



RETIRING ON A LOW INCOME from ODSP in Ontario Everything you need to know

Turning 65!

March 11, 2025: Toronto Public Library



What is important to know regarding OW and ODSP recipients who turn 65?

Most Seniors will get more money and be better off!

Some will **not**.....why?

- Seniors' benefits can be lower than OW/ODSP if they don't get full OAS
- Some will get no Seniors benefits
- Some new seniors with disabilities will not get disability expenses covered unless they remain on OW/ODSP through Extended Health Benefits (EHB)
- Some new seniors living in subsidized housing will have large rent increases
- Some new seniors will be supplementing their income through Honourariums and have it counted against their seniors' benefits
- Some will have multiple factors that make them worse off.

New: 2023-2025

- Indexation –October 1, 2023– significant increases with CPI –now \$1,368 single a month
- GAINS indexed with 25% taxback (down from 50%)
- Minimum wage now \$17.20 an hour October 2024

Key data estimates ODSP and OW over 65

- **ODSP over 65**

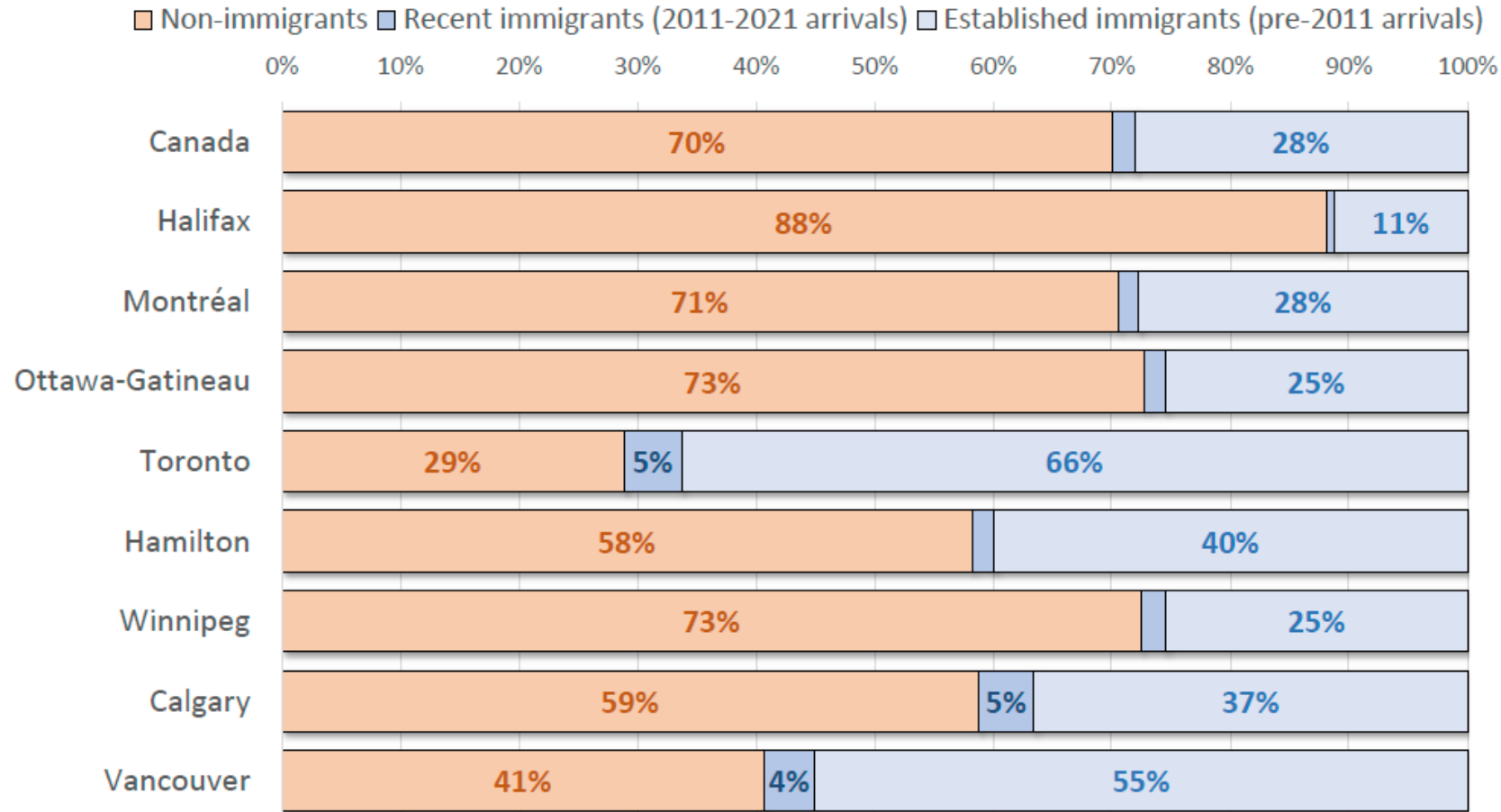
- There are approximately **13,000** benefit units on ODSP who are 65 and over in Ontario . About 8,000 singles and 4,000 couples
- Of these, there are about 3,500 getting OAS and/or GIS and of the 3,500, about 2,200 are couples about 700 singles and about 600 with kids

- **OW over 65**

- There are approximately **1,200** benefit units on OW who are 65 and over in Ontario (about 1,000 singles and 200 couples)
- Of these, there are about 150 getting OAS and/or GIS

Age 65 and Over Immigrant Status, 2021

Canada and Eight Census Metropolitan Areas



Immigrant refers to landed immigrants and permanent residents. Non-immigrant refers to persons born in Canada and non-permanent residents. Source: Statistics Canada, Census 2021 Table: 98100304

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Most people move from ODSP to OAS/GIS at age 65

- Why?
- OAS/GIS is higher than ODSP and OAS/GIS is deducted dollar for dollar from ODSP
- Immigrants and returning Canadians may get lower OAS/GIS and remain eligible for ODSP – some will have to wait past 65 to be eligible
- Also, people with high cost of medical items and travel may remain eligible for residual ODSP
- All on an individual basis. Spouses each get their own OAS and GIS

RESIDENCY IN CANADA

How much OAS and GIS will you get?

Based on **residency** in Canada, **not citizenship**

Must be 65 or older

- 1. Must have resided in Canada for a minimum of 10 years (residence defined as 'ordinarily living and making your home in Canada'); and,**
- 2. Be a legal resident (lawfully in Canada pursuant to the immigration laws) on the day before the day you are approved**

40 of 47 years between age 18 and 65 breathing Canadian air legally (Permanent residency, NOT citizenship)

If you have 10 years, you get $\frac{1}{4}$ OAS

If you have 20 years, you get $20 / 40^{\text{th}}$ ($\frac{1}{2}$)

60 agreements **in force** with Canada where 1 year gets you 10 –others wait 10 years

SUPER GIS

For people who don't get the full OAS amount

There is a **super GIS** for people with less than 40 years of residency
e.g. 11 years in Canada may result in 29/40 super GIS based on percent of OAS

Sponsorship cases not eligible for GIS (the current rule is no GIS for anyone who is (A) under a sponsorship agreement, and (B) has less than 10 years of residence in Canada.

Certain amendments to this provision are 'not yet in force'. When they are brought into force, the rule will be no GIS for the entire period you are under a sponsorship agreement, regardless of years of residence in Canada)

Sponsorships are now for 20 years

Super visa residents not eligible as they are visitors

WHERE TO GO

Who do you contact when you have questions?

There are the telephone numbers to call Service Canada on Social Security Agreement client case questions:

Canada and the United States

Toll-free: **1-800-454-8731**

TTY: **1-800-255-4786**

Outside Canada and the United States

Collect: **1-613-957-1954**

The hours of operation are 8:30a.m. to 4:30p.m. EST,
Monday to Friday

<https://www.canada.ca/en/employmentsocialdevelopment/corporate/contact/issa.html>

Collecting ODSP after age 65 due to high medical costs

There are certain benefits that are paid in addition to an allowance. These are benefits paid under s55 of the OW regulations and s44 of the ODSP regulations and include the following benefits **not covered under OAS/GIS** :

- Prescription drugs under the Ontario Drug Benefit (ODB) plan (covered at 65)
- Dental benefits as prescribed
- Diabetic supplies
- The client contribution under the Assistive Devices Program (ADP)
- Medical transportation
- Batteries and repairs for mobility devices
- Eye exams
- Dog guides
- Employment start-up
- Up front childcare; and
- Other specified benefits under OW and ODSP (e.g., MSN)

What happens in subsidized housing? e.g. TCHC

- Single rent of e.g. \$139 a month would go to a minimum of (approx.) \$573 for someone with full OAS eligibility
- **Why?**
- They go off the special scales for ODSP & OW
- For those on ODSP who received more than \$440 a month in outside income, the rent may not go up as much as they were already off the ODSP scale and on true RGI (rent geared to income).

What about Overpayments when leaving ODSP?

- Current Overpayment Collections Process on Inactive cases e.g. ODSP to OAS
- When a person leaves social assistance with an outstanding debt, they are supposed to receive two notification letters:
 - Local office notification: A letter closing their file, indicating that there is an overpayment. This letter should advise that the matter will be referred to the FSU in 30 days.
 - FSU Collection notification: A letter requesting full repayment or contact the FSU to work out a monthly repayment plan (e.g. series of cheques or preauthorized debits), within 30 days.
- If repayment is not arranged within 30 days, the overpayment is referred to the CRA Refund Set-Off (RSO) Program.
- Inactive cases <https://www.ontario.ca/document/ontario-disability-support-program-policy-directives-income-support/111-recovery>

What about Overpayments when leaving ODSP?

Overpayment accounts will be recalled from the RSO program if:

- The former recipient is undergoing bankruptcy
- The former recipient has a net income below the low-income threshold established by the CRA
- Collecting the overpayment would cause undue hardship
- If the recipient remains on ODSP for any reason including EHB, the overpayment stays with ODSP

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WHAT SENIORS GET IN ONTARIO, MONTHLY



Program



How does it work?



Monthly Benefit

Canada Pension Plan (CPP)	If you paid in, you can get a pension.	Age 60: \$917.12 Age 65: \$1,433
Old Age Security (OAS)	Most people 65+ get this. There are also some benefits for <i>low-income</i> spouses not yet 65.	Age 65: \$727.67
Guaranteed Income Supplement (GIS)	People with <i>low incomes</i> may get this.	Age 65: \$1,086.88 for singles
Guaranteed Annual Income System (GAINS), Ontario only; Refundable Credits	If you are getting GIS but are still below the province's minimum income, you get extra money.	Age 65: \$87 a month
Income from savings	Money you put in an RRSP or TFSA	
Private pensions	A pension from where you worked	
Earnings	Money from working for wages or 'other'	

WHAT YOU NEED TO KNOW

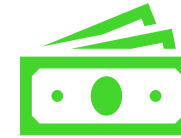
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WHAT DOES “LOW INCOME” MEAN?

Will you be eligible for OAS?



Family picture when you are age 65



You will be low income if your yearly income
(not counting OAS!) is under:

Single person

\$22,056

Couple

- Both getting Old Age Security (OAS pension)

\$29,136

Couple

- Only one partner getting OAS
- Other partner is under 65

\$52,848

Couple

- One partner getting OAS
- Other partner is 60-64 and getting the Allowance

\$40,800

GIS TAX-BACK

a.k.a. GIS Reduction

What happens to your GIS when you earn other income?

The tax-back is 50% on GIS and (a further 25% on the GIS supplement for a real rate of 59% - 50% on earnings only) on all net income from:

- RRSP cash outs
- Pensions
- CPP
- Investment INCOME
- Wage Earnings after \$5,000 a year (50% recovery only)
- Honorariums

Note: Income from OAS does not affect the amount of GIS you receive

CHANGES IN 2020

Good news

You can keep more of your GIS when
you earn income

Earnings exemption goes to \$ The enhanced exemption provides a full exemption on the first \$5,000 of employment/self-employment income, and an additional 50% on the next \$10,000 of earnings...i.e. a maximum exemption of \$10,000 on the first \$15,000 a person made)

Extended to self-employed

Tax-back/clawback rate reduced to 50% overall, allowing more seniors to earn more money before losing GIS

Reduces overall recovery rate from 75% in GIS supplement zone to 50% for earners

TINA'S STORY

An example

Single mother receives social assistance from age 18 to 30

Went back to school

Worked as a part-time nurse's assistant from age 30 to 50

Became disabled with MS and received Ontario Disability (ODSP)

Now she is turning 65



WHAT WILL TINA HAVE AT AGE 65?



Source



Average monthly income



Max payout p/m

Canada Pension Plan (CPP)	\$364	\$1,433
Old Age Security (OAS)	\$727.67	\$727,67
Guaranteed Income Supplement (GIS)	\$766.93.(why?)	\$1,086.88
Guaranteed Annual Income System	\$0 (her net income for GIS is over \$4,000)	\$87.00
Income from savings	\$10	
Private pensions	\$90	
Refundable tax credits	\$198	
Total average monthly income	\$2,156.60 x 12 =	Total yearly income: \$25,879.20

New OAS/GIS FORM

New starting 2019: If you want GIS, don't tick the box!

Section C Applying for the Guaranteed Income Supplement

If your OAS pension is approved and you reside in Canada, you may also be eligible for the Guaranteed Income Supplement (GIS), a non-taxable amount added to your monthly OAS pension. The GIS amount depends on your marital status and net annual income or, in the case of a couple, the combined net annual income.

When you apply for the GIS, Service Canada will obtain your income information from the Canada Revenue Agency to determine if you are eligible. Even if you are not immediately eligible, we will review your income every year and your GIS benefit will be automatically paid if you become eligible, as long as you file your income tax return annually with the Canada Revenue Agency.

C1 To apply for the GIS, complete questions C2 to C10 below.

If you do not want to apply for the GIS, check this box ☐ and go to Section D.



Image by Drawn to the Sea

DON'T TICK THE BOX

LEAVE THE BOX TO THE TICKS!!!

New OAS/GIS FORM

New starting 2019: If you want GIS, don't tick the box!

A tick box on the OAS/GIS form:

If you are low income – [Don't tick the box](#)

If you are unsure – [Don't tick the box](#)

No need to worry... [Don't tick the box](#)

Fill it out – answer all questions

File your taxes

APPLICATION FOR THE GUARANTEED INCOME SUPPLEMENT

In Ontario

For postal codes beginning with "L, M or N"

Service Canada

PO Box 5100 Station D Scarborough ON

M1R 5C8

CANADA

For postal codes beginning with "K or P"

Service Canada

PO Box 2013 Station Main Timmins ON

P4N 8C8

CANADA

REVIEW

What forms of income do not reduce GIS?



GIS not affected

Old Age Security (OAS)

Tax Free Savings Accounts (TFSA) cash outs

RDSP withdrawals

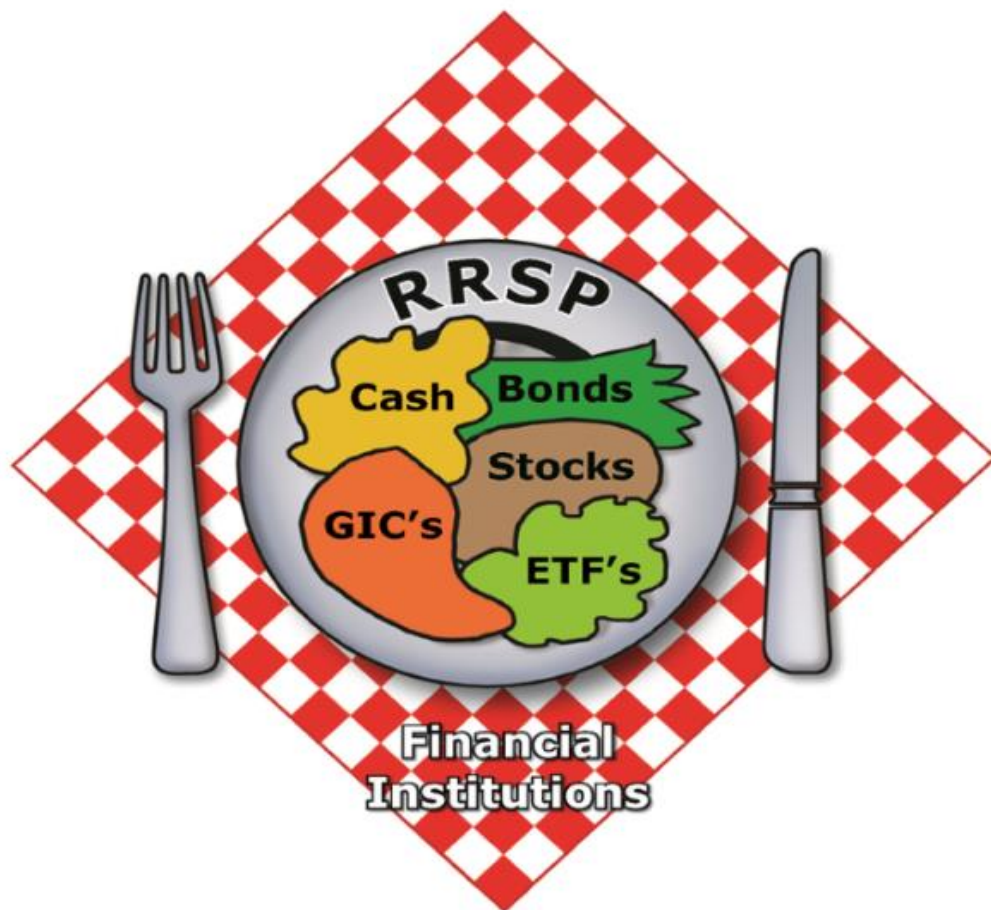
Refundable Tax Credits you get with your income tax refund – child benefits, Trillium, Working Income Tax Benefits, GST credits

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RRSP VS. TFSA

Are they the same?



TAXABLE INCOME

What does “taxable income” mean?

Taxable income is the amount on [line 26000](#) of your tax form.

[You pay no tax if:](#)

- Taxable income is about \$17,000 and under & you are under 65
- Taxable income is \$22,500 if you are 65+

TAXABLE INCOME

How to reduce taxable income or
get money back

Understanding the system: A trip to the
grocery store

Non-refundable tax credits

Refundable tax credits

Tax exemptions

Deductions

Entitlements

TAXABLE INCOME

How to reduce taxable income or
get money back

Let's go to the store!

If you understand shopping, you can understand the income tax system!

Non-refundable tax credits = Coupon off your taxes

Refundable tax credits = Gift card

Tax exemptions = Forget about it

Deductions = Coupon off your income; everyone different

Entitlements = You own it; it's yours

Tax refund = Combination of refundable and non-refundable credits and deductions (gift cards and coupons)

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PROTECTING A LOW INCOME RETIREMENT

What can you do to protect your money?

Will the government tell you about everything you are entitled to?

Should everyone apply for OAS?

Should you work after 65?

Should you take early CPP?

Should you buy RRSPs?

Should you save in a TFSA?

Can you leave Canada and collect?

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WILL THE GOVERNMENT TELL YOU ABOUT EVERYTHING YOU ARE ENTITLED TO? DON'T COUNT ON IT



CPP and OAS: get application forms from Service Canada



Don't Tick the box for GIS on the OAS form



They will tell you if you qualify for GAINS



File your tax returns to make sure you get other credits and benefits ...and your GIS will be renewed automatically each July!

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SHOULD EVERYONE APPLY FOR OAS?

Yes. Do it as soon as you approach age 65

Half are enrolled automatically & will receive a letter to this effect

Only apply if you don't receive the letter...

Even if you have not been in Canada long, you may get some OAS

If you qualify for OAS and you have a low income, you qualify for some GIS



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SHOULD YOU WORK AFTER 65?

ANY net income reduces the benefits that low-income seniors get except \$5000 in net earnings

Low-income seniors get benefits from GIS and GAINS

Both get clawed back at 50% after you earn just \$5000 (T4 slip)

Both get clawed back at 50% after the 1st DOLLAR of any other kind of gross income

Examples: Money you take from RRSP savings (T4RIF), or honoraria (T4A)





SHOULD YOU WORK AFTER 65?

The Family Day Rule

Minimum wage of \$17.20 an hour
=\$5000 or so just after Family Day

After that, every dollar is taxed back at 50% and 75% over some income zones

Think about working after **Family Day** if you are low income!

PHILIP'S STORY

An example

A near-senior living on \$1,000 a month from ODSP

Volunteers to speak for the Dream Team

Received \$1,490 in honoraria

GAINS clawed back 50%

GIS clawed back 50%

Phillip gets nothing until he gets beyond the GAINS-A clawback



SOLUTIONS FOR HONOURARIA



The T4A slip 'trigger point' is \$500



Stop collecting honoraria at \$499



Volunteer for another agency for next \$499



Or, if it makes sense for you, reduce your taxable income by contributing to an RRSP. We get to this later....

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SHOULD YOU TAKE EARLY CPP?

The usual age to take CPP is 65

Early CPP is age 60. It is a little less money, but you may need it now

If you are on social assistance, don't take it early. Your social assistance will be clawed back

After age 65 you won't have to worry about the ODSP clawback – just the GIS clawback which is closer to 50% than 100% on ODSP



The Parallel Universe of Low- Income Retirement



THE PARALLEL UNIVERSE

Why is retirement different for low-income people?

Most middle and high-income people have less income after they stop working

Most low-income people have more

Most middle and high-income people pay less tax after they retire

Most low-income people don't pay tax

But they might **have to** when they start getting CPP and OAS

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SHOULD YOU BUY RRSPs?

Only when your CPP, OAS and other income means you might have to pay tax

An RRSP can increase your GIS as RRSP contributions can increase GIS (but withdrawals will reduce it)

Your lower taxable income might increase your GIS

You can buy RRSPs from age 65 to 71

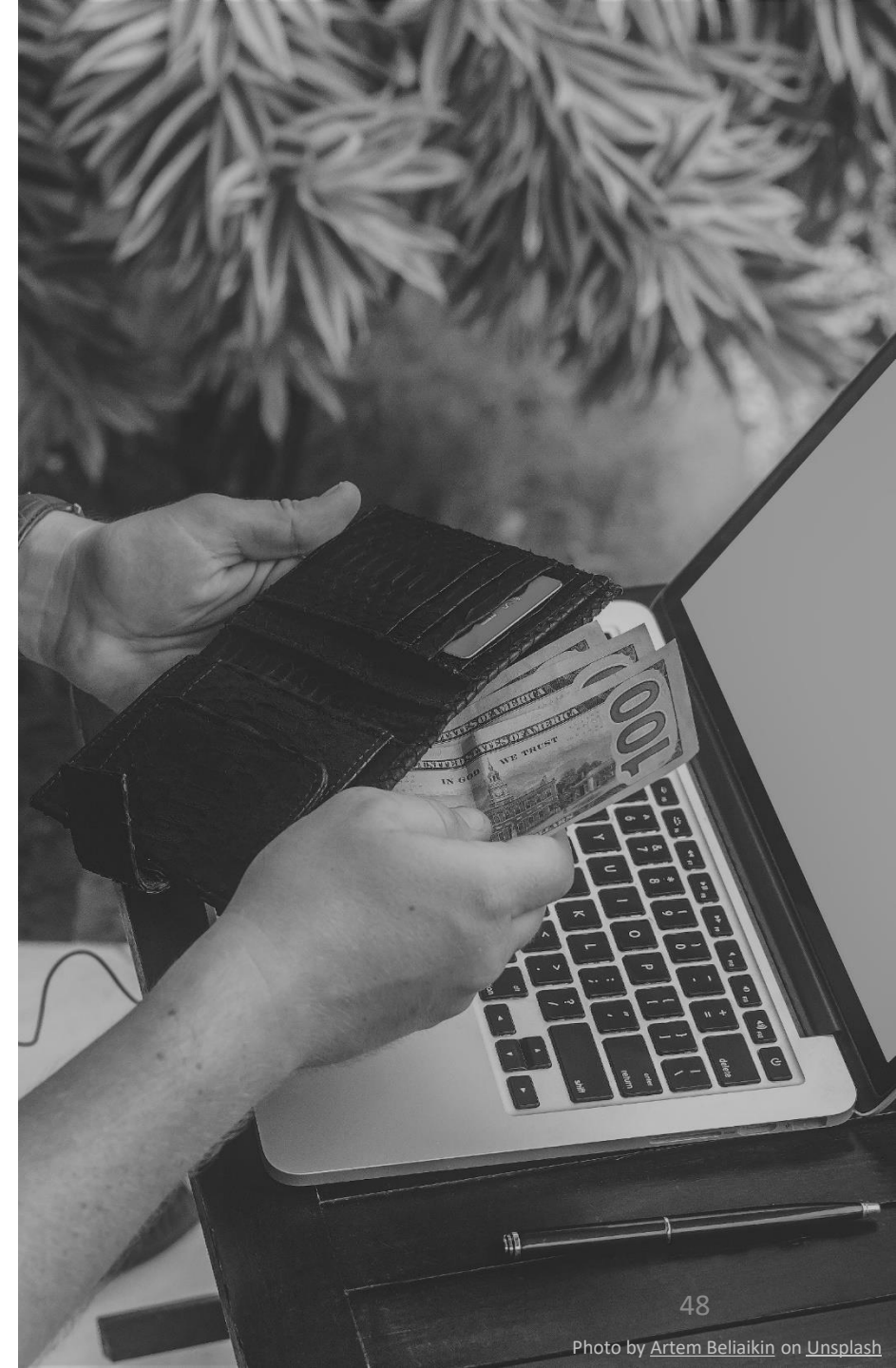




Photo by Jeff Sheldon on Unsplash

RRSP CASH-IN BEFORE 65

You may pay less tax in retirement by cashing in your RRSP early

Tax withholding on RRSP withdrawals:

- 10% up to \$5,000
- 20% from \$5,000 to \$15,000
- 30% over \$15,000

Refunded if you don't pay tax

But even if you do pay tax, it's still less than the **50%** and **75%** reduction on GIS + tax payable AFTER age 65!

YOUR NOTICE OF ASSESSMENT IS A GOLD MINE

Canada Revenue Agency		Agence du revenu du Canada		NOTICE OF ASSESSMENT		T451-E (R)
Date May 5, 2007	Name Jane Doe	Social Insurance no. 123 456 789	Tax year 2007	Tax centre Shawinigan QC G9N 7S6		
Summary						000000
Line				\$ Amount		
150	Total Income.....			00,000		
	Deductions from total income.....			000		
236	Net Income.....			00,000		
260	Taxable Income.....			00,000		
6150	Total Ontario non-refundable tax credits			000		
420	Net federal tax.....			0,000.00		
428	Net Ontario tax.....			0,000.00		
435	Total payable.....			0,000.00		
437	Total income tax deducted.....			0,000.00		
448	CPF Overpayment.....			00.00		
482	Total Credits.....			0,000.00		
	(Total payable minus total credits).....			(000.00)		
	Balance from this assessment.....			CR 000.00		
	Direct deposit.....			CR 000.00		
William V. Baker Commissioner of Revenue						
Date May 5, 2007	Name Jane Doe	Social Insurance no. 123 456 789	Tax year 2007	Tax centre Shawinigan QC G9N 7S6		
2006 RRSP Deduction Limit Statement						
The back of this notice contains important information. Amounts marked with an asterisk (*) cannot be less than zero.						
RRSP deduction limit for 2007.....				\$00,000		
Minus: Allowable RRSP contributions deducted in 2007.....				\$000		
Unused RRSP deduction limit at the end of 2007.....				\$00,000		
Plus: 10% of 2007 earned income of \$00,000 = (max. \$19,000).....				\$0,000		
Minus: 2006 pension adjustment.....				\$0 .. 0,000		
				\$00,000.00		
Minus: 2006 net past service pension adjustment.....				\$0		
Plus: 2006 pension adjustment reversal.....				\$0		
Your RRSP deduction limit for 2008.....				\$0,000 (*)		
You have \$0 (B) of unused RRSP contributions available for 2007. If this amount is more than amount (A) above, you may have to pay a tax on the excess contributions.						

Date May 5, 2015	Name Sample Taxpayer	Social Insurance no. 870 000 007	Tax year 2014	Tax centre Winnipeg MB R3C 3M2
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2015 RRSP Deduction Limit Statement

The text of this notice contains important information. Amounts marked with an asterisk (*) cannot be less than zero.

RRSP deduction limit for 2014	\$SAMPLE
Minus: Allowable RRSP contributions deducted in 2014	\$SAMPLE
Unused RRSP deduction limit at the end of 2014	\$SAMPLE
Plus: 18% of 2014 earned income of \$60,000 = (max. \$23,820)	\$10,800
Plus: 2014 pension adjustment	\$0
Minus: 2015 net past service pension adjustment	\$SAMPLE
Plus: 2015 pension adjustment reversal	\$SAMPLE
Your RRSP deduction limit for 2015	\$SAMPLE (*)

You have \$0 (B) of unused RRSP contributions available for 2014. If this amount is more than amount (A) above, you may have to pay a tax on the excess contributions.



TAXABLE INCOME BEFORE AND AFTER RETIREMENT

More sources of income are taxable for low income people after retirement

Before age 65

- ✓ Earnings
- ✗ Ontario Works
- ✗ Ontario Disability Savings Plan (ODSP)
- ✗ Pain and suffering awards
- ✗ Some settlements

After age 65

- ✓ Earnings
- ✓ Canada Pension Plan (CPP)
- ✓ Old Age Security (OAS)
- ✓ RRSP cash-outs
- ✓ Private pensions
- ✓ Investment Income

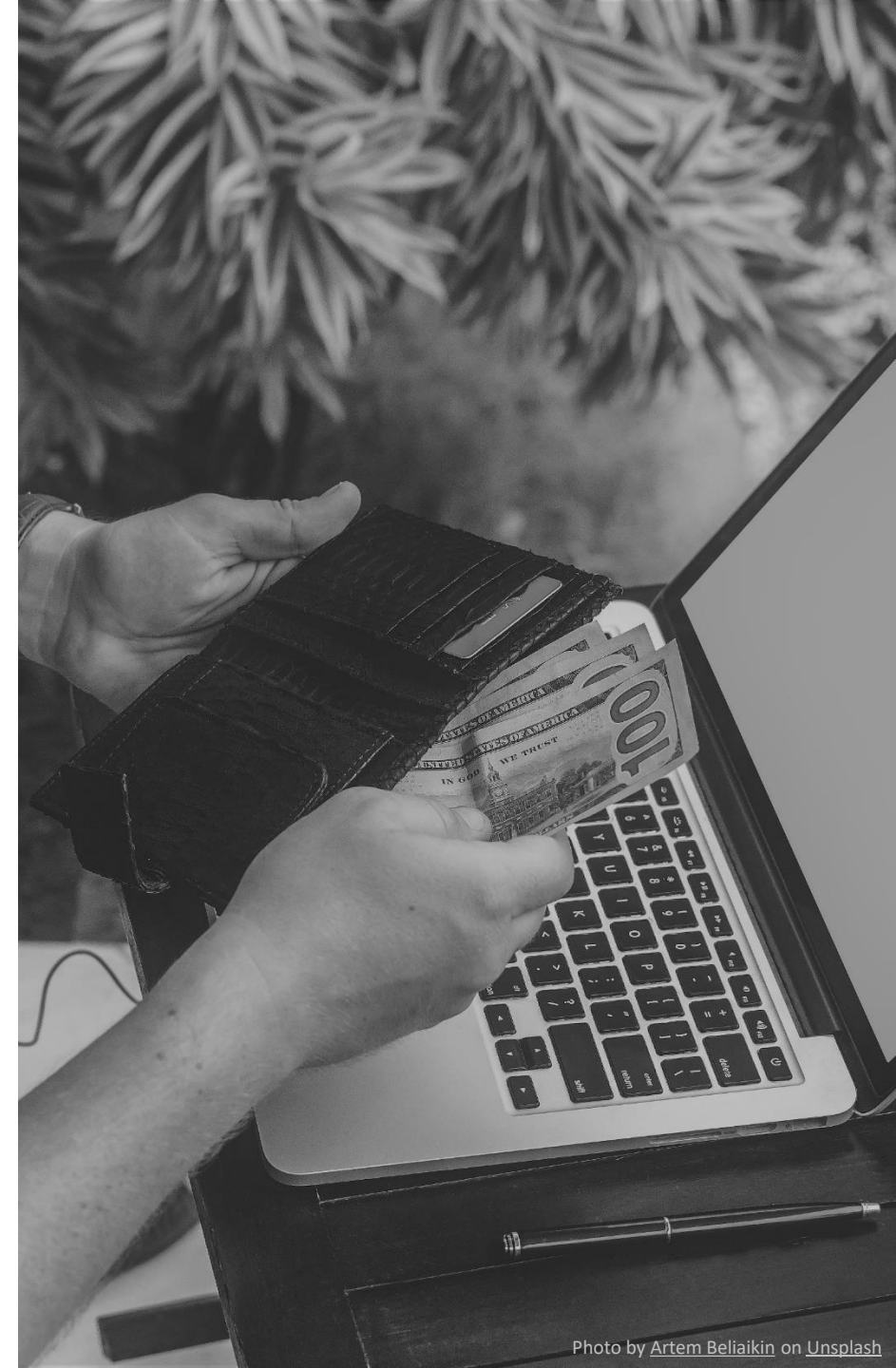
SHOULD YOU BUY RRSPs?

Registered Retirement Savings Plans are for people who pay taxes

They help to pay less tax now, but you pay it when you take the money out

That makes sense for higher-income people

It makes no sense for low-income people until they start getting CPP and OAS



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Will the government tell you about everything you are entitled to?

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Can you leave Canada and collect?

SHOULD YOU SAVE IN A TFSA?

Tax Free Savings Accounts (TFSAs) are always a good way for low-income people to save

The interest you earn can't be taxed

You don't have to take it out until you want to

Money in a TFSA can't be clawed back



SHOULD YOU SAVE IN A TFSA?

You can prevent the RRIF bear hug ...

Question: When you turn 71, what happens to a TFSA?

Answer: Nothing! You take it out when you want – everything tax free

Question: When you turn 71, what happens to an RRSP?

Answer: Your RRSP turns into a RRIF and you go into the RRIF 'bear-hug' where you must take out an increasing % per year from 3.96% to 15%. All of it is taxable!



MANDATORY RRIF WITHDRAWALS

Starting at age 71

Table of RRIF Factors			
Age	All RRIFs 2015+	Post-1992 RRIFs prior to 2015	Pre-1993 RRIFs prior to 2015
	RRIF Factor	RRIF Factor	RRIF Factor
71	0.0528	0.0738	0.0526
72	0.0540	0.0748	0.0556
73	0.0553	0.0759	0.0588
74	0.0567	0.0771	0.0625
75	0.0582	0.0785	0.0667
76	0.0598	0.0799	0.0714
77	0.0617	0.0815	0.0769
78	0.0636	0.0833	0.0833
79	0.0658	0.0853	0.0853
80	0.0682	0.0875	0.0875
81	0.0708	0.0899	0.0899
82	0.0738	0.0927	0.0927
83	0.0771	0.0958	0.0958
84	0.0808	0.0993	0.0993
85	0.0851	0.1033	0.1033
86	0.0899	0.1079	0.1079
87	0.0955	0.1133	0.1133
88	0.1021	0.1196	0.1196
89	0.1099	0.1271	0.1271
90	0.1192	0.1362	0.1362
91	0.1306	0.1473	0.1473
92	0.1449	0.1612	0.1612
93	0.1634	0.1792	0.1792
94	0.1879	0.2000	0.2000
95+	0.2000	0.2000	0.2000

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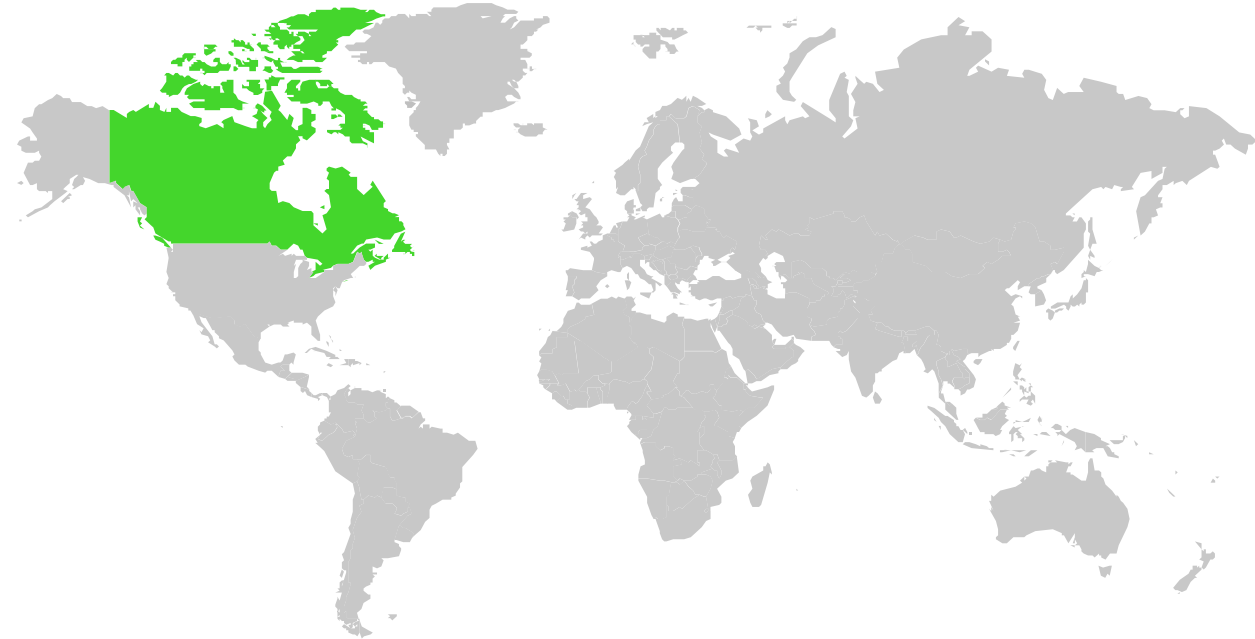
Can you leave Canada and collect?

CAN YOU COLLECT OAS IF YOU LEAVE CANADA?

You can collect any form of Old Age benefits for 6 months. But it's complicated after that!

If you move elsewhere for more than 6 months:

- You need to have lived in Canada for 20 years between your 18 and **the date of your departure**; or **you can continue to accumulate years of residence towards portability AFTER you go into pay for the OAS pension....e.g. I get approved for 18/40ths at age 65...if I stay in Canada until age 67 I can then take my 18/40th pension abroad.)**
- Shorter (e.g. 18 months) if Canada has an agreement with the country you are going to, but it depends on the country you come from. There are **60** agreements.



CAN YOU COLLECT OAS IF YOU LEAVE CANADA?

New Countries with Agreements with Canada: Total = 60

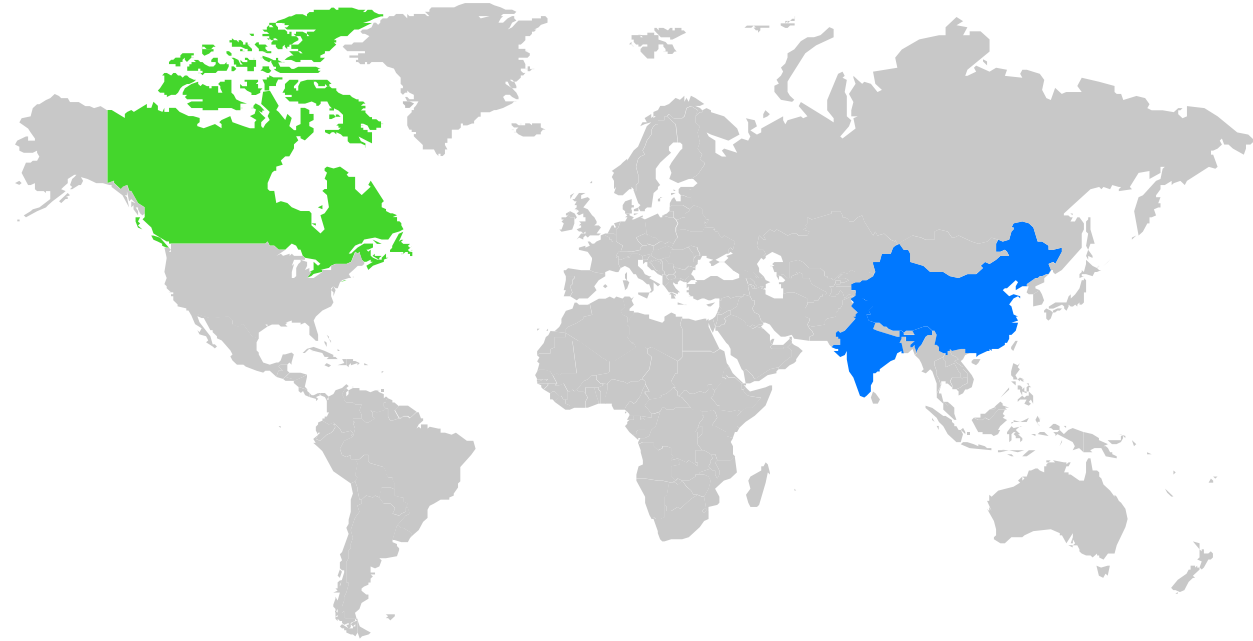
Limited agreements – No OAS advantage:

- India
- China

Standard agreements (1-year residency instead of 10 gets you OAS at 65)

- Serbia
- Brazil
- Bulgaria
- Peru

<http://www.esdc.gc.ca/en/cpp/international/eligibility.page>



SIX TOP TIPS FOR RETIRING ON A LOW INCOME



File your taxes (unless you have old debts)



Apply for early CPP if not on social assistance



Apply for OAS a year before you turn 65



Don't Tick the box for GIS on the application form



Between age 65 and 71, buy RRSPs only if you need to reduce taxable income



Save in a tax-free savings account instead

WHAT YOU NEED TO KNOW

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10	What seniors get in Ontario
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24	What does “taxable income” mean?
35	How to reduce taxable income or get money back — understanding the system
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57	Why didn’t I get this advice from the bank?
61	How do we spread the word?

WHY DIDN'T I GET THIS ADVICE FROM THE BANK?

Nobody cares about your money as
much as you do

Banks don't make much money off poor people, so they don't invest in giving them good advice

Many people don't like income support programs like GIS and don't want to talk about them

Yet **31%** Canadian seniors collect GIS

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HOW DO WE SPREAD THE WORD?

We need to change policy and attitudes

Tell provincial and federal governments to give better information

Push financial institutions to train their staff to give good advice

Teach social agencies about the tax rules and income supports that affect low-income people



THANK YOU

Learn more at:

<http://openpolicyontario.com/retiring-on-a-low-income>

