

# Old Age Security recipients ages 75 and up will get an extra \$500 in August — and that's just the start of what the federal budget promises for seniors

Rosa Saba

Business Reporter

Sunday, April 25, 2021

The long-awaited 2021 federal budget has a little something for everyone, with big promises on child care and a green, equitable recovery.

Among those promises are several items that will impact seniors' personal finances in 2021 and in the years to come. Here's what those promises are, and what they could mean for you.

The biggest item on the menu is \$12 billion over five years to increase the amount paid out through Old Age Security for seniors 75 and older. The OAS increase will provide up to \$766 more per year in the first year, starting July 2022, and grow indexed to inflation.

The same group will also get a one-time \$500 payment in August 2021, for OAS recipients who will be 75 or over as of June 2022. The one-time payment will not be considered income for the purposes of eligibility for the Guaranteed Income Supplement.

Finance expert Brian Quinlan said the extra \$500 will be welcome after what's been a difficult financial year for many, as will the monthly increase beginning next year.

He noted that OAS recipients whose income is more than \$79,845 in 2021 will have some of their payments clawed back — “you start to lose part of your OAS.” However, he added, there are ways to avoid those clawbacks by managing different types of retirement income.

Janet Gray, an Ottawa-based certified financial planner with the national firm Money Coaches Canada, said she thinks the budget, which seems to have something for everyone, doesn't have that much for seniors, and doesn't include some of the things she was looking for, such as pharmacare.

But OAS going up is always good, she said, and every bit makes a difference, especially if you're in a couple and both get it. Millions of Canadians are on OAS, she said, and that number is only likely to rise.

The people who need OAS the most are often low-income, she said. But it's not a lot of money if you don't have other sources of retirement income, like a pension or savings.

Paul Shelestowsky, senior wealth adviser with Meridian, said in an ideal world, OAS is just part of a balanced retirement plan alongside pensions and retirement savings.

Gray noted that when it comes to OAS, anyone who has lived in Canada for fewer than 40 years after the age of 18 will have that income pro-rated. But those people may also have retirement income from other countries, she said.

Shelestowsky said with Canada's aging population, it's becoming more important for the government to introduce budget measures focused on seniors' financial and physical health. He said the pandemic has pointed out so many gaps in these areas, and the budget clearly seeks to fill some.

"I literally do not remember seeing anything so targeted to seniors in a long time," he said.

The government is also proposing a \$3-billion investment over five years beginning next year to ensure high standards of care in long-term care facilities, a sector that has come under scrutiny during the pandemic.

The budget proposes to give \$90 million over three years to Employment and Social Development Canada to launch the Age Well at Home initiative, which would "assist community-based organizations in providing practical support that helps low-income and otherwise vulnerable seniors age in place, such as matching seniors with volunteers who can help with meal preparations, home maintenance, daily errands, yard work, and transportation."

Finally, the budget proposes funding to train more personal support workers, and to support these workers by funding a Group Tax-Free Savings Account offered by the Service Employees International Union Healthcare.

"It's such a tough job," said Shelestowsky of the PSWs. "It just makes it more attractive to be in that role."

Gray noted that a very small percentage of seniors — the most vulnerable among them — live in long-term care homes, and another small percentage live

in retirement residences. For the rest, the money for aging at home will be a relief, said Gray.

“I think that’s what seniors want and that’s as a society what we should want,” she said, noting that financially it’s always easier on the wallet to be at home.

Quinlan agreed, noting that there are also tax credits that reward people for aging at home. However, “if you are in long-term care it opens up the door for more medical expense credits,” he added.

Another change that will impact many people, including many seniors, is a proposed expansion for eligibility to the Disability Tax Credit, said Quinlan.

The budget proposes to expand the list of mental functions used to assess eligibility, as well as to “recognize more activities in determining time spent on life-sustaining therapy and to reduce the minimum required frequency of therapy to qualify” for the credit.

The Liberal government also proposes funding for improving palliative care in Canada and for implementation of the Medical Assistance in Dying framework. The money promised for palliative care is relatively small, said Gray, while the funding for MAID is a little better since it’s ongoing.

Overall, Gray said the budget is clearly an election budget, meant to please everyone.

“I wish it was more (for seniors),” she said. “Maybe the next budget will be.”

Rosa Saba is a Toronto-based business reporter for the Star.