Tax Changes at Retirement

When you retire or reach age 65, the following tax changes will apply. There are benefits, deductions, credits and clawbacks. Are you familiar with all of them? Are you prepared to take full advantage to make your retirement income last?

CPP, OAS, GIS, Allowance

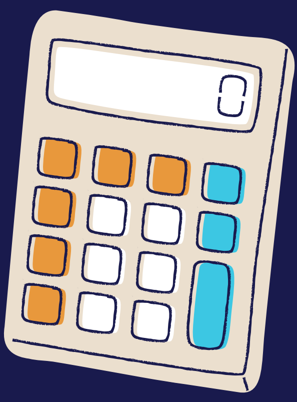
You need to apply to start collecting CPP between ages 60 and 70, and to start OAS between 65 and 70. With high income, watch out for OAS clawback. With low income, you may qualify for GIS and if you are a survivor, you may qualify for the Allowance.

Age Amount

If you are age 65 or older, the age amount provides a tax credit for income up to $8,396. This is in addition to the basic personal amount of up to $15,000. Now you won’t owe tax on your first $23,396 of income.

Pension Income Amount

The Pension Income Amount is a tax credit to offset $2000 of pension income. This income can come from a pension or annuity before age 65, but after age 65 income from a RRIF also qualifies.



Caregiver Amount

If your spouse has an impairment in physical or mental function and their income is less than $17,499, you can claim $2,499 plus $7,999. That means you can receive an additional $10,498 of income before paying taxes.

Pension Income Splitting

If you have pension income, or RRIF income after age 65, you can put up to half of it on your spouse’s tax return. If your spouse has lower income, this means they could pay the tax at a lower tax rate.

Transfer to Your Spouse

If you can’t use all of these tax credits, your spouse can use them. You can transfer the age amount, the caregiver amount, the pension income amount and the disability amount (if applicable) to your spouse to save them some tax.

On our website, you can find more articles about tax-efficient strategies and other financial topics. If you have questions about this information or would like a conversation about how these ideas apply to your unique situation, call us at 403-290-0940.

Quiet Wealth

Source: https://www.canada.ca/en/revenue-agency.html