

OAS – Old Age Security

Public pensions for seniors based on residency in Canada

Old Age Security is the largest pension plan run by the Government of Canada, paid to over six million people. Eligibility is based on age and years of Canadian residency, and while not directly based on income, benefits are reduced over a certain income level.

No one pays directly into OAS. Rather, pension recipients are paid out of current tax revenue, making it one of the government's largest costs at over \$50 billion annually.

Who is eligible to receive OAS?

You must be at least age 65 to receive an OAS pension, and:

- If applying as a current Canadian resident, you must be either a Canadian citizen or legal resident, and have resided in Canada for at least 10 years since the age of 18.
- If applying from outside Canada, you must have been a Canadian citizen or legal resident the day before you left, and must have resided in Canada for at least 20 years since the age of 18.

Amount of the OAS pension – Taxable

The pension is paid monthly, with amounts indexed each calendar quarter:

- For the first quarter of 2022, the full monthly benefit is \$642, which annualizes to about \$7,707.
- The full pension is for those who have resided in Canada for at least 40 years after age 18. A reduction may apply if the person was not continuously in Canada for the 10 years preceding pension approval.
- A partial pension at the rate of 1/40th per year of residence after age 18 is available if the person resided in Canada for at least 10 years after age 18.

Application process and timeline

Canadian residents who have paid into the Canada Pension Plan receive a letter from Service Canada the month after turning age 64, advising that they are automatically enrolled for OAS the month after turning 65.

Otherwise, a person should apply to Service Canada, in paper or online, at least six months prior to the intended start month. Someone who has already reached age 65 may apply and receive up to 11 months of retroactive payments, with the first retroactive month as the start age for the continuing OAS pension.

Deferring OAS up to age 70, with a premium

A qualified individual may defer commencement of the OAS beyond age 65, up to age 70. The monthly pension is increased 0.6% for every month taken after age 65, rising as much as 36% if one waits to age 70.

Old Age Security pension recovery tax – The clawback

For each dollar of income over an indexed annual threshold, there is a 15% OAS *clawback*

- For 2020 income from \$79,054 to \$128,149, the clawback reduces the pension from July 2021 – June 2022
- For 2021 income from \$79,845 to \$129,757, the clawback reduces the pension from July 2022 – June 2023
- For 2022 income from \$81,761 to \$133,141, the clawback reduces the pension from July 2023 – June 2024

Related benefits – Income-tested and non-taxable

Guaranteed income supplement (GIS)

The GIS is a monthly benefit added to the OAS pension of a low-income pensioner resident in Canada.

Spouse's Allowance

If you are 60 to 64 years of age and your spouse or common-law partner is receiving the OAS pension and is eligible for the GIS, you may be eligible to receive this benefit.

Allowance for the Survivor

If you are 60 to 64 years of age and widowed, you may be eligible to receive this benefit.

For more information, please consult your financial advisor and tax professional.

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