

Chapter 3: Assessment of Income

(ii) Non-exempt Income

(c) Canada Pension Plan Benefits (Adult Benefits)

Intent:	To outline the resources that may be available to individuals under the Canada Pension Plan, and their effects on eligibility for Income Support benefits.
Act (if applicable)	N/A
Regulations	<p>8 (c) "non-exempt income" means income received by an applicant or recipient for which no exemption applies and which is used in determining eligibility but does not include partially exempt income, and which may be obtained by means of</p> <ul style="list-style-type: none"> (i) payments under the Canada Pension Plan, Old Age Security benefits, Veterans' Allowance, compensation under the Workplace Health, Safety and Compensation Act , employment insurance benefits, and pensions to the applicant or recipient or to his or her dependent from other sources, (ii) income received from a support trust by a person requiring supportive services according to section 25 , (iii) income received from federal training allowances, (iv) an assessment based on 50% of the receipts from rental of rooms on property which is used by the applicant or recipient as a residence, (v) an assessment of rental income based on 50 % of that income after the deduction of municipal property taxes for rented real property in which the applicant or recipient does not reside, (vi) payments which are monetary in nature or which are quantifiable in monetary terms including payments which are by way of arrears and which are received as spousal maintenance or support by the applicant or recipient under a private agreement, a domestic contract or a court order, (vii) payments received by an applicant or recipient without dependents under the Canada-Newfoundland and Labrador Student Loan Program or successor program; (viii) net income received from a severance package which an applicant or recipient receives upon permanently severing from his or her employer for the period of time that the severance package is payable,

	<ul style="list-style-type: none"> (ix) income resulting from the sale of property or the sale of a fishing licence, (x) payments received as a result of an inheritance or from an estate, and (xi) income from an insurance claim whether it is paid in monthly instalments or by a lump sum payment; <p>in the month that the payment, income, or inheritance is received;</p>
<p>Overview: (if applicable)</p>	<ul style="list-style-type: none"> • The federal Canada Pension Plan (CPP) is financed through contributions by employees, employers and the self-employed. It provides benefits to members of the Canadian workforce when they retire (as early as age sixty years old) and to their survivors in the event of their death. It also provides disability benefits should contributors become severely disabled, and lump sum benefits for burial expenses. For more information, please review the Service Canada website at: Home - Service Canada - Service Canada. • Effective June 1, 2019, all CPP Children’s Benefits including the CPP Surviving Child Benefit and the Disabled Contributor’s Child Benefit are considered exempt income and will not impact eligibility for Income Support. Further information on CPP Children’s Benefits can be found under the Exempt Income policy. <p>(100) Retirement Pension</p> <ul style="list-style-type: none"> • A Retirement Pension is payable upon application by a contributor who is at least sixty years old. The monthly amount depends on the level of earnings during the contributing period and the age at which one applies for a pension. Retirement Pensions are normally taken at age sixty-five. Persons who opt for the pension before turning sixty-five receive a reduced benefit, whereas persons who opt after age sixty-five receive an annual increased benefit. • If a pension is taken before age sixty-five, it will not be readjusted to a full pension when the individual reaches age sixty-five. It will include any annual cost of living adjustments. • Prior to April 2012, applicants/recipients of Income Support benefits were required to apply for CPP Retirement Benefits at age 60. Effective 2012 this is no longer the case, and applicants/recipients can decide at which age they will apply for CPP Retirement Benefits.

- Clients who are eligible for any other form of CPP benefits such as CPP Disability are still required to apply for these benefits. The April 2012 change relates **only** to CPP Retirement.
 - Clients who currently receive CPP Retirement Benefits will continue to have this income deducted from their Income Support entitlement. Clients who cancel their CPP Retirement Benefits in order to apply at a later date will not have the CPP income deducted if they provide verification that these benefits are no longer in pay.
 - Applicants/recipients who choose to apply for their Retirement Benefits while in receipt of Income Support will have the income assessed in terms of their Income Support eligibility.
 - CPP Retirement Benefits are still considered as non-exempt income.
- Effective January, 2012 all individuals, including Income Support clients, can apply for and receive their Canada Pension Plan without stopping work or reducing their earnings. This is a change from previous practice whereby Service Canada would apply a “work cessation test” for all applicants.
 - The maximum monthly Retirement Pension (commencing at age sixty-five) is found at the [Canada Pension Plan Retirement Pension](#) website. An estimate of the Retirement Pension a person could expect to receive at any time between ages sixty and seventy years of age may be obtained by contacting a Service Canada Client Services Centre.

(200) Post-Retirement Benefit

- The Post-Retirement Benefit (PRB) is a monthly benefit payable to CPP Retirement recipients who have returned to work. To be eligible for the benefit, the CPP recipient must be between 60 and 70 years of age and must be working and contributing to the Canada Pension Plan. For each year such a person makes valid contributions to CPP while receiving their retirement pension, they can become eligible for a monthly PRB benefit the following January. The benefit amount is included with the recipient’s monthly CPP Retirement payment. For more information regarding the PRB you can visit the Service Canada website at:

<http://www.servicecanada.gc.ca/eng/services/pensions/cpp/prb/index.shtml>.

(300) Survivor's Benefit

- To be eligible for the Survivor's Benefit, the surviving partner can be either the conjugal or married partner of the deceased.
- The amount of the benefit is related to the how much and for how long the deceased contributor paid into CPP, and if the beneficiary is older or younger than age 65.
- If the surviving spouse is widowed more than once, only one Survivor's Benefit – the largest one, will be paid.
- The Survivor's Benefit will continue if the surviving spouse remarries.

(400) Disability Benefit

- A Disability Benefit is payable to a disabled CPP contributor and to their dependent child(ren) (*note that effective June 1, 2019, CPP Children's Benefits, including the Disabled Contributor's Child Benefit, are considered exempt income).
- In order for a contributor to become eligible for a Disability Pension, they must:
 - be under age sixty-five,
 - deemed as disabled according to the Canada Pension Plan legislation; and
 - have contributed to the Plan in four of the last six years (or three of the last six years where the applicant has paid into CPP for 25 years).
- To be deemed disabled, the individual must have a physical or mental impairment that is both severe and prolonged. **Severe** means that you have a mental or physical disability that regularly stops you from doing any type of substantially gainful work. The term **prolonged** means that your disability is long-term and of indefinite duration or is likely to result in death.
- The rate of the benefit includes a fixed amount that everyone receives, plus an amount based on how much an individual contributed to the CPP during his/her entire working career.

(500) Death Benefit

- The Canada Pension Plan (CPP) Death Benefit provides a one-time payment to, or on behalf of, the estate of a deceased contributor. If there is no estate, the person responsible for the funeral expenses, the surviving spouse or common-law partner or the next of kin may be eligible, in that order.

- Effective January 1, 2019, the amount of the death benefit for all eligible contributors is a flat rate of \$2,500.

(600) Combined Benefits**• Retirement/Survivor's Pensions**

- A contributor can receive both a Retirement and a Survivor's Pension if both spouses contributed to the plan. The amount of the combined pensions depends on the contributor's age at the time of eligibility for each pension.

• Disability/Survivor's Pensions

- A contributor can receive both a Disability and a Survivor's Pension if both spouses contributed to the plan.

(700) Sharing a Retirement Pension

- Spouses in an ongoing relationship may share their CPP Retirement payments earned during their life together. Both spouses must be at least sixty years of age and each must have applied for any CPP Retirement Benefits to which they may be entitled. If only one is a CPP contributor, the pension can still be shared. The portion of the shared benefit will depend on the time the couple has lived together.

(800) Division of Pensionable Earnings

- The Canada Pension Plan legislation allows for the division of unadjusted pensionable earnings upon marriage breakdown. Application for credit splitting must be made within four years from the date of separation.

 - Eligibility conditions for the division of pensionable credits differ depending on the situation giving rise to the division. Details with respect to these conditions may be obtained
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	<p>by contacting Service Canada at one of their offices throughout the province.</p>
<p>Policy:</p>	<ul style="list-style-type: none"> • Effective April 2012, applicants and recipients are no longer required to apply for CPP Retirement Benefits at age 60. As this change is in effect for CPP Retirement Benefits only, applicants and recipients must still apply for other benefits under the Canada Pension Plan to which they may be entitled (e.g. Survivor’s Benefit, Disability Benefit, Death Benefit). • Children’s CPP benefits including CPP Surviving Child Benefit and the Disabled Contributor’s Child Benefit are considered exempt income and will not impact eligibility for Income Support. All other CPP benefits must be considered as non-exempt income. The amounts received from Retirement, Post-Retirement, Disability, or Survivors must be deducted from any Income Support payments and included as income. This includes benefits received by the client or spouse. • Since there is a waiting period for CPP and there are often retroactive payments, CPP makes provision for repayments to the Department for any Income Support benefits advanced to a client who is about to become eligible for CPP. However, the client must have applied for or be in the process of applying for CPP benefits for the repayment to occur. • In instances whereby a CSO is aware that a client has applied for CPP, the Consent to Deduction and Payment form must be completed and forwarded to Service Canada immediately. <p>(900) Yearly Review of Canada Pension and Income Support eligibility</p> <ul style="list-style-type: none"> • CPP benefits increase each year on January 1 if there are increases to the cost of living as measured by the Consumer Price Index. Offices will be notified in advance indicating what the new rates will be in January. Recurring pay cases that have a CPP income source will be adjusted automatically by provincial office. However, staff will need to manually verify CPP amounts for all non-recurring pay cases that have CPP as an income source.

Procedure: (1000) Allowable Overlap of Income Support Benefits with Non-Exempt Canada Pension Plan Benefits

- As effective June 1, 2019, CPP Children’s Benefits including the CPP Surviving Child Benefit and the CPP Disabled Contributor’s Child Benefit are exempt income, the following procedures do not apply to CPP benefits provided to children.
- All regular monthly CPP benefits are paid in arrears at the end of the month. In order to prevent hardship to the recipient, it is permissible to overlap the first calendar month the recipient receives his/her initial CPP monthly benefit payment. For example in June, Service Canada notifies a recurring pay client they have been approved for CPP Disability Benefits with a retroactive start date 8 months prior (i.e. November). The first regular CPP Disability monthly benefit payment is to be received at the end of July and will cover July 1-31st. For the purposes of the overlap policy, the allowable overlap month here is July (not November).
- The overlap of Income Support benefits for the 1st calendar month that the first regular CPP benefits are received applies to both recurring and nonrecurring pay.
- Where the amount of monthly CPP is greater than the monthly Income Support entitlement, the rental/mortgage requirement should be removed from recurring pay at mid- month of the first month CPP benefits are received. This is in recognition of the fact that rent/mortgage is overlapped and paid in advance. For example, a recurring pay client receiving CPP at the end of July, where there is no other retroactive lump sum payment and where no future eligibility exists, would only be entitled to the rent/mortgage portion of the July 1 cheque and not the rent/mortgage portion of the mid July cheque since the mid July rent/mortgage portion is for August’s rent. Since there is no entitlement beyond July, the worker would make changes to remove the rent/mortgage portion of the mid July cheque and then suspend the case for August 1.
- Where a client is receiving non-recurring pay, Income Support should be issued only for the number of days until the end of the first month of the regular payment of the CPP benefit.

- In many cases, clients that are approved for a CPP benefit may be eligible for a lump sum payment as well as their regular CPP payment. The lump sum payment may be paid any time during the first month that CPP benefits start. In many cases, the lump sum is paid before the first regular CPP payment is received.
- Lump sum payments are usually paid retroactively to the approved start date of the CPP benefit. Retroactive benefits paid to the client for a period that overlaps with Income Support must be recovered and set up as an overpayment (see Consent to Deduction and Payment below). Retroactive CPP benefits paid for a period when the client was not in receipt of Income Support or for an overlap period that has not been repaid, should be assessed in compliance with the policy pertaining to the assessment of lump sum payments. For more details on assessing lump sum payments, refer to the policy section on [Lump Sum Payments](#).
- Please note that since lump sum CPP payments may not always be made at the end of the month with the regular monthly CPP payment, staff are still required to ensure that the client is assisted up to the date of the lump sum payment to prevent hardship and that the rent/mortgage requirements are overlapped for the calendar month the CPP benefit is received.
 - For example, a recurring pay client who is approved for CPP effective February month receives a lump sum payment on February 8 and will receive his/her first regular CPP monthly payment at the end of February. If the date of the lump sum benefit payment is known in advance, the worker should suspend the case for the February 1st Income Support cheque. The full Income Support entitlement can be provided until the day before the lump sum payment is received (February 7) and the rent/mortgage requirements may be provided up to and including February 15th. By issuing Income Support in this manner, we ensure that the client is assisted up his/her first CPP payment and that the client gets the benefit of the full rental requirements for February month.
 - Similarly, a recurring pay client who is approved for CPP effective February month receives a lump sum payment on February 20 and will receive his/her first regular CPP monthly payment at the end of February. If the date of the lump sum benefit payment is known in advance, the case should be suspended for the February 16th Income Support cheque.

Since the client has already been assisted for rent/mortgage for February month (i.e. January 16th and February 1st), the client is only entitled to receive regular Income Support benefits (excluding rent/mortgage) until the day before the lump sum payment is received (February 19). This will ensure that the client is assisted with full Income Support benefits until the first CPP payment and ensures that the client will receive their full rent/mortgage entitlement for February month.

- Where the regular monthly CPP benefit is less than the monthly Income Support entitlement and the client would remain eligible for a supplement, changes should be made to the recurring pay allowance at the first of the month following the first month of CPP benefits.

(1100) Consent to Deduction and Payment (Form ISP 1613)

- There are instances where an individual may be late applying for CPP benefits or where the approval process is lengthy and benefits are then paid retroactively. In some instances, these individuals then apply for Income Support in the interim. The first CPP cheque for Disability or Survivor's Benefits received by individuals usually involves a retroactive payment back to the approval date. Where the Department is aware that an applicant or client has applied for CPP benefits, the client is required to complete a [CPP Consent to Deduction and Payment form \(ISP 1613\)](#). Based on this form, CPP will reimburse the department for Income Support payments made to the client pending receipt of CPP benefits.
- In order to ensure that the department is reimbursed for retroactive CPP payments, this form must be signed by the client as well as the CSO and mailed to Service Canada as soon as possible. This form should be completed before Income Support benefits are issued to any client who is eligible or who has applied for CPP benefits, and mailed to: Service Canada, P.O. Box 9430, St. John's, NL, A1A 2Y5.
- **When completing the consent form, it is extremely important that the Social Insurance Number that is used is that of the contributor (and not that of the applicant unless the applicant is the contributor).**

- Reimbursement can be made to the Department for the month in which the Consent to Deduction and Payment form is signed by the applicant and up to and including the month in which the application is approved. It is important to have the form completed to correspond with the first issue of Income Support. When completing the form, make sure that all spaces are completed. The Consent to Deduction and Payment form is a 4 part form. When completed and signed by the client and the worker, copy 1 and copy 2 should be returned to Service Canada. Part 3 should be sent to TRIM while part 4 should be sent to the client.
- When a client's CPP has been approved, Service Canada will return copy 2 of the form to the district office to have section C completed. This section requires the worker to enter all the Income Support amounts the client received while waiting for Service Canada to process the client's CPP claim. Service Canada will usually specify the effective start month of the CPP claim. Workers should enter on the Consent to Deduction and Payment form all Income Support issued from the effective start month forward to the present.
- When completing Section C, the amounts recorded on the Consent to Deduction and Payment form should include any type of Income Support issued (i.e. recurring, non-recurring, supplementary benefits, services authorizations, etc.) and all amounts must be recorded based on the Income Support issued in a given calendar month (i.e. before any recoveries). This may require workers to prorate some types of Income Support. In the case of recurring, non-recurring and other payments that have an identifiable start and end date, a covering period should be used to determine a monthly amount wherever possible. Non – recurring payments that overlap two months should be prorated and applied to the appropriate CPP calendar month on the form. For example, a non-recurring payment made for the period May 10 to June 8 must be prorated and apportioned on the form for the two appropriate months (i.e. part for May and part for June). Service authorizations should also be allocated to a calendar month based on their covering period, but only in circumstances where the service authorization has been processed. In the absence of any covering period (ex: one- time payment), staff should use the "Payment Date" to allocate the Income Support to the appropriate calendar month on the form.

- When Service Canada staff receives copy 2 of the Consent to Deduction and Payment form, they will assess the claim and determine the amount owed to the Department. The amount of reimbursement is based on the following criteria:
 - The amount of reimbursement shall only be determined after confirmation is received from CPP that the necessary money has been held.
 - Reimbursement shall only be from the initial CPP retroactive payment, and therefore cannot exceed that amount. There will be no deduction from the regular monthly cheques issued after the initial retroactive payment which includes any arrears payment and the first regular monthly payment.
 - Reimbursement shall not exceed the amount of Income Support granted for that month and no deduction will be made for a month in which Income Support has not been granted.
 - Reimbursement for any one month shall not exceed the amount of the CPP monthly benefit.
 - Reimbursement shall not include a period which precedes the later of:
 - the effective month of the CPP benefit
 - the date the applicant signed the Consent for Release of Information form
 - the commencement of Income Support payments
 - Reimbursement shall not include any months beyond the month in which the first regular CPP payment is made or the Income Support payment is suspended, whichever is the earlier.

- At the same time as form ISP 1613 Consent to Deduction and Payment is completed and signed, an [Authorization to Communicate Information form](#) should be signed as well. Service Canada representatives will not release any CPP information to this department unless this signed form is on file.

(1200) Claim for Canada Pension Death Benefit

- The Canada Pension Plan Death Benefit provides a one-time payment to, or on behalf of, the estate of a deceased contributor. A CSO must determine if the estate of a deceased person is eligible for a Canada Pension Death Benefit by contacting CPP. Workers unable to obtain death benefit information through that number should contact the Eligibility Assurance Unit at provincial

office. Any benefits obtained through CPP must be applied to the cost of the funeral expenses.

- Once it is determined by a CSO that a client is eligible for funeral expenses through this Department, the CSO must immediately apply for the Death Benefit using [the Canada Pension Plan Death Benefit Application, ISP1200](#). In cases when the family has already applied for the Death Benefit, they are to be advised that they must contribute the full amount to the cost of the funeral expenses.
- When completing the Application for Death Benefits, the CSO must attach verification of this Department's payment of funeral expenses, and a copy of the death and birth certificates of the deceased client. The relatives or estate of the deceased client must be advised immediately to avoid duplication.
- If the lump sum payment for a death benefit is received at the District Office, it must be forwarded to the Finance Division at Provincial Office. At the Provincial Office, sufficient funds will be recovered from the cheque to pay the burial expenses and the remainder, if any, will be forwarded to the executor of the estate. Only the amount received from Canada Pension is considered an overpayment. In most cases, the cheques from Canada Pension are sent directly to the Provincial Office where staff process these payments and set up the appropriate overpayments.
- In order to process cheques received from Canada Pension, it would be advantageous if staff would forward a copy of the Canada Pension Plan Death Benefit Application to Provincial Office. In many cases, the deceased person is removed from the case and thus, made inactive in CAPS. Since the only identifier on the CPP cheque is the name and SIN, having a copy of the original request with a file number would ensure that the amount received is credited to the appropriate case.

(1300) CPP Disability Project

- **Disability Pension:** Clients that meet the criteria above should be encouraged to make application for disability benefits as soon as possible. To assist in the application process, the "CPP Disability Project" accepts referrals from workers regarding clients that may have potential eligibility for disability benefits. To
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	<p>make a referral or speak to someone about the project, contact the Provincial Eligibility Assurance Unit in Avalon Region.</p> <ul style="list-style-type: none"> • Further information on the CPP Disability benefit can be found on the Service Canada website.
<p>Authority Level:</p>	<p>Client Services Officer</p>
<p>Date Revised:</p>	<p>January 11, 2023</p>