefit pension plan, which means the benefit you receive at retirement is based on a pre-set formula. Your PSPP pension consists of:

- the **lifetime pension**, which is available from the date you retire (including early retirement) for your lifetime (from retirement to death)
- if you retire early, you will receive an **early retirement bridge benefit** until the end of the month when you turn 65 years-old.

Since 1966, the PSPP has been designed to work together with the Canada Pension Plan (CPP). You may have heard about CPP integration. It refers to how the PSPP and the CPP work together before and after you're age 65.

If you're considering early retirement, you need to decide when to start your CPP pension. You can begin receiving your CPP pension:

- as early as age 60 (with a reduction for each year you are under 65), or
- you can wait to start receiving it when you reach age 65, or
- you can also delay your CPP pension up to age 70 (with an increase), but keep in mind that the PSPP early retirement bridge benefit does not continue after age 65 — you can delay CPP beyond age 70, but the age-related increase stops at 70

Your decision will impact the amount of your total pension income at age 65.

This booklet explains these options to help you make this important decision.

You can continue your PSPP membership past age 65, but under the federal *Income Tax Act* (ITA) you must start collecting your pension by the end of the calendar year in which you turn 71 – even if you are still working (special rules apply for Associate Judges and Justices of the Peace).

Most PSPP members will receive pension payments from the PSPP and the CPP in retirement. You may also be eligible to receive the Guaranteed Income Supplement and Old Age Security benefits. For more information visit Canada.ca.

What is CPP integration?

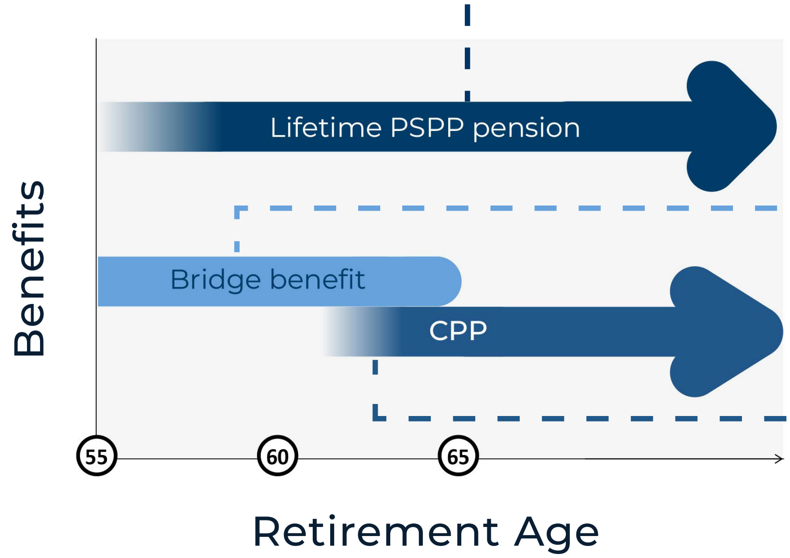
In January 1966, the federal government introduced the CPP. Most public sector pension plans were adjusted to be 'integrated' with the CPP. The Ontario government changed the PSPP contribution formula to reduce the amount members paid into the PSPP by roughly the amount they were required to contribute to the CPP.

Since 1966, there have been increases to the CPP contribution rates, but the PSPP's adjustment formula to integrate with CPP was not changed to reflect those increases. This means that the adjustment to PSPP member contributions was no longer the same as CPP contributions.

On January 1, 2019, most employees working in Canada started making additional CPP contributions known as 'CPP enhancement.' These increases to CPP contribution rates are being phased in between 2019 to 2025. Anyone making these higher CPP contributions after January 1, 2019 will receive an increased amount of CPP pension when they retire. The CPP enhancement does not affect your PSPP contributions and benefits.

For more details on the CPP enhancement, please refer to the Government of Canada website. OPB is not responsible for the content of external websites.

Your Pension and Canada Pension Plan (CPP) Integration



When you retire, you will receive your PSPP lifetime pension.

If you retire before age 65, you will receive a PSPP bridge benefit in addition to your PSPP lifetime pension.

At age 65, when you are eligible to collect an unreduced CPP pension, your PSPP bridge benefit ends.

This is the case even if you start your CPP pension before or after age 65.

How do the PSPP and CPP pension plans work together?

Period	How the PSPP and CPP work together
Your working years	During your working years, your PSPP contributions are adjusted to reflect the contributions you make to, and the benefits you earn under, the CPP during the same period. Under the CPP's original 1966 design, members were required to make CPP contributions based on their earnings to the Year's Maximum Pensionable Earnings (YMPE). To recognize those CPP contributions, PSPP members contribute at a lower rate to the PSPP on income up to the YMPE. On your salary above the YMPE, you contribute at a higher rate to the PSPP. This is how your pension is integrated with CPP as an active member. The increase to CPP contributions as a part of CPP enhancement does not affect your PSPP contributions.
Early retirement up to age 65	If you retire before age 65, your PSPP pension includes an early retirement bridge benefit that is intended to supplement your retirement income until you reach age 65 when you are eligible to collect an unreduced CPP pension. The early retirement bridge benefit is additional to the lifetime PSPP pension, which you receive both before and after age 65. It's important to understand that your PSPP early retirement bridge benefit and your CPP pension are not the same amount. Your early retirement bridge benefit from the PSPP is calculated based on your PSPP pension credit (up to a maximum of 35 years), whereas your CPP benefit will reflect the benefit you've earned in the CPP during your entire working career. The formula for calculating the early retirement bridge benefit is not the same as the formula used to calculate the CPP pension.
Age 65	When you turn 65 years old, and are eligible to receive an unreduced CPP pension, your early retirement bridge benefit ends. As a result, you will notice that your total PSPP pension from age 65 is lower because you are only receiving your lifetime PSPP pension without the additional bridge benefit. This is what we refer to as CPP integration. If you delay collecting your CPP pension at age 65 or later, your PSPP pension will not include any early retirement bridge benefit.

How we calculate your PSPP contributions and benefits

The YMPE is used to calculate certain contributions you make to the CPP. The YMPE is set by the federal government and changes annually. You contribute to the CPP based on your annual salary between $3,500 and the YMPE. For 2025, the YMPE is $71,300.

We also use the YMPE to calculate your PSPP contributions every year. Then, at retirement, we use an average YMPE to calculate your PSPP pension benefits. It is calculated by using a three-year average of the YMPE in the year you retire and the two immediately preceding years. Here's how it works:

Portion of your annual salary	Your PSPP pension contributions	Your PSPP pension benefits
Up to the YMPE (Fixed at $71,300 for 2025)	You contribute 7.4% of your annual salary up to the YMPE. **plus**	Your pension benefits are calculated using a set formula of 1.3% of your average annual salary up to the average YMPE multiplied by your pension credit up to 35 years, plus 2% of your average annual salary up to the YMPE multiplied by your pension credit above 35 years. If you retire before age 65, **the early retirement bridge benefit** you receive up to age 65 is 0.7% of your average annual salary up to the average YMPE, multiplied by your pension credit up to 35 years.
Above the YMPE	**You also contribute 10.5% of your annual salary above the YMPE.**	Your pension benefits are calculated using a set formula of 2% of your average annual salary above the average YMPE, multiplied by your pension credit.

Your annual contributions are equal to:

- 7.4% of your salary up to the YMPE, plus
- 10.5% of your salary above the YMPE

If you started contributing to the PSPP before 1966 (when CPP was established), special rules apply to calculate your PSPP pension benefits. Please contact us at **416-364-5035** or toll-free at **1-800-668-6201** for more information.

Let’s look at an example of how contributions are calculated

Tony is a full-time employee with an annual salary of $110,000. Tony’s annual PSPP contribution for 2025 is calculated as follows.

How we calculate Tony’s PSPP contributions	Contribution amount
• 7.4% x Tony’s annual salary up to the YMPE • 7.4% x $71,300	$5,276.20
plus • 10.5% of Tony's annual salary above the YMPE • 10.5% x ($95,000 - $71,300)	$4,063.50
Tony’s total PSPP contributions for 2024	**$9,399.70**

Tony’s contributions to the CPP are based on salary between $3,500 and the YMPE. His contributions to the PSPP on the part of salary up to the YMPE are calculated using a lower percentage (7.4%) than for the part of salary above the YMPE (10.5%).

Your Canada Pension Plan retirement pension

When you decide to start receiving your CPP pension will affect the amount of your CPP pension payments.

Scenario	Description
Start your CPP pension at age 65	You may begin receiving your CPP retirement pension without any reduction at age 65.
Start your CPP pension before age 65	CPP retirement pensions will be lower when you start your CPP pension before age 65. You can choose to take a permanently reduced CPP retirement pension as early as age 60. When begun before 65, CPP pensions are reduced. For CPP retirement pensions starting in 2016 and later, the reduction is 0.60% for each month (or 7.2% per year) before age 65.
Start your CPP pension after age 65	CPP retirement pensions will be higher if you start your CPP pension after age 65. You can choose to take a permanently increased CPP retirement pension after age 65. CPP pensions are increased by 0.70% for each month (or 8.4% per year) after age 65, up to age 70. If you delay your CPP pension after age 70, there will be no further increase to that pension.

Scenario	Description
Continue to work and receive your CPP retirement pension at the same time (CPP Post- Retirement benefit)	If you choose to work while receiving your CPP pension, you can continue to make CPP contributions until age 70 to receive an additional CPP pension (the CPP Post- Retirement Benefit) which will increase your overall CPP payments. Remember that: • For contributors under age 65, CPP contributions are mandatory. • For contributors aged 65 to 70, CPP contributions are voluntary.

For information about how CPP contributions are calculated and changes to the CPP, please call the Government of Canada toll-free at 1-800-277-9914, or visit Service Canada at Canada.ca.

Planning for your retirement

If you are considering early retirement (before age 65) you should decide when to begin receiving CPP benefits. This decision will affect the amount of your CPP payments. Read the table below to help you make this important decision.

Scenario	Results
Retire at age 65 and start CPP pension at that age	**PSPP and CPP pensions start at age 65** The PSPP pension you receive at age 65 does not include the early retirement bridge benefit. You will receive your lifetime pension amount. See page 8 for an illustration of this scenario. You do not need to stop working to begin receiving your CPP pension.
Retire early before age 65; CPP starts at age 65	**PSPP pension started before age 65 and CPP pension starts at age 65** You will notice a change in the total amount you receive from your PSPP pension when you turn 65. This is because the pension will no longer include the early retirement bridge benefit once you turn 65. However, your CPP pension will begin at age 65. See page 9 for an illustration of this scenario.
Retire early before age 65, with early CPP	**PSPP and CPP pensions start before age 65** Regardless of when you start your CPP pension, you will receive the early retirement bridge benefit from the PSPP until age 65. This bridge benefit ends at age 65. If you collect both your PSPP and CPP pension before age 65, **you may notice a reduction to your combined CPP and PSPP pension income at age 65 when the early retirement bridge benefit ends.** See page 10 for an illustration of this scenario. If you take your CPP pension before age 65, refer to the table on page 5 for details on the amount by which your CPP pension is reduced, or call the Government of Canada toll-free at 1-800-277-9914, or visit the Service Canada website at Canada.ca.

Scenario	Results
Retire as late as age 71 with delayed CPP	**PSPP and/or CPP start after age 65** You must retire and start collecting your PSPP pension by the end of the year when you turn age 71. Members are required to terminate their membership in the PSPP Plan by the end of November. You will receive the lifetime PSPP pension amount, without the additional PSPP early retirement bridge benefit. CPP pensions are increased each month that you delay taking CPP, up to age 70. There is no benefit to waiting until after age 70 to start receiving your CPP pension. See page 12 for an illustration of this scenario. Refer to the table on page 5 for details on the amount by which your CPP payment reductions and increases in different scenarios, or call the Government of Canada toll- free at 1-800-277-9914, or visit Service Canada at Canada.ca.

Let's look at an example using real numbers. The chart below shows how a decision to retire early can affect your pension income. It shows different amounts of annual pension income, depending on whether you retire at age 65 or take early retirement before age 65, with or without early CPP.

Remember, this is only an example – your annual pension income will depend on several factors, including your average annual salary, your age at retirement, and amount of pension credit.

In this example, a full-time employee has an average annual salary of $110,000 and 31 years of PSPP pension credit. The employee is also entitled to the maximum annual CPP pension which for 2025 is $17,157.98. For 2025, the average YMPE is $68,800.

Retirement	**Annual PSPP income**		**Annual CPP income**		**Total annual pension income**	
Pension scenario	**Lifetime pension**	**Bridge benefit up to age 65**	**Reduced from age 60**	**Regular from age 65**	**BEFORE age 65, includes bridge benefit**	**AFTER age 65, bridge benefit ends**
Retire at age 65 and start CPP pension at that age	$53,270.40	not applicable	not applicable	$17,157.96	not applicable	**$70,428.36**
Early retirement at age 60; CPP starts at age 65	$53,270.40	$14,929.60	not applicable	not applicable	$68,200.00	**$70,428.36**
Early retirement at age 60, with early CPP	$53,270.40	$14,929.60	$10,981.09	not applicable	$79,181.09	**$64,251.49**

Now let's look at each scenario in more detail on the following pages.

It's important to understand that your PSPP early retirement bridge benefit and your CPP pension are not the same amount. Your early retirement bridge benefit from the PSPP is calculated based on the credited service you have in the PSPP (up to a maximum of 35 years), whereas your CPP benefit will reflect the benefit you've earned in the CPP during your entire working career.

Retiring at age 65 and starting CPP at that age

If you retire at 65 and start collecting pension benefits at that time, your PSPP pension does not include the early retirement bridge benefit. There is no change to your PSPP or CPP pensions.

Example: PSPP (lifetime pension) and CPP pension start at age 65

In this scenario, Miriam decides to retire at age 65. She has an average annual salary of $110,000 and 31 years of pension credit. The average YMPE for 2025 is $68,800. Miriam's maximum annual CPP pension for 2025 is $17,157.96.

Retirement	Annual PSPP income		Annual CPP income		Total annual pension income	
Pension scenario	**Lifetime pension**	**Bridge benefit up to age 65**	**Reduced from age 60**	**Regular from age 65**	**BEFORE age 65, includes bridge benefit**	**AFTER age 65, bridge benefit ends**
Early retirement at age 65	$53,270.00	not applicable	not applicable	$17,157.98	not applicable	**$70,428.36**

Early retirement with CPP at age 65

You may be eligible to retire before age 65 with an unreduced PSPP pension if you qualify for one of the PSPP unreduced early retirement provisions. If you don't qualify for unreduced early retirement, you can still retire as early as age 55 with a reduced pension (reduced by 5% for every year you are younger than age 65 when your pension starts).

Example: PSPP starts before age 65 (lifetime pension plus early retirement bridge benefit), CPP pension starts at age 65

In this scenario, Sven qualifies for an unreduced pension at age 60. Sven, who has an average annual salary of $110,000 and 31 years of pension credit, has decided to retire with an unreduced PSPP pension before age 65, and will wait until age 65 to begin collecting his CPP pension. Sven's maximum annual CPP pension for 2025 is $ 17,157.96.

Retirement	Annual PSPP income		Annual CPP income		Total annual pension income	
Pension scenario	**Lifetime pension**	**Bridge benefit up to age 65**	**Reduced from age 60**	**Regular from age 65**	**BEFORE age 65, includes bridge benefit**	**AFTER age 65, bridge benefit ends**
Early retirement at age 60; CPP starts at age 65	$53,270.40	$14,929.60	not applicable	$17,157.96	$68,200.00	**$70,428.36**

There is a small change in Sven's total annual pension income at age 65.

At age 65, Sven's PSPP pension no longer includes the **early retirement bridge benefit**. In this example, the combined PSPP and CPP pension income at age 65 is slightly higher than before age 65. In other cases, it may be lower (depending on your average annual salary and pension credit, and the amount of your CPP pension).

By choosing to wait until age 65 to start the CPP pension, Sven does not notice a significant difference in total PSPP and CPP pension income at that time. Sven's CPP pension will help offset the early retirement bridge benefit, which is no longer included after age 65.

It's important to understand that your PSPP **early retirement bridge benefit** and your CPP pension are not the same amount. Your early retirement bridge benefit from the PSPP is calculated based on the credited service you have in the PSPP (up to a maximum of 35 years), whereas your CPP benefit will reflect the benefit you've earned in the CPP during your entire working career. As well, the formula for calculating the early retirement bridge benefit is not the same as the formula used to calculate the CPP pension.

Early retirement with early CPP pension

You may be eligible to retire before age 65 with an unreduced pension if you qualify for one of the PSPP unreduced early retirement provisions. If you don't qualify, you can retire as early as age 55 with a reduced pension (reduced by 5% for every year you are younger than age 65 when your pension starts).

If you're over age 60 and decide to retire and start your CPP pension, your CPP pension will be reduced by 0.6% for every month (7.20% per year) that you are younger than age 65 when your CPP pension starts.

Example: PSPP and CPP pensions start before age 65

In this scenario, Ahmed qualifies for an unreduced PSPP pension at age 60. Ahmed, who has an average annual salary of $110,000 and 31 years of pension credit, has decided to retire early and begin collecting the CPP pension before age 65.

Retirement	**Annual PSPP income**		**Annual CPP income**		**Total annual pension income**	
Pension scenario	**Lifetime pension**	**Bridge benefit up to age 65**	**Reduced from age 60**	**Regular from age 65**	**BEFORE age 65, includes bridge benefit**	**AFTER age 65, bridge benefit ends**
Early retirement at age 60, with early CPP	$53,270.40	$14,929.60	$10,981.09	not applicable	$79,181.09	**$64,251.49**

At age 65, Ahmed's PSPP pension no longer includes the early retirement bridge benefit.

By choosing to retire early and choosing to receive an early CPP pension, Ahmed may notice a significant change in his combined PSPP and CPP pension income at age 65. However, Ahmed will have had the benefit of receiving the CPP benefit beginning at age 60.

It's important to understand that your PSPP **early retirement bridge benefit** and your CPP pension are not the same amount. Your early retirement bridge benefit from the PSPP is calculated based on the credited service you have in the PSPP (up to a maximum of 35 years), whereas your CPP benefit will reflect the benefit you've earned in the CPP during your entire working career. As well, the formula for calculating the early retirement bridge benefit is not the same as the formula used to calculate the CPP pension.

Retirement as late as age 71 with delayed CPP

If you retire at or after age 65 and start collecting pension benefits at that time, your PSPP pension does not include the early retirement bridge benefit

CPP benefits will be higher if you start your CPP pension after age 65. You can choose to take a permanently increased CPP after age 65. CPP pensions are increased by 0.70% for each month (or 8.4% per year) after age 65, up to age 70. If you delay your CPP pension after age 70, there will be no further increase to that pension.

Example: PSPP (lifetime pension) and delayed CPP

In this scenario, Jose decides to retire at age 70. He has an average annual salary of $110,000 and 31 years of pension credit. The average YMPE for 2025 is $68,800. Jose delayed starting his CPP until age 70, which has increased the CPP pension amount by 8.4% per year.

Retirement	Annual PSPP income		Annual CPP income		Total annual pension income	
Pension scenario	**Lifetime pension**	**Bridge benefit up to age 65**	**Regular from age 65**	**Increased from age 70**	**BEFORE age 65, includes bridge benefit**	**AFTER age 65, bridge benefit ends**
Retirement at age 70	$53,270.40	not applicable	not applicable	$24,364.30	not applicable	**$77,634.70**

Frequently asked questions

Are the PSPP early retirement bridge benefit and your CPP pension the same amount?

No. Your PSPP **early retirement bridge benefit** and your CPP pension are not the same amount. Your early retirement bridge benefit from the PSPP is calculated based on the pension credit you have in the PSPP (up to a maximum of 35 years), whereas your CPP benefit will reflect the benefit you've earned in the CPP during your entire working career. Also, the formula for calculating the early retirement bridge benefit is not the same as the formula used to calculate the CPP pension.

If you retire before age 65, will your PSPP pension still be protected through a cost-of-living adjustment?

Yes. The PSPP protects your pension from inflation regardless of the age you retire. Each year after you retire, any cost-of-living adjustment is added to your PSPP pension. The adjustment is based on the change in Canada's Consumer Price Index.

When you reach age 65, the PSPP early retirement bridge benefit and any inflation adjustments to that benefit received are no longer included in your PSPP pension. Your PSPP lifetime pension continues to be increased by any cost-of-living adjustments.

If you die before age 65, will your survivor benefits be adjusted to integrate with CPP?

Yes. Any survivor pension paid to your eligible spouse, or eligible children, will be equal to a percentage of the pension that would have been payable to you after age 65.

If you are receiving CPP Disability Benefits will the adjustment for CPP integration be made before age 65?

No. The adjustment for CPP integration is made at age 65 for all PSPP members even if you received CPP Disability Benefits prior to that date.

We know this can be a complicated topic. We'd like to help you understand what CPP integration will mean to your pension income. Please call us at **416-364-5035** or toll-free (Canada and USA) at **1-800-668-6203**.

For more information

This booklet provides a summary of how your PSPP and CPP work together. Please refer to your Annual Pension Statement (APS) for detailed information about your PSPP pension income. Your APS is provided to you in the spring of each year.

If you have any questions about your PSPP, please contact us.

Reach us	Contact information
By telephone	**416-364-5035 or 1-800-668-6203 toll-free (Canada and USA)** Client Care Associates are available to help Monday through Friday, from 8 a.m. to 5 p.m. EST
By email	clientservice@opb.ca Email messages are not considered secure. Do not include any confidential information (e.g., bank account number, social insurance number).
Visit our website	OPB.ca Our site includes a range of information, including a plan description, financial information, forms and e-services.
Write to us	**Ontario Pension Board** 200 King St. West, Suite 2200 Toronto ON M5H 3X6

Before making any decisions affecting your PSPP pension, please contact us to verify your rights, responsibilities and entitlements under the Plan.

For information on the Canada Pension Plan, call the Government of Canada toll-free at **1-800-277-9914**, or visit Service Canada at Canada.ca.

Documents related to our accessible client services are available upon request. Please contact us to discuss receiving the information in this booklet in an alternative format.