**After death of spouse, CPP survivor's benefit can be a shock**

© Chad Hipolito/Canadian Press Seniors attend an event outlining information to better protect vulnerable investors last April in Victoria. Surviving spouses are entitled to up to 60 per cent of their partner's CPP benefit, but may be surprised at how little they get.

Sometime in the painful days after a husband or wife's death, the funeral home or a family member will encourage the bereaved spouse to fill out the paperwork to get the Canada Pension Plan survivor's benefit.

It's a moment few widows or widowers have prepared for, and it may come as a surprise how little survivors are expected to live on.

A senior couple who both get CPP benefits and Old Age Security (OAS) can live comfortably — they'll have about $3,500 a month in income if they're both getting the maximum benefits.

But what happens when one spouse dies and the other is left alone? That's where it gets tricky, says John Krasevec, a financial adviser with Edward Jones in Burlington, Ont.

"When you both have maximum CPP benefits and one partner dies, your income gets cut in half. But your property taxes don't get cut in half, your bills don't get cut in half," he told CBC News.

  © Shutterstock/Robert Kneschke More seniors are living alone and may need the CPP survivor's benefit.

"There is a planning need to … not always rely just on your government benefits for that reason."

He says couples need a buffer to prepare for this point in life, unpleasant as it may be to think about.

The fact is that most CPP pensioners do not get the maximum benefit, currently about $1,154 a month. If the surviving partner was getting less than the maximum benefit, either because they took time out of the workforce or had a low income, they are eligible for 60 per cent of their deceased spouse's CPP.

© Sean Kilpatrick/The Canadian Press Service Canada outlines the basic principles of survivor's benefits on its website, but it can be hard to get accurate information in advance, says consultant Doug Runchey.

Again the maximum benefit for a single person is the cap. They will get OAS, but just for one person, Krasevec said, and, depending on their total income, their Guaranteed Income Supplement (GIS) will be adjusted, up or down.

Survivor's pensions are far from predictable, and much depends on how much each of the partners have contributed and what age they are, Krasevec says. Also, more Canadians are living alone than ever before, reflecting in part a rising number of senior singletons.

Here are some key questions and answers:

**What if surviving spouse is under 65?**

If the surviving spouse is under age 65, they get 37.5 per cent of the partner's pension, plus a flat rate that rises every year. This year that rate is $193.66 a month.

**What if partner dies before applying for CPP?**

The deceased spouse's CPP benefit is calculated based on what they have contributed so far in their working life, whether they're 25 or 65. The survivor's benefit is calculated based on that number — 60 per cent if the survivor is 65 or over, 37.5 per cent if they are under age 65.

**What if there are children 18 or under?**

If the family has children 18 or under, there is a monthly portion per child, currently $250.27 a month per child. Children age 18 to 25 can also get this support if they are enrolled in post-secondary school, though they'll have to prove their enrolment to the government each year.

**What if a couple lives overseas?**

Because it is money you have contributed as individual, Canada Pension Plan benefits are available in any country, says Krasevec. But OAS is dependent on residency, so the government will claw it back unless you live in Canada for six months of each year.

**What if a couple is separated?**

With couples who are separated, it depends on whether the deceased spouse is living common-law with another person. If they are still legally married, the surviving spouse could get a share of the benefits, but if the deceased spouse was living with someone else, his or her common-law partner would get the benefits.

**It's not so simple**

The promise of 37.5 per cent of CPP for survivor spouses under age 65 and 60 per cent for those over 65 sounds straightforward, but it's much more complex than that, says Doug Runchey, a pension consultant specializing in CPP and OAS.

A surviving spouse can find himself or herself gazing at pension cheque that's much less than they forecast, he said.

That's because the survivor benefit is based on what the deceased partner would get at age 65, whether or not they retired at 65. So if your partner worked to age 70, and got the 42 per cent in additional benefits that comes of postponing CPP, that additional money is not going to boost the pension for the surviving spouse.

Runchey's business, DR Pension Consulting in Union Bay, B.C., is based in part on calculating CPP benefits, for widows and widowers of any age.

People usually turn to Service Canada for that number, but the information they receive may be incomplete or inaccurate, he warns.

"Probably the only time it's really important what the numbers are is if you are receiving the survivor's pension first and you are trying to decide when to apply for your own retirement pension," he says.

"You need to know the amount of the combined benefit if you retire at 65 or wait and [retire at] 70," he said.

**Incomplete information**

He said Service Canada can usually tell you what survivor's benefit you'll get at age 60 and will warn that it will be recalculated at age 65, but won't tell you by how much. When a surviving spouse applies for CPP, they always lose all or part of the survivor's benefit, he said.

Some people might be thousands of dollars ahead by postponing taking their own CPP benefit and living with the survivor's pension for longer, he said.

"It can greatly skew the break-even age of whether it's better to apply now or wait," he said.

Of course that always depends on whether they can support themselves on the survivor's benefit, whether they have other sources of income and whether there are other reasons, such as ill health, that might argue for taking CPP early.

In 2017 the life expectancy for the total Canadian population is projected to be 79 years for men and 83 years for women, so there may be many years you're living alone on that income.