



## **PREPARING FOR RETIREMENT (3 levels)**

**CALL FOR ADVICE ON THIS GUIDE**

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### **1. Old Age Security (OAS) Program**

The Old Age Security program is the cornerstone of Canada's retirement income system. Providing you with a modest pension at age 65 if you have lived in Canada for at least 10 years. If you are a low-income senior, you may be eligible for other benefits as early as age 60.

#### **Benefits**

- Basic Old Age Security Pension
- The Guaranteed Income Supplement
- The Allowance

### **2. Canada Pension Plan (CPP)**

The Canada Pension Plan provides you with a monthly retirement pension if you have worked and contributed to the CPP. It also works as an insurance plan, providing disability and survivor benefits for those who qualify.

### **3. Private Pensions and Savings**

Private savings will most likely be necessary considering the modest government public pension system. ie. OAS and CPP.

## Basic Old Age Security Pension

Overall	The Old Age Security pension is a monthly payment available to most Canadians aged 65 or older. You must apply to receive benefits. If you meet the eligibility requirements explained below, you may be entitled to receive the Old Age Security pension even if you are still working or have never worked.
Eligibility Conditions	<ul style="list-style-type: none"> <li>- You are 65 or older.</li> <li>- A minimum of 10 years of residence in Canada after reaching age 18 is required.</li> <li>- Must be a Canadian Citizen or a legal resident of Canada on the day preceding the application's approval.</li> <li>- If no longer living in Canada, must have been a Canadian citizen or a legal resident of Canada on the day preceding the day he or she stopped living in Canada.</li> </ul> <p>If you do not meet the above requirements, you may still qualify for a pension from another Country since Canada has social security agreements with many countries. For Details please contact Service Canada.</p>
Benefits Amount (2009)	<ul style="list-style-type: none"> <li>- Average monthly benefit: \$489.54 (March 2009)</li> <li>- Maximum monthly benefit: \$516.96</li> </ul> <p>Old Age Security benefit rates are reviewed in January, April, July and October to reflect increases in the cost of living as measured by the Consumer Price Index.</p>
Maximum Annual Income Allowed to Receive Any Benefits (2009)	<ul style="list-style-type: none"> <li>- Individual net income above \$66,335 must repay part or all of the maximum Old Age Security pension amounts. (Normally deducted from their monthly payments before they are issued).</li> <li>- The full OAS pension is eliminated when a pensioner's net income is \$107,692 or above.</li> </ul>
Payment Dates (2009)	January 28, February 25, March 27, April 28, May 27, June 26, July 29, August 27, September 28, October 28, November 26, December 22
Tax Purposes	Taxable, and must be declared on your income tax return each year.
How to Get the Benefits?	<ul style="list-style-type: none"> <li>- Apply no earlier than 11 months before you turn 65</li> <li>- Form: ISP3000 (Old Age Security Pension, Application for the); 8 pages included</li> </ul>
Information Needed for Application	<ul style="list-style-type: none"> <li>- Birth or baptismal certificate</li> <li>- Citizenship or immigration documents</li> </ul>
The Ways to Receive the Benefits	<ul style="list-style-type: none"> <li>- Deposit directly into a bank account (The information of a bank account is required)</li> <li>- Sent in a mail</li> </ul>

## Guaranteed Income Supplement (GIS)

Overall	The Guaranteed Income Supplement provides additional money, on top of the Old Age Security pension, to low-income seniors living in Canada.			
Eligibility Conditions	<ul style="list-style-type: none"> <li>- Must be entitled to Old Age Security.</li> <li>- Depends on whether your income and that of your spouse or common-law partner, if you have one, exceeds a specific amount.</li> </ul>			
Benefit Amounts (2009)	Recipient	Average Monthly Benefit	Maximum Monthly Benefit	Maximum Annual Income
	Single Person	\$452.61	\$652.51	\$15,672
	Spouse of Pensioner	\$283.04	\$430.90	\$20,688
	Spouse of Non-pensioner	\$433.71	\$652.51	\$37,584
	Spouse of Allowance recipient	\$368.57	\$430.90	\$37,584
Benefits	<ul style="list-style-type: none"> <li>- Based on your annual income or the combined annual income of you and your spouse or common-law partner.</li> <li>- If you and your spouse or common-law partner are separated for reasons beyond your control (for example, if one of you has to live in a hospital or nursing home), you can each be considered as a single person if that will give you a higher monthly payment.</li> </ul>			
Considered Income When Applying for GIS	<ul style="list-style-type: none"> <li>- Canada Pension Plan or Quebec Pension Plan benefits;</li> <li>- Private pension income and superannuation;</li> <li>- Foreign pension income;</li> <li>- RRSPs that you cashed;</li> <li>- Employment Insurance benefits;</li> <li>- Interest on any savings;</li> <li>- Any capital gains or dividends;</li> <li>- Income from any rental properties;</li> <li>- Income from other sources such as workers' compensation payments, alimony, etc.</li> </ul>			
Payment Dates (2009)	<ul style="list-style-type: none"> <li>- If you are eligible for the GIS benefit, we will add it to your Old Age Security pension payment each month.</li> <li>- Old Age Security pension payment dates: January 28, February 25, March 27, April 28, May 27, June 26, July 29, August 27, September 28, October 28, November 26, December 22</li> </ul>			
Tax Purposes	Not taxable, but you must still report them on your tax return.			
How to Get the Benefit?	<ul style="list-style-type: none"> <li>- Must apply for the benefit.</li> <li>- May receive an application in the mail if you are eligible and have not applied for it.</li> <li>- Renewable each year. (Renew each year automatically by filing income tax return; or a renewal application form will be sent in the mail by CRA.)</li> <li>- Form: ISP 3025 (with various base year, depending on which year applicators would you like to apply to)</li> </ul>			

Information Needed for Application	<ul style="list-style-type: none"> <li>- The type of documents you are required to provide will depend on your marital status</li> <li>- The type of application you are making</li> <li>- Whether you are applying for the first time.</li> </ul>
Conditions for Benefits Stop	<ul style="list-style-type: none"> <li>- You do not re-apply by filing a tax return by April 30 of each year or you do not submit an application form when asked to do so.</li> <li>- Your income, or the total income for you and your spouse or common-law partner, is more than the maximum amount allowed.</li> <li>- You leave Canada for more than six months in a row.</li> <li>- You die. If your spouse or common-law partner is receiving the GIS or Allowance, payments may continue, based on his or her income.</li> </ul>
The Ways to Receive the Benefits	<ul style="list-style-type: none"> <li>- Deposit directly into a bank account (The information of a bank account is required)</li> <li>- Sent in a mail</li> </ul>

## The Allowance

Overall	The Allowance provides additional money, on top of the Old Age Security pension and Guaranteed Income Supplement, to low-income seniors living in Canada.			
Eligibility Conditions	<ul style="list-style-type: none"> <li>- <b>Your</b> spouse or common-law partner (same sex or opposite sex) receives or is entitled to receive the Old Age Security pension and the Guaranteed Income Supplement.</li> <li>- You are 60 to 64 years old.</li> <li>- You are a Canadian citizen or a legal resident at the time your Allowance is approved or when you last lived here.</li> <li>- You have lived in Canada since age 18 for at least 10 years.</li> </ul>			
Benefits Amount (2009)	Type of Benefits	Average Monthly Benefit	Maximum Monthly Benefit	Maximum Annual Income
	Allowance	\$386.27	\$947.86	\$28,992
	Allowance for the Survivor	\$593.84	\$1,050.68	\$21,120
Benefits	Based on the Allowance for a payment period (July of one year to June of the next) on the combined annual income from the previous tax year of you and your spouse or common-law partner.			
Considered Income When Applying For The Allowance	<ul style="list-style-type: none"> <li>- Canada Pension Plan or Quebec Pension Plan benefits;</li> <li>- Private pension income and superannuation;</li> <li>- Foreign pension income;</li> <li>- RRSPs that you cashed;</li> <li>- Employment Insurance benefits;</li> <li>- Interest on any savings;</li> <li>- Any capital gains or dividends;</li> <li>- Income from any rental properties;</li> <li>- Any employment income;</li> <li>- Income from other sources such as workers' compensation payments, alimony etc.</li> </ul>			
Payment Dates (2009)	January 28, February 25, March 27, April 28, May 27, June 26, July 29, August 27, September 28, October 28, November 26, December 22			
Tax Purposes	Not taxable, but you must still report them on your tax return.			
How to Get the Benefits?	<ul style="list-style-type: none"> <li>- When the records show that you may be eligible for the Allowance, ARC normally sends you an application kit.</li> <li>- Must apply for the Allowance on their own behalf.</li> <li>- Must renew your Allowance each year. Renew Allowance automatically simply by filing tax return by April 30 each year or a renewal application form will be sent in the mail.</li> <li>- Form: ISP 3008 (The Allowance or Allowance for the Survivor, Application for)</li> </ul>			
Condition for Benefit Stop	<ul style="list-style-type: none"> <li>- Your combined income in the previous year is more than the maximum allowed.</li> <li>- You leave Canada for more than six months in a row.</li> <li>- You did not reapply by filing a tax return by April 30 or did not submit</li> </ul>			

	<p>an application form when you were asked to do so.</p> <ul style="list-style-type: none"> <li>- Your spouse dies. In this case, you may be eligible to receive the Allowance for the survivor.</li> <li>- You separate or stop living in a common-law relationship.</li> <li>- You die. Your spouse or common-law partner may continue to receive the supplement based on his or her income.</li> </ul>
Information Needed for Application	<ul style="list-style-type: none"> <li>- Birth or baptismal certificate</li> <li>- Citizenship or immigration documents</li> </ul>
The Ways to Receive the Benefits	<ul style="list-style-type: none"> <li>- Deposit directly into a bank account (The information of a bank account is required)</li> <li>- Sent in a mail</li> </ul>

## Canada Pension Plan (CPP)

Over All	<p>The Canada Pension Plan is a contributory, earnings-related social insurance program. It ensures a measure of protection to a contributor and his or her family against the loss of income due to:</p> <ul style="list-style-type: none"> <li>- retirement (retirement pension)</li> <li>- disability (benefits for disabled contributors and benefits for their dependent children)</li> <li>- death (which include the death benefit, the survivor's pension and the children's benefit.).</li> </ul>		
Benefits	<ul style="list-style-type: none"> <li>- In general, your retirement pension replaces about 25 percent of the earnings on which you paid into the CPP. The exact amount depends on how much and for how long you contribute.</li> <li>- Years when you have low or even no earnings would normally reduce your CPP benefits because of the lower contributions you make during those years. However, CPP excludes 15 percent of your lowest earning years when calculating your retirement pension. Time spent away from work while you raise children under the age of seven can also be 'dropped out' of the calculation</li> <li>- The normal age that you start receiving a CPP retirement pension is 65. However, you can start receiving your pension as early as 60 or as late as 70.</li> <li>- If you start your pension early, it is permanently reduced by 0.5 percent for each month that you are under 65. If you start your pension later, it is increased by 0.5 percent for each month that you are over 65, up to the age of 70.</li> <li>- CPP monthly retirement pensions are adjusted for inflation every January.</li> </ul>		
Canada Pension Plan Payment Rates	Type of Benefit	Average Monthly Benefit (March 2009)	Maximum Monthly Benefit (2009)
	Disability Benefit	\$816.81	\$1,105.99
	Retirement Pension (At age 65)	\$501.57	\$908.75
	Survivors Benefit (Under age 65)	\$366.90	\$506.38
	Survivors Benefit (Age 65 and over)	\$298.86	\$545.25
	Children of Disabled Contributors Benefit	\$213.99	\$213.99
	Children of Deceased Contributors Benefit	\$213.99	\$213.99
	Combined Survivors & Retirement Benefit (Pension at age 65)	\$714.70	\$908.75
	Combined Survivors & Disability Benefit	\$958.77	\$1,105.99
Death Benefit (Max Lump sum)	\$2,256.75	\$2,500.00	
Eligibility Conditions	<ul style="list-style-type: none"> <li>- Be at least 59 years of age</li> <li>- Have contributed to the CPP in the past</li> <li>- Canada has agreements with many countries that can help you to get social security benefits from either country. If you did not live or work long</li> </ul>		

	enough in either Country to qualify for benefits there, the time you spent in that country may still be considered when determining your eligibility to receive benefits from either country.
Payment Dates (2009)	January 28, February 25, March 27, April 28, May 27, June 26, July 29, August 27, September 28, October 28, November 26, December 22
Tax Purposes	Taxable. You may have your income tax deducted each month, or you may have to pay your income tax in quarterly installments.
Planning for Retirement	Each year, a personal " <a href="#">Statement of Contributions</a> " is provided to all CPP contributors. If you are 30 or over, your statement estimates the retirement pension you can expect from the CPP. It also estimates the benefits you and your dependants could receive if you became disabled or died.
How to Get the Benefits?	<ul style="list-style-type: none"> <li>- ISP 1151 Application for Canada Pension Plan Disability Benefits</li> <li>- ISP 1000 Application for Canada Pension Plan Retirement</li> <li>- ISP 1152 Application for benefits for under age 18 children of a Canada Pension Plan Disabled Contributor</li> <li>- ISP 1606 Authorization to Communicate Information, CPP</li> <li>- ISP 1400 Canada Pension Plan Child's Benefit, Application for a</li> <li>- ISP 1200 Canada Pension Plan Death Benefit, Application Kit</li> <li>- ISP 1201 Canada Pension Plan Notification of Death Form</li> <li>- ISP 1300 Canada Pension Plan Survivor's Pension and Child(ren)'s Benefit(s), Application Kit</li> <li>- ISP 1640 Child Rearing Provision, Canada Pension Plan</li> <li>- ISP 1002 Pension Sharing of Retirement Pension(s) Canada Pension Plan,</li> </ul>
The Ways to Receive the Benefits	<ul style="list-style-type: none"> <li>- Deposit directly into a bank account (The information of a bank account is required)</li> <li>- Sent in a mail</li> </ul>

**Note: All information presented on this document is for reference only and CWF will not guarantee its accuracy.**

## Work Cited:

<http://www.hrsdc.gc.ca/eng/isp/oas/oastoc.shtml>

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

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

<http://www.hrsdc.gc.ca/eng/isp/pub/oas/allowance.shtml#d>

<http://www.hrsdc.gc.ca/eng/isp/pub/factsheets/rates.shtml>