

## About Old Age Security

The Old Age Security pension (OAS) is a universal benefit available to Canadian residents age 65 or older. OAS is completely funded out of government general revenues and unlike CPP, it does not require contributions from the individual. It is entirely subject to the government's ability and willingness to continue to pay benefits. OAS has been subject to several cutbacks in the past and is prone to future ones.

The latest changes to OAS introduced a gradual increase in eligibility age from 65 to 67, between the years 2013 and 2029. Another recent change was to allow individuals to voluntarily postpone the receipt of their OAS pension by up to five years past their eligibility age, and subsequently receive a higher actuarially adjusted pension.

### OAS retirement pension

Any person (other than incarcerated persons) age 65 or older is entitled to the full OAS pension after 40 years of residence in Canada, following age 18. Residence in a country with a Social Security Agreement with Canada may count towards eligibility and should be explored at application. A partial prorated pension may be payable after 10 years of residence. OAS benefits are taxable and are adjusted quarterly for inflation. The maximum OAS monthly pension as at January 1, 2015 is \$563.74.

If you have a low income, you may also be eligible to receive the Guaranteed Income Supplement (GIS).

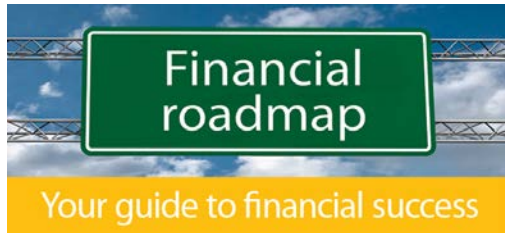
#### OAS Clawback

Pensioners with an individual net income above a certain threshold (\$72,809 in 2015) will have their OAS pension reduced. OAS pensions are reduced at a rate of \$0.15 for every \$1 above the threshold. In 2015, a pensioner with an individual net income of \$117,909 or more would be subject to a full clawback of his/her OAS pension. The threshold increases every year based on increases in inflation.

### Eligibility Age

Starting April 1, 2023, the age of eligibility for OAS will gradually increase from 65 to 67. Those who are currently receiving benefits will not be affected. Individuals who were born on or before March 31, 1958 will not be affected and will be eligible for an OAS pension beginning at age 65. The eligibility age for those born on or after February 1, 1962 is to age 67.

Go to <http://www.servicecanada.gc.ca/eng/services/pensions/oas/changes/age/index.shtml> to find out when you are eligible for your OAS pension.



## Mitigating Your OAS Clawback

To mitigate the clawback of your OAS pension, you may want to consider strategies to split other pension income with your spouse. This will serve to reduce your net income, lessening the amount of your OAS clawback.

Types of pension income that are eligible for income splitting include:

- Pension income from a defined benefit pension plan
- Annuity and RRIF/LIF payments after age 65
- CPP pension (through application)
- Spousal RRSP (at source when contributions are made)

Visit <http://www.cra-arc.gc.ca/pensionsplitting> for more information on income splitting.

Also note that income from Tax Free Savings Accounts (TFSAs) do not count toward income that is subject to OAS Clawback.

Visit the Service Canada website at  
<http://www.servicecanada.gc.ca>  
or call 1.800.277.9914.

## Applying for OAS

Apply for your OAS pension approximately six months before your anticipated retirement date. For more information about how to apply for your OAS pension, visit the Service Canada website.

As of late 2014, the government is currently in the process of phasing in a proactive enrollment process to eliminate the need for eligible seniors to apply for an OAS or GIS pension. However, if you are not contacted before the month after you turn age 64 you should contact Service Canada.

## Need More Information?

You can find more information on OAS and the recent changes, on the Service Canada website at <http://www.servicecanada.gc.ca/eng/services/pensions/oas/pension/index.shtml>. If you prefer to speak to a Service Canada representative, you can call toll-free to 1.800.277.9914 (TTY: 1.800.255.4786).