STEPUP

Sales Tax Estate Planning Underwriting & Product Newsletter

SENIORS: Making the most of your government benefits

The Canada Revenue Agency (CRA) wants seniors to get the tax credits, deductions, and benefits they are eligible for.

Here is a baker's dozen of the most common credits, deductions and benefits for seniors, as sourced from the Government of Canada and Canada Revenue Agency websites. Please click on the highlighted text for each one to get other, more detailed information.

1. **Pension income splitting** – If you receive a pension, you may be eligible to split up to 50% of your eligible pension income with your spouse or common-law partner and be eligible for a **deduction for pension income splitting**.
2. Old Age Security – The Old Age Security (OAS) pension is a monthly payment available to seniors aged 65 and older who meet the Canadian legal status and residence requirements. You may need to **apply** to receive it. Consult the **table of Old Age Security payment amounts** for current benefit rates.
3. Old Age Security Benefits: There are three types of benefits in addition to Old Age Security Pension.

   a. **Guaranteed Income Supplement**
   If you live in Canada and you have a low income, this monthly non-taxable benefit can be added to your OAS pension. If you receive the guaranteed income supplement or allowance benefits under the old age security program, you can renew your benefit by filing your return by the filing deadline.

   b. **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 Guaranteed Income Supplement (GIS), you might be eligible to receive this benefit.

   c. **Allowance for the Survivor**
   If you are 60 to 64 years of age and you are widowed, you might be eligible to receive this benefit.

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Peter works with independent advisors and other professionals raising awareness on issues and concerns faced by affluent individuals, professionals and business owners. He supports efforts in researching and developing optimal solutions for clients aimed at improving their financial well-being and supporting their personal wishes and lifestyles. He has provided 1000s of workshops, seminars and technical support throughout the country on tax, retirement income and estate planning issues, concepts and strategies to both advisors and consumers. As an accredited Registered Financial Gerontologist, a good deal of his time is spent on building awareness and educating people of all professions who work with or specialize in the needs, expectations and issues of elders. Comprehensive lifestyle planning is an important element of these processes.

The Sales, Tax, Estate Planning, Underwriting & Product (STEPUP) team provides internal and broker support, including seminars, education, advanced concept illustrations & Client case technical consultations.

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4. **Registered Retirement Savings Plan and Pooled Retirement Pension Plan deductions** – Deductible contributions can reduce your tax bill. You have until December 31 of the year in which you turn 71 to contribute to your own RRSP. If you have earned income after that age, you may be able to make deductible contributions to your younger spouse's plan until (s)he turns age 71.
5. **Registered Pension Plan deductions** – You can deduct the total of your contributions for current service, or for past service for 1990 or later years, on your 2019 income tax and benefit return. However, you cannot carry forward the amount not deducted to 2020 or later years.
6. **Registered Disability Savings Program (RDSP)** – This savings plan can help families save for the financial security of a person who is eligible for the disability tax credit. Contributions are not tax deductible and can be made until the end of the year in which the beneficiary turns 59.
7. **Goods and services tax/harmonized sales tax (GST/HST) credit** – You may be eligible for the GST/HST credit, a tax-free quarterly payment that helps individuals and families with low or modest income to offset all or part of the GST or HST they pay. To receive this credit, you must file an income tax and benefit return every year, even if you did not receive income. If you have a spouse or common-law partner, only one of you can receive the credit. The amount will be the same, regardless of who (in the couple) receives it. The credit will be paid to the person whose return is assessed first. You no longer have to apply for the GST/HST credit. There are **provincial and territorial programs related to the GST/HST credit** that you may also qualify for and are calculated automatically with the filing of an income tax return. For example, Ontario has the Ontario Trillium Benefit and the Senior Homeowners' Property Tax Grant.
8. **Medical expenses** – You may be able to claim the total eligible medical expenses you or your spouse or common-law partner paid for you, your spouse or common-law partner, or you or your spouse's or common-law partner's children who were 18 years old or younger at the end of the tax year, provided the expenses were made over any 12-month period ending in 2020 and were not previously claimed. This can include amounts claimed for attendant care or care in an establishment. You may claim the lesser of 3% of your net income and $2352. You may also claim the part of eligible medical expenses you or your spouse or common-law partner paid for any of the following persons who depended on you for support:
   - your or your spouse's or common-law partner's children who were 18 years of age or older at the end of the tax year, or grandchildren
   - your or your spouse's or common-law partner's parents, grandparents, brothers, sisters, uncles, aunts, nephews, or nieces who were residents of Canada at any time in the year
   - You have to calculate, for each dependant, the medical expenses that you are claiming on line 33199. You may claim the lesser of $2352 or 3% of your dependant's net income.
9. **Age amount** – If you were 65 years of age or older on December 31, 2020, and your net income was less than $89,421, you may be able to claim up to $7,637.
10. **Pension Income Amount** – You may be able to claim up to $2,000 if you reported eligible pension, superannuation, or annuity payments on your tax return.
11. **Disability amount for self** – If you, your spouse or common-law partner or your dependent has a severe and prolonged impairment in physical or mental functions and meets certain conditions, they may be eligible for the disability tax credit (DTC). To determine eligibility, you must complete Form T2201, Disability Tax Credit Certificate and have it certified by a medical practitioner. Canadians claiming the credit can file online whether they have submitted the form to the CRA for that tax year or not. You may be able to transfer **amounts not needed** by a dependent.
12. **Caregiver amount** – If you are caring for a dependant with an impairment in physical or mental functions, you may be able to claim up to $2,230 (2020) when calculating certain non-refundable tax credits. Non-refundable tax credits reduce your federal tax. If the total of the non-refundable tax credits is more than your federal tax, you will not get a refund for the difference.

For more information on topics and services of interest to seniors, click on **seniors benefits**. My Account and My Service Canada Account offer Canadians self-service options to update and manage their tax and benefit affairs online anytime.

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