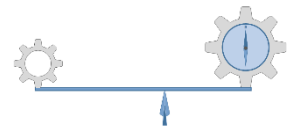


Canada Pension Plan (CPP) Analysis

For
Sample Report Only

Prepared by: Jason Yee, CFA, P.Eng.
Principal Investment Analyst & Financial Planner
FINEPOINT SOLUTIONS INC.
MONTH 2022



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Canada Pension Plan (CPP) Analysis

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Our Canada Pension Plan (CPP) analysis is provided based on the information in your CPP Statement of Contributions (SOC), and based on the information you have provided to us.

CPP retirement pension estimates for key years

Estimates from your SOC are in black. Our estimates are provided in blue.

Person1

SOC Estimates	Amount	Our Estimates	%-difference	% of Maximum Benefit
If start is... Retirement pension		Retirement pension		
next month				
age 60	\$500.00	\$550.00	\$540.00	8% 90%
age 65	\$600.00	\$650.00	\$640.00	7% 80%
age 70	\$700.00	\$750.00	\$740.00	6% 80%
			↑ Adjusted to dollars of the SOC date.	
If under 65, and... Disability benefits				
CPP disability pension	\$100.00		\$110.00	
CPP post-retirement disability benefit	\$100.00		\$110.00	
CPP child's benefit	\$100.00		\$110.00	
Death benefits				
CPP survivor pension - survivor 65+	\$100.00		\$110.00	
CPP survivor pension - survivor <65	\$100.00		\$110.00	
CPP child's benefit	\$100.00		\$110.00	
one-time CPP death benefit to estate	\$2,500.00		\$2,500.00	

The reasons our estimates are higher (lower) than on your SOC are:

- Reason #1
- Reason #2
- Reason #3...

Person2

Similar information as Person1 above

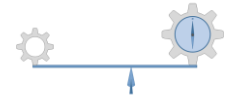
The reasons our estimates are higher (lower) than on your SOC are:

- Reason #1
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- Reason #3

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Lifetime Loss¹

Lifetime Loss estimates the amount of CPP retirement pension you would be foregoing by starting CPP earlier rather than later.

- For CPP, your retirement pension will be unreduced if you start at age 65.
- There are penalties (a reduction in pension amount) if you start receiving your pension prior to age 65.
- Conversely there are bonuses (an increase to your pension amount) if you delay your start date past age 65.

Lifetime Loss can help with CPP start date decisions by quantifying expected lifetime amounts at different starting dates so they can be compared.

¹ MacDonald, B.J., (2020). Get the Most from the Canada & Quebec Pension Plans by Delaying Benefits: The Substantial (and Unrecognized) Value of Waiting to Claim CPP/QPP Benefits. National Institute on Ageing, Ryerson University.

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Canada Pension Plan (CPP) Analysis

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Person1's Lifetime Loss results:

Name Person 1
 DOB 15-Jan-80
 Age 43

Life Expectancy

Optimistic 93 ← Level recommended by FP Canada for financial projections. Biased toward longer life expectancies.
About average 88 ← **this is the median life expectancy. This is the main level that we look at.**
 Dies early 80 ← this is a case that examines that you die earlier than the median life expectancy.

Inflation 2.3%

			Monthly CPP	Annual CPP	In 2040 dollars	In 2045 dollars
			Benefit	Benefit		
Age 60	15-Jan-40	2040	\$2,000	\$24,000	\$24,000	
Age 65	15-Jan-45	2045	\$3,800	\$45,600	\$40,699	\$45,600
Age 70	15-Jan-50	2050	\$6,000	\$72,000	\$57,356	\$64,262

Lifetime CPP if you start at age 65 compared to age 60.							
		Optimistic	About average		Dies early		
If you were to start CPP at age →		65	60	65	60	65	60
Estimate of your total lifetime CPP is →		\$1,139,572	\$792,000	\$936,077	\$672,000	\$610,485	\$480,000
Lifetime Loss =		\$347,572		\$264,077		\$130,485	

Lifetime CPP if you start at age 70 compared to age 60.							
		Optimistic	About average		Dies early		
If you were to start CPP at age →		70	60	70	60	70	60
Estimate of your total lifetime CPP is →		\$1,319,188	\$792,000	\$1,032,408	\$672,000	\$573,560	\$480,000
Lifetime Loss =		\$527,188		\$360,408		\$93,560	

Lifetime CPP if you start at age 70 compared to age 65.							
		Optimistic	About average		Dies early		
If you were to start CPP at age →		70	65	70	65	70	65
Estimate of your total lifetime CPP is →		\$1,478,026	\$1,276,800	\$1,156,716	\$1,048,800	\$642,620	\$684,000
Lifetime Loss =		\$201,226		\$107,916		-\$41,380	

Person1, if you were to:

- delay the maximum amount of time and start CPP at age 70,
- rather than start CPP early at age 60,

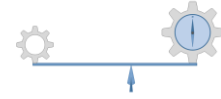
We estimate that you would **avoid losing** about \$360,408 over your lifetime, if you lived to the median life expectancy (about average).

If you were to delay starting CPP to age 70, you could still avoid losing about \$93,560 under the “dies early” life expectancy that we assumed.

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Canada Pension Plan (CPP) Analysis

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Also, **Person1**, if you were to:

- start CPP at age 65,
- rather than start CPP early at age 60,

we estimate that you would **avoid losing** about \$264,077 over your lifetime, if you lived to the median life expectancy (about average).

And you could still avoid losing about \$130,485 over your lifetime, under the “dies early” life expectancy that we assumed.

Person1, there is a good incentive for you to delay starting CPP as much as possible based on our estimate of your expected lifetime total CPP. Additional considerations include:

- Reason #1
- Reason #2
- Reason #3

The height of a box represents the annual amount of CPP we estimate for you.

- A taller box means a larger amount of CPP.
- Starting at an earlier age results in a lower amount, whereas starting at a later age results in a larger amount.

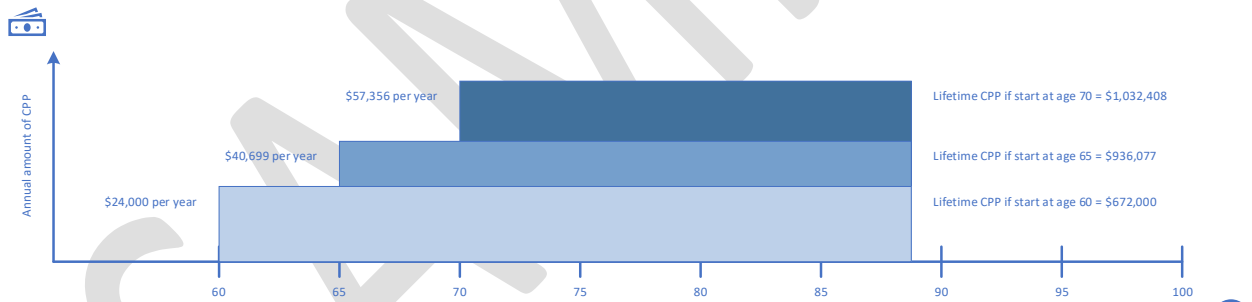
The length of the box represents the number of years that we assume you will collect CPP for.

- This changes based on the age you start CPP and your assumed life expectancy.

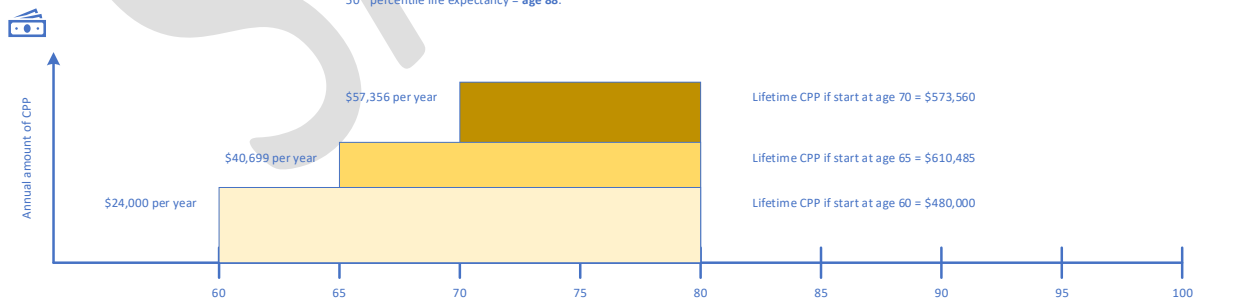
By adding up all your CPP for all the years from your starting age to your assumed life expectancy, we can estimate your amount of lifetime CPP.

Lifetime loss compares the amount of lifetime CPP between two starting ages.

- Lifetime loss quantifies how much CPP we estimate you will lose over your lifetime by starting CPP earlier compared to starting later.



For example, we estimate you would lose \$1,032,408 - \$672,000 = **\$360,408** by starting CPP at age 60, compared to age 70 (in real 2040 dollars). 50th percentile life expectancy = **age 88**.



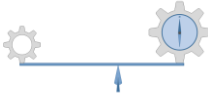
Here we see you may still be better off by about \$573,560 - \$480,000 = **\$93,560** over your assumed lifetime if you were to delay starting CPP to age 70, compared to starting at age 60 (under the dies early life expectancy we assumed). 25th percentile life expectancy (dies early scenario) = **age 80**.

Note: Actual outcomes and commentary will depend on your personal situation! Sample only.

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Canada Pension Plan (CPP) Analysis

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Person2's Lifetime Loss results:

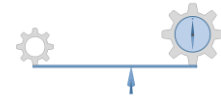
Similar information as Person1 above

SAMPLE

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Canada Pension Plan (CPP) Analysis

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Check of CPP special rules

Child raising drop-out provisions related to the primary caregiver *(potentially a larger CPP benefit)*

For example, when **answering question 11B of the application** for a Canada Pension Plan retirement pension (Form ISP-1000). *We calculate the impact of applying this rule should you be eligible.*

For more information: [Child-rearing provisions - Canada.ca](https://www.canada.ca/en/revenue-agency/services/tax/individuals/topics/child-rearing-provisions.html)

Also: Form ISP-1640 and Information Sheet ISP-1640A

Pension sharing – assignment of CPP benefits *(potential to income split)*

*We calculate how a couple's respective CPP amounts will change if pension sharing is done. This will identify income splitting potential and will help when **answering question 13 of the application**.*

For more information: [Pension sharing - Canada.ca](https://www.canada.ca/en/revenue-agency/services/tax/individuals/topics/pension-sharing.html)

Also: Form ISP-1002, Information Sheet ISP-1002A and Form ISP-1014

Post-retirement benefits *(potential cost savings and improved financial trade-offs)*

There are a variety of options or decisions that could apply depending on your age and other personal factors. *We provide you with information for making those decisions.*

For more information: [Working and aged 60 and over - Canada.ca](https://www.canada.ca/en/revenue-agency/services/tax/individuals/topics/working-and-aged-60-and-over.html)