

Old Age Security



Basics

A monthly pension paid to Canadian citizens based on their age and time spent living in Canada. OAS is considered income and is therefore taxable.

Starting on July 1, 2013, the government will allow for the voluntary deferral for the OAS pension, for up to 5 years, to receive a higher, actuarially adjusted, annual pension. The 2012 budget indicates that the annual OAS pension will be increased by 7.2% for each full year that it is deferred.

* The government of Canada has introduced measures to gradually increase the age of eligibility for the OAS pension between 2023 and 2029, from the age 65 to 67. Those born in 1957 or earlier will not be affected. Those born between 1958 and 1962 will see a gradual increase in the age of eligibility. Those born in 1963 or after will see their age of eligibility become 67 years of age. References to “65 years of age” are relevant to those born in years 1957 or earlier. The year of eligibility will increase for those born in subsequent years as per the above paragraph.

OAS Pension Levels

Canada OAS is indexed to the CPI to adjust for inflation.

Recipients may qualify for either Full or Partial OAS pension based on the qualifications listed in the next section.

- Full Pension
 - \$546.07 per month (\$6,552.84 annually) maximum
- Partial Pension
 - 2.5% of the Full Pension for each year spent living in Canada after age 18, based on a minimum of 10 years of residence in Canada
- The average monthly OAS benefit was \$514.56 in March 2012 (\$6,174.72 annually)

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Qualifications

Recipients must be at least **65 years of age**. Canada OAS benefits are based on the recipient's age, and the amount of time they have lived in Canada. Depending on these factors, you may qualify for full or partial OAS pension.

- Full Pension Eligibility
 - You have lived in Canada for at least 40 years after age 18
 - There are a variety of other factors that are examined to determine eligibility for Full OAS pension. You may still qualify for Full OAS pension based on these criteria, which are specified in detail at <http://www.servicecanada.gc.ca/eng/isp/pub/oas/oas.shtml>
- Partial Pension Eligibility
 - You currently live in Canada and have lived there for at least 10 years after age 18
 - You live abroad, but had lived in Canada for at least 20 years after age 18

Clawback

OAS benefits of high-income earners are subject to a “clawback,” which may reduce benefits or at the most cancel them out. Read our OAS Clawback article in the Learning Centre at www.steelewealthmanagement.com.

Sources

Service Canada (Online).

<http://www.servicecanada.gc.ca/eng/isp/pub/oas/oas.shtml>

*All conditions, benefit levels, and other figures apply to 2013 OAS regulations.

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