

# RETIREMENT INCOME SOURCES GUIDE

---

OMERS is committed to being your most trusted partner and empowering you through your pension journey. Our Retirement Income Sources Guide can help you put your retirement income puzzle together. This guide provides you with more in-depth information on retirement income sources, including helpful links and a glossary, and is designed to help you make more informed decisions. The information in this guide is not intended to provide advice on whether certain savings or investment options are suitable for any particular member. OMERS members are encouraged to consult a qualified financial planner or advisor.

Last updated: March 2026

---

# Table of contents

<b>1</b>	<b>Introducing your retirement income sources</b>	<b>5</b>
	The retirement income puzzle	5
	Retirement income sources	6
	How to use this guide	7
<b>2</b>	<b>Income Foundation</b>	<b>8</b>
	<b>OMERS pension</b>	8
	OMERS pension overview	8
	Other workplace DB pension plans	9
	Annuities	9
	<b>Canada Pension Plan</b>	10
	CPP overview	10
	CPP start date – Things to consider	11
	I’m ready to start CPP. Now what?	11
	<b>Old Age Security</b>	12
	OAS overview	13
	OAS pension recovery tax	14
	Guaranteed Income Supplement	14
	I’m ready to start OAS. Now what?	15
	Putting the pieces together	15
<b>3</b>	<b>Additional Savings Tools</b>	<b>16</b>
	<b>OMERS Additional Voluntary Contributions</b>	16
	<b>Tax-assisted savings</b>	17
	Registered Retirement Savings Plan	17
	Locked-In Retirement Account	18
	Tax-Free Savings Account	19
	Defined contribution pension plan	20
	Group Registered Retirement Savings Plan	20
	<b>Other Savings</b>	21
	Non-registered accounts	21

---

<b>4 To consider when putting the pieces together</b>	<b>22</b>
<b>Investing</b>	22
Understanding risk and return	22
Types of investments	23
<b>Tax considerations/Income splitting</b>	23
<b>Other puzzle pieces?</b>	24
Registered Education Savings Plan	25
First-Home Savings Account	26
<b>Working with a financial planner or financial advisor</b>	27
<b>5 More resources</b>	<b>28</b>
<b>Summary charts</b>	28
Government income sources – CPP and OAS	28
Workplace retirement plans – DB plans, DC plans and Group RRSPs	29
Tax-assisted savings – RRSPs, LIRAs and TFSAs	29
First-time homebuyers – FHSA and HBP	30
<b>References/Links</b>	31
Income Foundation	31
Additional Savings Tools	31
To consider when putting the pieces together	32
<b>Glossary</b>	33

# INTRODUCING YOUR RETIREMENT INCOME SOURCES

SECTION

1

How do other sources fit with your OMERS pension?

## The retirement income puzzle

Your OMERS pension will provide you with a secure and stable income for as long as you live, making it a foundational part of your retirement income. In addition to your OMERS pension, government sources such as the Canada Pension Plan (CPP) and Old Age Security (OAS), as well as additional savings tools such as OMERS Additional Voluntary Contributions (AVCs), Registered Retirement Savings Plans (RRSPs) and Tax-Free Savings Accounts (TFSA), may also play a role.

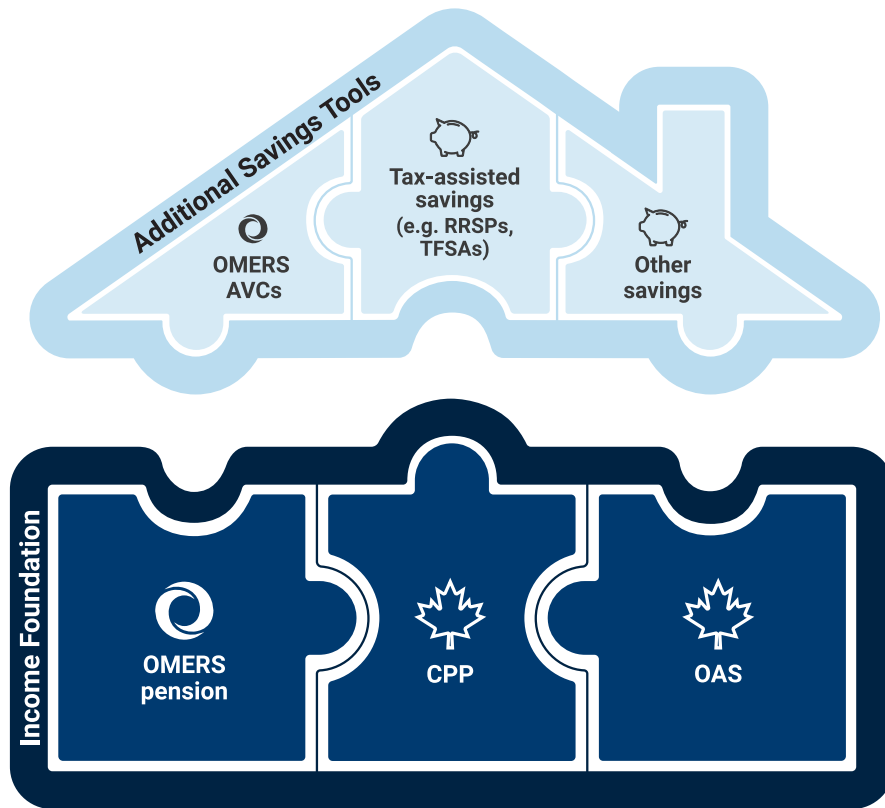
Everyone's puzzle pieces will be different shapes and sizes depending on your personal circumstances. One member's puzzle may be made up of several smaller pieces, while another member's puzzle could be made up of fewer, larger pieces. When putting your puzzle together, consider which options are available to you and what decisions you'll need to make.

## Retirement income sources

Every member’s puzzle, however, will have some common elements. Your retirement income sources will include some pieces that make up your Income Foundation, providing you with regular and predictable payments for as long as you live. These retirement income sources would be suitable to cover routine expenses in retirement such as housing, food and utilities.

Your retirement income sources will also include Additional Savings Tools, which could offer options to accumulate savings to provide you with other income in retirement. These retirement income sources could support non-routine spending such as major purchases, renovations or vacations.

### Retirement Income Sources



Your Income Foundation includes your OMERS pension and government sources such as CPP and OAS. It may also include other workplace defined benefit (DB) pensions or annuities.

Your Additional Savings Tools could include OMERS AVCs, RRSPs and TFSAs. It may also include other savings such as non-registered investments (e.g. stocks and bonds).

## How to use this guide

This guide is a reference document, providing you with basic knowledge so you can consider the retirement income sources that are relevant to you, choose to learn more about certain topics and ultimately make informed decisions throughout your retirement planning journey.

1. Use the [Table of Contents](#) to find the section(s) you are interested in learning about.
2. Links to helpful resources are summarized in [References/Links](#) so you can continue to learn about these and other topics.
3. Check back for updated information as you build out the various parts of your retirement plan.

These are just some of the common retirement income sources to help you get started. To continue your planning, you may wish to consider whether there are additional sources and tools available that may be more suitable for your personal situation.

# INCOME FOUNDATION

Your Income Foundation provides you with regular and predictable payments for as long as you live.

## OMERS pension

The OMERS Plan is a defined benefit (DB) pension plan, which means you can expect a predictable retirement income for as long as you live. As a source of secure lifetime income, it can play a key role in your financial security in retirement as part of your Income Foundation.



## OMERS pension overview

Your OMERS pension is based on the pension formula set out in the Plan text. Once you start collecting it, you will receive monthly payments for your lifetime.

To learn more about the OMERS Plan, including how your pension is calculated and when you can start collecting it, visit [omers.com](https://www.omers.com). You can also read about features such as survivor benefits, disability benefits and maximizing your pension (buying service or transferring service).

To access your latest Pension Statement, log in to [myOMERS.com](https://myomers.com)

## Other workplace DB pension plans

You may have participated in another workplace retirement plan before joining OMERS. Similarly, if you have a partner, they may be a member of a pension plan.

A DB pension plan, like the OMERS Plan, pays you a defined amount at retirement, based on a pre-set formula. Payments are predictable and payable for your lifetime, like the other pieces of your Income Foundation.



**DID YOU KNOW?**

**If you participated in a DB plan with a previous employer, you may be able to transfer or buy back that service and convert it to credited service in the OMERS Plan. This would increase your OMERS pension.**

Knowing in advance that you will receive secure and predictable lifetime payments from a DB plan sets it apart from other types of workplace retirement plans. Another advantage of a DB plan is that the money is managed on your behalf, so you don't have to make any investment choices. Your employer or a pension plan administrator invests and manages the fund.

The income you get when you retire is calculated based on certain elements. That includes your salary and the number of years you participated in the plan. It's a set amount that does not depend on how well the investments perform.

Each DB plan can have differences so it's important to understand the features of your plan. These include the benefit formula, early retirement options and survivor benefits, among others.

## Annuities

An annuity provides you with a guaranteed regular income. In exchange for a lump sum payment (i.e. from your LIRA or your RRSP), an insurance company will make fixed payments to you, typically for the rest of your life.

The amount of income you will get from an annuity is generally determined at the time of purchase and depends on a number of factors including the lump sum amount, your age and gender. For an additional cost, you can add enhancements such as inflation protection, a guaranteed payment period and payments to a spouse after your death. With this option, you no longer make any investment decisions and once you purchase an annuity you cannot change your mind.

## Canada Pension Plan

Government retirement income programs, like the Canada Pension Plan (CPP), are designed to provide Canadians with a base level of secure lifetime income in retirement. They form part of your Income Foundation.



CPP is a government pension that provides a guaranteed monthly income to anyone who has contributed. CPP contributions are mandatory for working Canadians under age 65.

**DID YOU KNOW?**

- You may start CPP as early as age 60 or as late as age 70.
- Delaying CPP from age 60 to 70 more than doubles your monthly lifetime payment.

### CPP overview

Everyone gets a unique pension amount from CPP. The amount of your monthly payment depends on several factors, including how much you contributed (which depends on your income), how long you paid into CPP and the age you decide to start receiving CPP.

CPP payments are considered taxable income in the year you receive them.

#### Differences in CPP amount based on starting age:

CPP starting age	Reduction/enhancement for starting before/after age 65		Average monthly amount <sup>1</sup>	Maximum monthly amount <sup>1</sup>
	Factor	Percentage		
60	<b>Reduction Factor:</b> 0.6% per month (7.2% per year)	36% reduction from age 65 start	\$514	\$965
65	n/a	n/a	\$803	\$1,508
70	<b>Enhancement Factor:</b> 0.7% per month (8.4% per year)	42% increase from age 65 start	\$1,141	\$2,141

To protect against inflation, the CPP amount is reviewed once a year based on the change in the Consumer Price Index (CPI)

<sup>1</sup> 2025 amounts: [Canada Pension Plan – How much you could receive](#)

## CPP start date – Things to consider

CPP payments do not begin automatically. You must apply for them via Service Canada and it takes some time for them to start. It's recommended to begin the application process at least 6 months before you want to start receiving your payments.

Keep in mind that you do not need to start taking CPP at the same time that you start your OMERS pension or OAS. Deciding when to start your CPP is an important financial decision. What's right for you will depend on your personal circumstances.

- **Your health and family history.** While no one knows how long they are going to live, it is important to consider these factors, as your lifespan will impact how long you will collect your CPP pension.
- **Your retirement income needs.** Will you need to start CPP earlier to cover your retirement expenses? Or will your salary, OMERS pension and/or other sources of income allow you to delay your CPP to receive a higher monthly payment later?
- **Your OMERS bridge benefit.** If you retire before age 65, you might be entitled to a bridge benefit that will supplement your OMERS pension until age 65. Does it make sense to wait to start your CPP until after your bridge benefit ends?

## I'm ready to start CPP. Now what?

Be sure to include all required information in your application, as certain situations could affect your CPP pension amount. For example:

- **Increase your pension by seeking to exclude periods of low or no earnings**

When the base component of your CPP pension is calculated, up to 8 years of your lowest earnings are “dropped out” and not included from your earnings history. This will increase the amount of your pension.

If you took time off work or worked less to look after young children (“child rearing”), you could qualify to have additional years of low earnings excluded from your earnings history if it increases your benefit amount.

- **Sharing your CPP pension with your partner**

By applying to share your CPP retirement pension, the lower-income spouse (or common-law partner) can receive a portion of the higher-income spouse's CPP payments and pay tax on them at their lower marginal tax rate.

- **Divorce or separation**

Credit splitting allows you to split your CPP contributions equally between you and your spouse (or common-law partner) if you separate or divorce.

- **Lived or worked abroad and in Canada**

If you lived or worked in a country other than Canada, you may be eligible for a foreign pension, a Canadian pension, or both.

For more information on CPP, including the disability benefit, the survivor's pension, the death benefit and children's benefits, visit [Canada Pension Plan - Overview - Canada.ca](#) and the Government of Canada's [Retirement Hub](#).

## Old Age Security

Old Age Security (OAS) is a government pension that provides a basic level of monthly income, which can be another piece of the Income Foundation. It is paid to Canadian citizens or legal residents who are at least 65 years old and have lived in Canada for at least 10 years after age 18.



**DID YOU KNOW?**

- You may start OAS as early as age 65 or as late as age 70.
- Delaying OAS from age 65 to 70 increases your monthly lifetime payment by 36%.
- Your OAS pension is 'clawed back' if your total income exceeds \$93,454<sup>2</sup> and reduced to zero if your total income is \$151,668<sup>2</sup> or greater.

<sup>2</sup> 2025 amounts: [Old Age Security pension recovery tax - Canada.ca](#)

## OAS overview

Unlike CPP, you do not contribute to OAS while you are working – it is paid out of federal government expenses.

The amount of your monthly OAS payment depends on several factors, including how long you have lived in Canada, the amount of your other retirement income and the age you decide to start receiving OAS.

As of January 2026, the maximum monthly amount you could receive as a new recipient at age 65 is \$742.31<sup>3</sup>.

You qualify for the maximum OAS payment if you have lived in Canada for at least 40 years (after age 18). To receive a partial OAS payment, you must have lived in Canada for at least 10 years (after age 18).

OAS payments are considered taxable income in the year you receive them.

### Differences in OAS amount based on starting age:

OAS starting age	Enhancement for starting after age 65		Maximum monthly amount <sup>3</sup>
	Factor	Percentage	
65	n/a	n/a	\$742
70	Enhancement Factor: 0.6% per month (7.2% per year)	36% increase	\$1,009
Once you turn 75, you will get an automatic 10% increase to your OAS payment			
To protect against inflation, your OAS amount will be reviewed quarterly based on the change in the Consumer Price Index (CPI)			

<sup>3</sup> As of January 2026 (updated quarterly): [Old Age Security: How much you could receive - Canada.ca](https://www.canada.ca/en/old-age-security/2025/01/old-age-security-how-much-you-could-receive.html)

## OAS pension recovery tax

If your total income exceeds a certain threshold while receiving OAS, you will need to repay some or all of your OAS payment. The OAS pension recovery tax, often referred to as the “clawback”, is 15% for every dollar of income exceeding the threshold.

Total Income <sup>4</sup>	OAS pension recovery tax
\$93,454 <sup>2</sup> and below	No impact to OAS
Over \$93,454 <sup>2</sup> and less than \$151,668 <sup>2</sup>	15% for every dollar of income over \$93,454 <sup>2</sup> deducted from monthly OAS payments
\$151,668 <sup>2</sup> and above	OAS reduced to zero

## Guaranteed Income Supplement

In some cases, those receiving OAS may also be eligible to receive the Guaranteed Income Supplement (GIS). Spouses (or common-law partners) of GIS recipients aged 60 to 64 may also be eligible for the GIS Allowance. Only those with an annual income below the government’s threshold may qualify.

As of January 2026<sup>5</sup>, the income thresholds for these programs are:

GIS: \$22,488<sup>5</sup> for single individuals and between \$29,712<sup>5</sup> and \$53,904<sup>5</sup> for couples (depending on your spouse’s government program payments).

Allowance: \$41,616<sup>5</sup> combined annual income of couple.

GIS and the GIS Allowance are non-taxable benefits.

<sup>4</sup> Net world income from line 24200 of your return: [Old Age Security Return of Income \(OASRI\) - Canada.ca](https://www.cra-arc.gc.ca/old-age-security-return-of-income-(oasri)-canada.ca)

<sup>5</sup> GIS maximum payments and income thresholds are updated quarterly: Guaranteed Income Supplement: [How much you could receive - Canada.ca](https://www.cra-arc.gc.ca/how-much-you-could-receive-canada.ca)

## I'm ready to start OAS. Now what?

In most cases, the government will automatically enroll you to start your OAS at age 65. They will notify you of this by sending you a letter the month after you turn 64. If you don't receive this letter, or if you want to delay your OAS payments, you will need to contact Service Canada.

Keep in mind that you do not need to start taking OAS at the same time that you start your OMERS pension or CPP. Deciding when to start your OAS is an important financial decision. What's right for you will depend on your personal circumstances.

- **Your health and family history.** While no one knows how long they are going to live, it is important to consider these factors, as your lifespan will impact how long you will collect your OAS pension.
- **Your retirement income needs.** Will you need to start OAS earlier to cover your retirement expenses? Or will your salary, OMERS pension and/or other sources of income allow you to delay your OAS to receive a higher monthly payment later?

For more information on OAS and GIS, visit [Old Age Security - Canada.ca](https://www.canada.ca/en/govcanada/services/old-age-security.html) and the Government of Canada's [Old Age Security Benefits Estimator - Canada.ca](https://www.canada.ca/en/govcanada/services/old-age-security/benefits-estimator.html).

## Putting the pieces together

Your OMERS lifetime pension (and bridge benefit if you're eligible) will not be impacted by the amount of CPP and/or OAS you receive or when you start to collect them.

You can choose different start dates for CPP and OAS, which could also be different from the date you start your OMERS pension. Remember, your age when you start CPP and OAS impacts the monthly amount you will receive over the course of your lifetime.

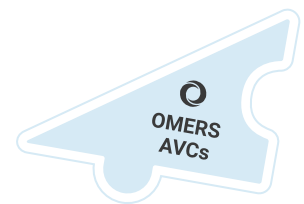
To see the impact of starting CPP or OAS earlier or later, visit [Retirement Income Sources](#) to use our interactive slider tools.

# ADDITIONAL SAVINGS TOOLS

**Additional Savings Tools offer options to accumulate savings to provide you with other income in retirement.**

## OMERS Additional Voluntary Contributions

As an OMERS member, you have the opportunity to accumulate additional retirement savings through Additional Voluntary Contributions (AVCs). Contributions to an AVC account receive the same net investment returns as the OMERS Fund.



**DID YOU KNOW?**

The idea for AVCs grew from requests by members to make additional investments with OMERS. An AVC account is in addition to your OMERS pension.

For more information, visit: [AVCs](#)

## Tax-assisted savings

Tax-assisted savings accounts are designed to help you save and invest with tax benefits. These options give you the opportunity to reduce the total amount of tax you pay, now or in the future.

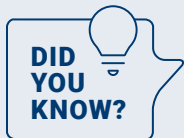


Generally, you need to make decisions about how to invest the money in tax-assisted savings accounts, or you can use a professional investment advisor to help you do so.

For more information about understanding risk and return and types of investments, see [Investing](#).

## Registered Retirement Savings Plan

A Registered Retirement Savings Plan (RRSP) is primarily designed to help Canadians save for retirement. Any Canadian who has employment income and files a tax return can set up and contribute to an RRSP.



- **Contributions are tax deductible, lowering your taxable income in the year you claim the deduction.**
- **You can withdraw from an RRSP at any time. RRSP withdrawals are generally treated as taxable income in the year you make the withdrawal.**

### RRSP contributions

The government sets a limit on how much income you can deduct against your RRSP contributions. Unused deduction room carries forward. You can find your RRSP deduction limit by logging into the My Account feature on Canada Revenue Agency's website: [CRA My Account](#).

You can contribute until the end of the year you turn 71.

You choose how to invest the money in your RRSP. Common types of qualified investments include cash, savings deposits, guaranteed investment certificates (GICs), government and corporate bonds, mutual funds or securities listed on a designated stock exchange. Any investment income you earn in an RRSP is not taxed in the year you earn it.

## RRSP withdrawals

RRSP withdrawals, including any investment income, are generally treated as taxable income in the year you make the withdrawal, with a few exceptions (tax-deferred withdrawals). Once you withdraw from an RRSP, that deduction room is not added back.

There are special tax-deferred RRSP withdrawal provisions:

- The Home Buyers' Plan (HBP) allows first-time home buyers to withdraw from RRSPs to buy or build a qualifying home.
- The Lifelong Learning Plan (LLP) allows you to withdraw from RRSPs to finance full-time training or education for you or your spouse (or common-law partner).

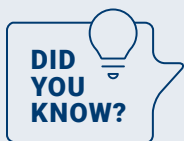
## RRSP retirement income options

You must move your savings out of RRSPs by the end of the year you turn age 71. At retirement, you will convert your RRSP into any combination of these income options:

- **Registered Retirement Income Fund (RRIF).** Minimum required annual withdrawal based on your and your spouse's (or common-law partner's) age. No maximum withdrawal limit.
- **Annuity.** An insurance company will make fixed payments to you, typically for as long as you live.
- **Cash.** You can make ad-hoc withdrawals from your RRSP in retirement.

## Locked-In Retirement Account

If you participated in an employer's pension plan and left your employer, you may have been provided with the option to transfer your entitlement (i.e. commuted value of your DB pension or your DC account balance) to a Locked-In Retirement Account (LIRA), a tax-sheltered account that is 'locked-in' to make sure these funds are used for your retirement.



- **Assets in a LIRA are 'locked-in' which means you generally can't make withdrawals until you reach a certain age (typically age 55).**
- **You cannot make direct contributions to a LIRA.**

Like an RRSP, you choose how to invest the money in your LIRA. The types of investments that are permitted in a LIRA are the same as those permitted in an RRSP. Any investment growth in a LIRA is not taxed in the year you earn it. Instead, you pay tax when you make withdrawals, including investment income.

There are limited exceptions that allow you to withdraw money from a LIRA prior to age 55. See, for example, [Ontario Unlocking Provisions](#).

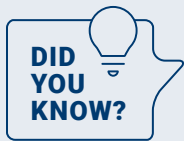
### LIRA retirement income options

You must move your savings out of a LIRA by the end of the year you turn age 71. At retirement, you will convert your LIRA into any combination of these income options:

- **Life Income Fund (LIF).** Minimum and maximum required annual withdrawal based on your age and a formula determined by the applicable pension legislation.
- **Annuity.** An insurance company will make fixed payments to you, typically for as long as you live.

### Tax-Free Savings Account

A Tax-Free Savings Account (TFSA) is an account used to save and invest your money for any purpose, including retirement. Any individual who has a valid Social Insurance Number (SIN) and who is 18 years of age or older is eligible to open a TFSA.



- **Contributions are not tax deductible, which means you contribute your after-tax dollars. As a result, withdrawals, including any investment income, are completely tax free.**
- **You can withdraw from your TFSA at any time. The amount that you withdraw in a given year will be added back to your contribution room in the following year.**

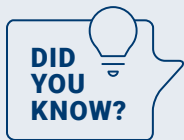
The government sets a limit on how much income you can contribute to a TFSA. Unused contribution room carries forward. You can find your TFSA contribution room by logging into the My Account feature on Canada Revenue Agency's website: [CRA My Account](#).

You choose how to invest the money in your TFSA. Generally, the types of investments that are permitted in a TFSA are the same as those permitted in an RRSP. Any investment income you earn in a TFSA is not taxed.

## Defined contribution pension plan

Before becoming an OMERS member, you may have participated in a defined contribution (DC) pension plan with a different employer.

In a DC pension plan, the employer contributes a defined amount (often a percentage of your salary) to an account for the member. Member contributions are tax deductible. Typically, the member is responsible for choosing how that money is invested. The accumulated value of the DC account will fluctuate over time based on the investment gains or losses. The income at retirement is not pre-determined and is based on the value of the DC account at that time.



- **If you participated in a DC plan with a previous employer, you may be able to transfer or buy back that service and convert it to credited service in the OMERS Plan.**
- **If you still have an account balance in a DC plan, you may have the option to transfer the balance to the OMERS AVC option.**

Money that originates from a DC plan is typically “locked-in”, meaning you cannot withdraw this money as cash. Locked-in retirement income options are the same as a [LIRA](#). You must move your accumulated balance out of the DC plan by the end of the year you turn age 71.

## Group Registered Retirement Savings Plan

You may have participated in a Group Registered Retirement Savings Plan (Group RRSP) with a different employer prior to joining OMERS.

A Group RRSP is similar to an individual RRSP but administered on a group basis by your employer. Employers may offer the ability to contribute through payroll deduction and may also contribute a defined amount to the plan. Like a DC plan, the accumulated value of your Group RRSP account will fluctuate over time and is based on contributions made to the plan and the investment gains or losses.

At retirement, your retirement income options are the same as an [RRSP](#).

## Other Savings

Non-registered accounts, which do not have tax-assisted elements, provide another option to save for retirement.



### Non-registered accounts

A non-registered account is an investment or savings account that does not have tax advantages. After-tax dollars are put into the account and income earned on investments in the account is subject to tax in the year it is earned. Examples of a non-registered account include your bank account, a high interest savings account and an investment account.

In non-registered accounts, the timing and amount of tax you pay will depend on the type of income earned. The tax treatment is different for interest income, dividend income or capital gains.

The key benefits of a non-registered account are flexibility and the lack of contribution limits. You can save as much as you want within a non-registered account for as long as you want.

# TO CONSIDER WHEN PUTTING THE PIECES TOGETHER

As you put together your retirement income puzzle, there are also general investing, tax and advice considerations.

## Investing

One of the key advantages of your OMERS Plan and your government retirement income sources is that investment decisions are looked after for you by investment professionals.

You may have other sources of retirement income, such as RRSPs, TFSAs or DC pension plans, where you are responsible for making investment decisions. When you set aside money for your future, you will want to make it grow. Investing involves deciding where to put that money so that it can grow over time.

## Understanding risk and return

Two common questions to ask before one starts to invest are:

1. When will I need this money back?
2. How much risk am I willing to take?

Every investment comes with a level of risk. Some investments are riskier than others – that is, there is a greater chance with a more risky investment to lose some or all of the investment.

As a general rule, if one's focus is on the longer term, they can afford to take relatively more risk than if the money is needed in the short term. The closer to needing the money invested or the more likely one is to lose sleep over short-term market movements, the more it makes sense to adopt a less risky investment approach. This is called having a lower "risk tolerance".

## Types of investments

Some of the most common types of investments are stocks, bonds, mutual funds, exchange-traded funds (ETFs) and guaranteed investment certificates (GICs).

The fees associated with investing reduce your investment returns. For example, mutual funds and ETFs have a management expense ratio (MER) which reflects most of the fees associated with investing in those products. However, the MER varies significantly by product and provider.

More details about types of investments can be found here: [Types of investments](#)

Before investing, consider key elements about the investment including any fees, and whether it fits with your goals and risk tolerance.

The Canadian Securities Administrators have created [Investor Tools](#) to help you understand the basics.

## Tax considerations/Income splitting

Many sources of retirement income are taxable in the year the income is paid to you. If you have a spouse (or common-law partner), you may be able to split your family income in retirement in order to reduce the total tax payable.

Typically, income splitting involves allowing the higher income earning spouse to shift some of their income to the lower earning spouse. Because of Canada's graduated tax system, the overall tax paid by the couple can be reduced.

Another potential benefit of income splitting in retirement could be helping the higher income earning spouse reduce or even avoid the Old Age Security (OAS) pension recovery tax.

Income splitting opportunities that may be available to you include:

- **Pension income splitting**

You can share up to 50% of your eligible pension income with your spouse. Eligible pension income includes payments from a registered pension plan (such as OMERS), regardless of age, as well as Registered Retirement Income Fund (RRIF) or Life Income Fund (LIF) withdrawals after age 65. To split pension income, a joint election is filed with each spouse's income tax return.

Note that OAS payments and Canada Pension Plan (CPP) pension are not eligible for pension income splitting. However, you could share your CPP pension with your spouse.

- **Sharing CPP**

By applying to share your CPP retirement pension, the lower-income spouse can receive a portion of the higher-income spouse's CPP payments and pay tax on them at their lower marginal tax rate.

- **Spousal RRSP**

A spousal RRSP allows a higher-earning spouse (the contributor) to make contributions to an RRSP account in their spouse's name (the owner). The contributor uses their deduction limit and claims the tax deduction. The owner makes the withdrawal at their (presumably lower) income tax rate and the family pays less overall tax.

## Other puzzle pieces?

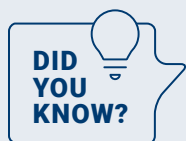
Other tax-assisted programs designed to help Canadians save for other purposes, include:

- the Registered Education Savings Plan (RESP), to save for a child's education
- the First-Home Savings Account (FHSA), to save for a home

While these are not sources of income for retirement, these tools could help you reach other financial goals.

## Registered Education Savings Plan

A Registered Education Savings Plan (RESP) is designed to help you save and invest for a child's post-secondary education. You can establish an individual RESP for one child, or a family RESP to include multiple children in your family.



- **The government will match 20% of your contributions to an RESP (up to an annual and lifetime maximum).**
- **RESP contributions are not tax deductible.**
- **The RESP can be used for education-related costs, in addition to tuition.**

### RESP contributions

Families of all income levels are eligible for the basic Canada Education Savings Grant (CESG). Each year, the government will match 20% of your contributions to an RESP, up to a maximum of \$500 for each child.

Like a TFSA, RESP contributions are made with after-tax dollars. Contributions are not tax deductible, but the investments in an RESP grow tax-free. Generally, the types of investments that are permitted in an RESP are the same as those permitted in an [RRSP](#).

To get the maximum basic CESG grant of \$500 a year, you need to contribute \$2,500. Unused grant room carries forward until the year the child turns 17.

Families may also qualify for additional CESG grants and/or the Canada Learning Bond based on their adjusted family net income.

The maximum lifetime CESG grant amount for each child is \$7,200. While there is no annual contribution limit for RESPs, there is a lifetime contribution limit of \$50,000.

In addition to parents, family members or others are also able to contribute to a child's RESP, although the maximum grant amounts are shared across all amounts contributed.

## RESP withdrawals

Funds can start to be withdrawn from an RESP as soon as the child has enrolled in a qualifying post-secondary education program.

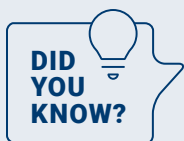
- individual RESP contributions are not taxable when withdrawn
- government contributions and investment growth are taxable income to the student in the year the withdrawal is made

If the RESP does not get used for education, it can be closed. When an RESP is closed:

- any remaining contributions made will be returned and will not be taxed
- any remaining money received from the CESG will be returned to the government
- any investment growth within the RESP will be considered taxable to the RESP owner(s) or could be transferred to another RESP

## First-Home Savings Account

The First-Home Savings Account (FHSA) is designed to help Canadians save money towards buying their first home. Any individual who has a valid SIN, who is between 18 and 71, and qualifies as a “first-time home buyer”<sup>6</sup> is eligible to open an FHSA.



- **FHSA contributions are tax deductible (up to an annual limit).**
- **Withdrawals from an FHSA (including investment growth) that are used to purchase a first home are tax free.**
- **You can use both an FHSA and the HBP to purchase a first home, provided you meet each plan’s eligibility requirements.**

Once you open an FHSA, you qualify for \$8,000 of participation room each year, with a maximum lifetime contribution limit of \$40,000. Unused participation room can be carried forward, to a maximum of \$8,000.

---

<sup>6</sup>You are considered a first-time home buyer if you or your spouse (or common-law partner) did not live in a qualifying home as your principal place of residence in the past four years. [First Home Savings Account \(FHSA\)](#)

You choose how to invest the money in your FHSA. Generally, the types of investments that are permitted in an FHSA are the same as those permitted in an [RRSP](#). Any investment income you earn in an FHSA is not taxed.

If you decide not to use your FHSA towards buying a home, the money can be converted to your RRSP or taken out as a taxable cash withdrawal.

## Working a financial planner or a financial advisor

Getting advice from a professional like a financial planner or financial advisor may help you put your puzzle pieces together.

There are many different types of financial advisors and financial planners in Canada. A wide range of firms and individuals offer many different products, advisory services and fee structures. These individuals may also have varying levels of expertise, qualifications, and experience.

A financial planner can help you focus on the bigger picture and develop an integrated and long-term financial plan. This could include creating a budget, as well as tax, estate and insurance planning.

A financial advisor, on the other hand, is an individual who helps manage your money and investments and will typically be focused on a particular investment product (e.g., stocks or mutual funds).

If you decide to work with a financial planner or advisor, it is important to do your own research to find the one that best fits your needs.

Learn more about selecting a financial planner or advisor in Canada here: [Choosing a financial advisor](#). In Ontario, the use of the “Financial Planner” and “Financial Advisor” titles is limited to those who have credentials from an approved organization. More information is available here: [Financial Planners and Financial Advisors](#).

You will find a list of questions to ask a prospective financial planner or advisor here: [8 questions to ask an advisor](#).

To search for a financial planner, visit: [Find a Planner](#).

# MORE RESOURCES

## SECTION

# 5

For quick reference and continued learning, this section includes summary charts, links to helpful websites and a glossary of terms used in this guide.

## Summary charts

### Government income sources – CPP and OAS

	CPP	OAS
Age range to start collecting	60 to 70	65 to 70
Delaying start date	If you delay your CPP from age 60 to 70 you could more than double your monthly amount	If you delay your OAS from age 65 to 70 you could increase your monthly amount by 36%
Average and/or maximum monthly amounts (at age 65)	Average \$803.76 <sup>7</sup> Maximum \$1,507.65 <sup>7</sup>	Maximum \$742.31 <sup>8</sup>
Pension reduced based on retirement income?	No	Yes - OAS clawed back if income exceeds \$93,454 <sup>9</sup> and reduced to zero if income exceeds \$151,668 <sup>9</sup> .
Is pension indexed for inflation?	Yes Amounts are reviewed once a year	Yes Amounts are reviewed quarterly
Are payments taxable?	Yes	Yes

<sup>7</sup> Average at October 2025, maximum for 2026: [Canada Pension Plan – How much you could receive](#)

<sup>8</sup> As of January 2026 (updated quarterly): [Old Age Security: How much you could receive - Canada.ca](#)

<sup>9</sup> 2025 amounts: [Old Age Security pension recovery tax - Canada.ca](#)

## Workplace retirement plans – DB plans, DC plans and Group RRSPs

	DB Pension Plan	DC Pension Plan	Group RRSP
Retirement income	Predictable Lifetime monthly payment	Uncertain Various income options	Uncertain Various income options
Member responsible for investment decisions	No	Yes (typically)	Yes
Responsible for paying investment management fees	Employer	Employee	Employee
Employee contributions tax deductible?	Yes	Yes, if applicable	Yes
Transfers-in allowed	Transfers or buybacks may be permitted	Yes, in most cases	Yes, in most cases
Special withdrawal programs	No	No	Yes (HBP, LLP)
Significance of age 71	Latest age to start receiving your monthly pension	Must convert to an income option or (if non-locked-in) withdraw as cash by 71	Must be converted to an income option or withdrawn as cash by 71
Built-in bridge benefit for early retirement	Included in some plans	None	None
Built-in inflation protection	Included in some plans	None	None
Payments taxable	Yes	Yes	Yes

## Tax-assisted savings – RRSPs, LIRAs and TFSAs

	RRSP	LIRA	TFSA
Contribution/deduction limits	Based on previous year's income and pension adjustment Unused room carries forward	Not applicable	Flat annual amount Unused room carries forward
Contributions tax deductible?	Yes	Not applicable	No
Withdrawals taxable?	Yes	Yes	No
Special provisions	Tax-free withdrawals under Home Buyers' Plan and Lifelong Learning Plan	Exceptional circumstances may allow you to unlock funds before retirement	No
Retirement income options	RRIF, Annuity, Cash	LIF, Annuity	Annuity, Cash

## First-time homebuyers – FHSA and HBP

You can use both an FHSA and the HBP to purchase a first home, provided you meet each plan’s eligibility requirements.

	First Home Savings Account (FHSA)	Home Buyers’ Plan (HBP)
Eligibility	First-time homebuyers with an FHSA living in Canada	First-time homebuyers with RRSPs living in Canada
Participation room	\$8,000 per year per person Lifetime limit of \$40,000 per person	N/A - Withdrawing from your RRSP, not contributing to a separate plan
Maximum withdrawal	No maximum	Up to \$60,000 per person
Tax-free withdrawals	Only if you’re buying a qualified home	Only if you make repayments within a specified timeframe

## References/Links

### Income Foundation

#### OMERS pension

- Visit [OMERS.com](https://www.omers.com) to learn more about the [OMERS Plan](#)
- Sign in to [myOMERS.com](https://myomers.com) to view your Pension Statement

#### Other workplace DB pension plans

- Other [types of workplace pension plans](#)

#### Annuities

- [Annuities](#)

#### Canada Pension Plan

- [Canada Pension Plan](#)
- Sign in to your [My Service Canada Account](#) to view your CPP [Statement of Contributions](#) and estimate your CPP

#### Old Age Security

- [Old Age Security](#)
- Use the [OAS Benefits Estimator](#) to estimate your monthly payments
- [Guaranteed Income Supplement](#)

#### For CPP and OAS

- Visit the [Retirement Hub](#) to learn and plan for your retirement
- Use the [Canadian Retirement Income Calculator](#) to estimate your retirement income
- Contact [Service Canada](#) by phone, online, by mail or in person

### Additional Savings Tools

#### OMERS Additional Voluntary Contributions

- [OMERS Additional Voluntary Contributions](#)

## Tax-assisted savings

### Registered Retirement Savings Plan

- [Registered Retirement Savings Plan](#)
- Sign in to your [My Service Canada Account](#) to find your [RRSP deduction limit](#)
- The [Home Buyers' Plan](#) (HBP) and the [Lifelong Learning Plan](#) (LLP)
- [Registered Retirement Income Fund](#) (RRIF)

### Locked-In Retirement Account

- [Ontario Unlocking Provisions](#)
- [Life Income Fund](#) (LIF)

### Tax-Free Savings Account

- [The Tax-Free Savings Account](#)
- Sign in to your [My Service Canada Account](#) to find your [TFSA contribution room](#)

### Defined contribution pension plan

- [Types of workplace pension plans](#)

## To consider when putting the pieces together

### Investing

- [Types of investments](#)
- [Investor Tools](#)

### Tax considerations/Income splitting

- [Pension income splitting](#)
- [CPP pension sharing](#)
- [Contributing to your spouse's or common-law partner's RRSPs](#)
- [Withdrawing from a spousal RRSP](#)

### Other puzzle pieces

- [Registered Education Savings Plan](#) (RESP)
- [First Home Savings Account](#) (FHSA)

### Working with a financial planner or a financial advisor

- [Choosing a financial advisor](#)
- [8 questions to ask an advisor](#)
- [Find a Planner](#) (fpcanada.ca)
- [National Registration Search](#) (to check whether an advisor is registered)

## Glossary

Term	Definition
<b>Additional Savings Tools</b>	Additional Savings Tools offer options to accumulate savings to provide you with other income in retirement. These retirement income sources could support non-routine spending such as major purchases, renovations or vacations.
<b>Annuity</b>	An annuity is a financial product that provides you with a guaranteed regular income. Typically, it's used during your retirement and sold by an annuity provider, like a life insurance company.
<b>Bond</b>	A fixed-income investment representing a loan made by an investor to a borrower, typically a government or corporation.
<b>Canada Learning Bond (CLB)</b>	Additional amount deposited by the federal government into a child's RESP. Family income must be below threshold to qualify.
<b>Canada Pension Plan (CPP)</b>	A mandatory government defined benefit pension plan that provides income to retirees based on their contributions during their working years.
<b>Certified Financial Planner (CFP)</b>	A professional designation for financial planners who have met specific education and experience requirements.
<b>Canada Education Savings Grant (CESG)</b>	Government grant that adds a percentage of contributions made to an RESP. Amount depends on family income.
<b>Child-rearing provision</b>	As part of calculating your CPP entitlement, this provision could help protect the value of your benefits during periods of reduced or no earnings due to raising children under the age of 7.
<b>Common-law partner</b>	As defined by the applicable legislation.
<b>Consumer Price Index (CPI)</b>	A measure of the rate of price changes for goods and services bought by Canadian consumers. It is used to reflect the change in the cost of living for both CPP and OAS.
<b>CPP pension sharing</b>	The option to share your CPP retirement pension with your eligible spouse or common-law partner.
<b>Defined benefit (DB) pension plan</b>	A pension plan that provides a predetermined income based on factors like salary and years of service.
<b>Defined contribution (DC) pension plan</b>	A pension plan where contributions are defined, but the eventual benefit is unknown.
<b>Exchange-traded fund (ETF)</b>	A type of investment fund that holds a diversified portfolio of stocks, bonds, or other assets and is traded on stock exchanges.
<b>First-Home Savings Account (FHSA)</b>	A tax-assisted account to help individuals save for the purchase of their first home in Canada.
<b>Guaranteed investment certificate (GIC)</b>	A low-risk investment issued by banks or other financial institutions with a fixed interest rate for a specific term.
<b>Guaranteed Income Supplement (GIS)</b>	Additional income support for recipients of OAS with annual income below certain thresholds.
<b>Guaranteed Income Supplement – Allowance</b>	Additional income support for spouses (or common-law partners) of recipients of OAS who meet the eligibility criteria.
<b>Group RRSP</b>	A retirement savings plan sponsored by an employer for a group of employees.
<b>High interest savings accounts (HISA)</b>	Accounts that typically offer higher interest rates than traditional savings accounts.

<b>Home Buyers' Plan (HBP)</b>	A program that allows first-time homebuyers, and some other qualified applicants, to withdraw funds from their RRSP for a home purchase.
<b>Income Foundation</b>	Pieces of the Income Foundation provide regular and predictable payments for as long as you live. These retirement income sources would be suitable to cover routine expenses in retirement such as housing, food and utilities.
<b>Inflation</b>	The rate at which the general level of prices for goods and services rises, eroding purchasing power.
<b>Investment risk</b>	The probability, and degree to which, the current market value of an investment goes up and down.
<b>Life Income Fund (LIF)</b>	A retirement income plan that allows for regular payments from locked-in pension funds.
<b>Lifelong Learning Plan (LLP)</b>	A program allowing RRSP withdrawals for educational purposes of the annuitant or the annuitant's spouse (or common-law partner).
<b>Locked-in money</b>	Money that has originated from a formal pension plan that cannot be withdrawn until retirement, subject to certain unlocking provisions.
<b>Locked-In Retirement Account (LIRA)</b>	A tax-assisted account holding funds that originate from a formal pension plan. Generally, funds in a LIRA must remain in a LIRA until a prescribed age of the annuitant.
<b>Management expense ratio (MER)</b>	The yearly cost of a fund investment, whether it makes or loses money. It covers investment management, marketing, administrative costs, and fees to salespeople (called trailer fees). It's written as a percentage of the fund's value.
<b>Mutual fund</b>	An investment vehicle that pools money from many investors to buy a diversified portfolio of stocks, bonds and/or other securities.
<b>Non-locked-in money</b>	Money that can be withdrawn as cash before retirement.
<b>Non-registered savings</b>	Investments held outside tax-assisted accounts. Income, capital gains and dividends earned on non-registered savings are subject to applicable taxation.
<b>Old Age Security (OAS)</b>	A government pension program providing income support to Canadians who are 65 years of age or older.
<b>OMERS Primary Pension Plan (OMERS Plan)</b>	The OMERS Primary Pension Plan is a jointly sponsored defined benefit pension plan whose members are mainly employees of Ontario municipalities, local boards, public utilities and non-teaching school board staff.
<b>Registered Education Savings Plan (RESP)</b>	A tax-assisted account to help save for a child's education.
<b>Registered Retirement Income Fund (RRIF)</b>	A tax-assisted account that holds and pays out income from an RRSP, typically during retirement.
<b>Registered Retirement Savings Plan (RRSP)</b>	A tax-assisted savings plan to help Canadians save for retirement by allowing them to defer taxable income from one year to another, up to certain contribution limits.
<b>Spousal RRSP</b>	An RRSP for spouses (or common-law partners) where the contributor claims the deduction, while the spouse owns the money.
<b>Spouse</b>	As defined by legislation
<b>Stock</b>	Ownership shares in a company.
<b>Tax-Free Savings Account (TFSA)</b>	A tax-assisted account that allows Canadians to earn investment income and capital gains tax-free, up to certain contribution limits.