

Good afternoon,

In addition to Terry's education pieces, we thought it would be nice to send out some intermittent informative articles from the perspective of ***Financial and Retirement Planning***.

Since this topic affects most of us, I thought I would start off with an article on Old Age Security (OAS). Although you must be 65 or older to receive OAS, it's never too early to educate yourself on the program and since OAS can be subject to clawback, planning ahead is recommended.

#### **OAS Coles Notes (see attached article for full details)**

1. **What is OAS?** – OAS is a ***taxable*** government sponsored program that pays individuals ***over the age of 65*** a monthly benefit for life.
2. **Who will receive OAS?** -- Most Canadians will receive full OAS pension. The maximum monthly amount for 2017 is ***\$578.53***. You do not have to contribute to the program to be eligible for the benefit. ***You must apply to Service Canada*** to receive the monthly benefit.
3. **Will I be faced with Clawback?** – Clawback begins when your individual income ***reaches \$74,788*** (Based on 2017 numbers). Income over this threshold will be clawed back at a rate of .15 for every \$1. ***Full claw back happens at \$121,070.40*** .
4. **What are some strategies to minimize Clawback?** – Consider drawing down your RRSP before age 65 (this would be on a case by case basis as it might not be beneficial for some - especially those working to or beyond 70), past age 65, consider pension income splitting/sharing with your spouse, or consider using TFSAs for surplus cash to shelter investment income.
5. **Can OAS be deferred?** – You can defer OAS for up to 5 years (age 70). Deferring your OAS pension would result in a ***36% increase by the time you reach age 70 (0.6% for every month deferred)***.
6. **What if I leave Canada?** – If you are non-resident of Canada when receiving OAS there will be a ***non-resident withholding tax of 25%***. Other taxes may apply depending on the country of residence.

For those I have spoken to or met so far, thank you for making me feel welcome. For those I have yet to meet, I look forward to meeting you in the future.

Until next time.....

Regards,

*Jennifer*

Disclaimer: This information is not intended as nor does it constitute tax or legal advice. Readers should consult their own lawyer, accountant or other professional advisor when planning to implement a strategy.