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# The Old Age Security Pension



Service  
Canada 

Service Canada delivers the Old Age Security program on behalf of Employment and Social Development Canada.

This publication contains general information on the Old Age Security pension. In case of dispute, the wording and provisions of the *Old Age Security Act* and regulations prevail.

This publication can be made available in alternative formats such as Braille, large print, audio cassette, CD, DAISY, and computer diskette. Call 1 800 O-Canada (1-800-622-6232) to request a copy. If you have a hearing or speech impairment and use a teletypewriter (TTY), call 1-800-926-9105.

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## **Canada's retirement income system**

Canada has a public pension system that provides seniors with a secure, modest base of retirement income. The two main public pension programs that provide benefits are:

- the Old Age Security (OAS) program; and
- the Canada Pension Plan (CPP).

The OAS program and CPP, combined with retirement savings, investments and private pension plans, provide Canadians with one of the best retirement income systems in the world.

## **The Old Age Security program**

The OAS program is the Government of Canada's largest pension program.

Unlike the CPP, you do not have to pay into the OAS program since it is funded through general tax revenues.

In addition to the OAS pension, there are three types of income-tested benefits that provide additional support to seniors with low incomes:

- the Guaranteed Income Supplement (GIS);
- the Allowance; and
- the Allowance for the Survivor.

# The Old Age Security pension

The OAS pension is a monthly payment available to seniors aged 65 and older who meet the legal status and residence requirements.

If you meet the eligibility requirements, you can receive the OAS pension even if you are still working or have never worked.

## Who can receive the Old Age Security pension?

### People residing in Canada

You must:

- be 65 or older;
- be a Canadian citizen or a legal resident of Canada at the time we approve your pension application; and
- have resided in Canada for at least 10 years after turning 18.

### People residing outside Canada

You must:

- be 65 or older;
- have been a Canadian citizen or legal resident of Canada on the day before you left Canada; and
- have resided in Canada for at least 20 years after turning 18.

**If neither scenario applies to you**, you may still qualify for a pension from another country, from Canada, or from both if you have:

- lived in one of the countries with which Canada has a social security agreement in force; or
- contributed to the social security system of one of the countries with which Canada has a social security agreement in force.

To see the list of countries with which Canada has a social security agreement, visit our Web site at **[www.servicecanada.gc.ca/international](http://www.servicecanada.gc.ca/international)**.

## **Applying for the Old Age Security pension**

### **◆ Automatic enrollment**

The new automatic enrollment has eliminated the need for many seniors to apply for the OAS pension. This new process started in April 2013.

If you are going to be automatically enrolled for your OAS pension, you will be notified by mail the month after you turn 64. If you do not receive a letter within six months of turning 64, you must complete an application form and submit it to Service Canada in order to receive your pension.

### **◆ Deferring your Old Age Security pension**

As of July 2013, you can choose to defer receiving your OAS pension for up to 60 months (5 years) after the date you become eligible for an OAS pension in exchange for a higher monthly amount. Your monthly

pension payment will be increased by 0.6% for every month you delay receiving it, up to a maximum of 36% at age 70.

If you choose to defer receipt of your OAS pension, you will not be eligible for the GIS and your spouse or common-law partner will not be eligible for the Allowance for the period you are delaying your OAS pension.

You should consider your personal situation as you decide when to start receiving your OAS pension, as it may affect other benefits that you, or your spouse or common-law partner, could receive. Elements to consider include your:

- current and future sources of income;
- employment status now and in the future;
- health; and
- plans for retirement.

### ◆ **Age of eligibility**

Starting in April 2023, the age of eligibility for the OAS pension and the GIS will gradually increase from 65 to 67.

These changes affect those born after March 31, 1958. The ages of eligibility for the Allowance and the Allowance for the Survivor will also gradually increase from 60-64 to 62-66. Those born after March 31, 1963 will be affected by these changes.

### ◆ **When should I apply?**

If you were not selected for automatic enrollment of your OAS pension, and if you decide not to defer your pension, you



should apply at least six months before your 65<sup>th</sup> birthday, but no earlier than one year before you become eligible.

If you have already reached age 65 and wish to start receiving the OAS pension, send your application as soon as possible so you won't lose any payments.

If you apply for your OAS pension after you become eligible for it, we may be able to give you a retroactive payment for up to a maximum of 11 months from the date we receive your application. Alternatively, your monthly pension may be increased based on the months you deferred your OAS pension.

If you are incarcerated in a federal penitentiary by virtue of a sentence of two years or longer, or in a provincial or territorial correctional facility for a sentence of 90 days or longer when an information-sharing agreement is in place, you may still apply for your OAS pension; however, your pension payments will be suspended for the time you are incarcerated. For more information, visit **[www.servicecanada.gc.ca/prisoner](http://www.servicecanada.gc.ca/prisoner)**.

### ◆ How do I apply?

To apply for the OAS pension, you must get an OAS pension application kit either on our Web site, at a Service Canada Centre or by mail. Use the *Application for the Old Age Security Pension* form (ISP-3000) and the *Old Age Security Pension Information Sheet* (ISP-3000A).

## ◆ What if I apply late?

If you apply after you turn 65, Service Canada can only pay retroactive payments of the OAS benefits for up to 12 months (11 months plus the month you apply). However, if you were incapable of applying, retroactive payments covering a longer period may be granted.

## ◆ Can someone else contact Service Canada on my behalf?

If you want to authorize a person to communicate with Service Canada on your behalf, you will need to print the *Consent to Communicate Information to an Authorized Person* form (ISP-1603OAS), complete it, and mail it to Service Canada.

This form does not provide authority for the person to apply for benefits on your behalf, change your payment address, or request/change the withholding of tax.

If an individual is incapable of managing his/her own affairs, another person or agency may be appointed to act on the individual's behalf. Contact us for the appropriate documentation.

## ◆ What documents will I need to provide?

If you were not born in Canada, you must prove your legal status in Canada with your citizenship or immigration documents. If you have not lived continuously in Canada since the age of 18, you must submit proof of all the dates you arrived in or left Canada for

periods of over six months. You can do this by providing your passports, visas, airline, ship, and bus tickets, and other requested documents that prove your residence history in Canada.

When official documents are not available, additional evidence may be submitted such as school and census records, letters from employers, and contracts (mortgage, lease, etc.). Contact us for examples of acceptable proof. If you have already provided these documents to us, you do not have to provide them again.

The application kit contains more details about these requirements.

## **How is my pension calculated?**

OAS benefits are adjusted four times a year (January, April, July and October) based on the Consumer Price Index. For example, as of January 2014, the maximum monthly OAS pension amount was \$551.54.

Whether you qualify for a full pension or a partial pension depends on how long you have lived in Canada.

### **◆ Full pension**

When you meet the conditions outlined in one of the two following categories, you may qualify for a full pension.

## Category 1

You resided in Canada for at least 40 years after turning 18.

## Category 2

You were at least 25 years old on or before July 1, 1977, and on that date, you:

- resided in Canada;
- did not reside in Canada, but after turning 18 you did reside in Canada for a period of time; or
- possessed a valid Canadian immigration visa.

In addition, under Category 2 you must have resided in Canada continuously for the **10 years immediately before the approval of your OAS pension**. If you were absent from Canada during that 10-year period, you may still qualify for a full pension if:

- you had periods of prior residence in Canada that were equal to at least three times the period of absence during the 10-year period (e.g. three years of residence for every year of absence); **and**
- you resided in Canada for at least one year immediately before we approved your OAS pension.

## ◆ Partial pension

If you do not qualify for the full OAS pension, and do not want to wait until you do, you may qualify for a partial pension. A partial pension is calculated at the rate of

1/40<sup>th</sup> of the full pension for each complete year of residence in Canada after age 18.

The minimum period of residence in Canada you need to qualify for a partial pension is 10 years after reaching age 18 (as long as you reside in Canada when you receive your OAS pension). In other words, if you resided in Canada for 10 years after your 18<sup>th</sup> birthday, you may qualify to receive 10/40<sup>ths</sup>, or one-quarter, of the full OAS pension.

If you have resided in Canada for one full year, you may qualify for a partial OAS pension under an international social security agreement. A social security agreement coordinates the pension programs of two countries for people who have resided or worked in both countries. Canada has international social security agreements with a number of countries that offer comparable pension programs. If you have resided or worked in another country, you may be eligible for social security benefits, either from that country, from Canada or from both countries.

Visit **[www.servicecanada.gc.ca/international](http://www.servicecanada.gc.ca/international)**.

### **Note**

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Once we approve a partial pension, the number of years of residence on which the pension is based cannot increase. However, your payments will include cost-of-living increases based on the Consumer Price Index.

## What to expect after applying

### ◆ How will I be notified of a decision?

If you are eligible for the OAS pension, we will send you a letter informing you of the decision and when your payments will begin. This letter will be mailed to you about one month before you receive your first payment.

### ◆ When will my pension payments begin?

Your pension payments will begin during one of the following months, whichever is latest:

- the month after you meet the residence and legal status requirements;
  - the month after your 65<sup>th</sup> birthday; or
  - the month you asked your OAS pension to start and meet all eligibility requirements
- For information on payment amounts, visit [www.servicecanada.gc.ca/oasamounts](http://www.servicecanada.gc.ca/oasamounts).

### ◆ When will I receive my payments each month?

Signing up for direct deposit will ensure your payment is automatically deposited into your bank account on the third-from-last banking day of each month. Otherwise, your payment will be sent to you by mail, usually during the last three banking days of each month.

If you are automatically enrolled for the OAS pension and if you currently receive a CPP or Quebec Pension Plan benefit by direct deposit, we will deposit your OAS pension payments to the same account at your financial institution.

For more information or to sign up for direct deposit, visit **[www.servicecanada.gc.ca/directdeposit](http://www.servicecanada.gc.ca/directdeposit)** or contact us.

### ◆ **Can I receive my pension outside Canada?**

Yes. Usually, we can send your pension payment outside the country if you:

- resided in Canada for at least 20 years after turning 18; or
- lived or worked in a country that has a social security agreement in force with Canada and you meet the 20-year residence requirement under the provisions of that agreement.

If you do not meet either of the above requirements, we can only send your pension payments outside Canada for the month you left and for six months after that. If you decide to return to Canada after an absence of more than six months, every additional year in Canada will be counted in order for you to reach your 20 years of residence to receive your OAS pension outside the country.

## **Example**

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If you left Canada in January, we would send your payments until the end of July. After July, the payments would stop when you become ineligible to receive the OAS pension.

If you plan to be absent from Canada for more than six months, you must call us. You should also let us know when you return to Canada so that we can restart your pension payments, beginning the month you return.

### **◆ Can my pension ever stop?**

Yes. Your pension will stop if one of the following events occurs:

- You leave the country for more than six months and you resided in Canada for less than 20 years after the age of 18.
- You make a request to have your pension stopped.
- You are incarcerated in a federal penitentiary by virtue of a sentence of two years or longer, or in a provincial or territorial correctional facility for a sentence of 90 days or longer, when an information-sharing agreement is in place (your payments will resume the month of your release).
- Upon death (it is important for someone to notify us of your death to avoid overpayments).



## ◆ Is my OAS pension taxable?

Yes. Like most other retirement income, your OAS pension is taxable. By the end of February each year, you will receive a T4A (OAS) tax information slip (or an NR4-OAS tax information slip if you are not living in Canada) showing the amount of OAS pension you received the previous year.

If you wish, you can ask Service Canada to deduct income tax from your pension payment each month. Visit our Web site to print and fill out the *Request for Income Tax Deductions* form (ISP-3520OAS) or call us.

If you are a non-resident of Canada, for income tax purposes, your OAS pension may be subject to non-resident tax, up to a maximum of 25% of the gross benefit amount. The tax rate depends on the country you live in. For more information, contact the Canada Revenue Agency.

## ◆ Is there a maximum amount of income I can earn while continuing to receive my OAS pension?

Yes. The OAS Recovery Tax requires all higher-income pensioners to repay their OAS pension at a rate of 15% of their income above a certain threshold. Each year, the maximum income amount is adjusted to account for inflation. For example, in 2014, if your net income is more than the maximum income amount of \$71,592 (including the OAS pension),

you may have to repay part or all of your OAS pension. The OAS pension is completely recovered at \$115,716 in 2014.

The income threshold for the OAS Recovery Tax is indexed annually to changes in the Consumer Price Index. For the latest amounts, visit the Canada Revenue Agency Web site at **[www.cra-arc.gc.ca](http://www.cra-arc.gc.ca)**.

### **Contact the Canada Revenue Agency about taxes**

- **For Canadian tax-related enquiries:**
  - 1-800-959-8281 (from Canada and the United States)
  - 1-800-665-0354 (TTY: if you have a hearing or speech impairment and use a teletypewriter)
- **For international tax enquiries** (including non-resident enquiries), contact the International Tax Services Office:
  - 1-855-284-5942 (from Canada and the United States )
  - 1-800-665-0354 (TTY: if you have a hearing or speech impairment and use a teletypewriter)
  - 1-613-940-8495 (from all other countries, collect calls accepted)
  - Or write to:  
**International Tax Services Office  
Canada Revenue Agency  
Post Office Box 9769, Station T  
Ottawa ON K1G 3Y4  
CANADA**

## **Guaranteed Income Supplement, Allowance, and Allowance for the Survivor**

In addition to the OAS pension, seniors with a low income may qualify for other OAS benefits, such as the Guaranteed Income Supplement (GIS), the Allowance, or the Allowance for the Survivor. To receive these benefits, you must apply.

### **◆ What is the Guaranteed Income Supplement?**

The GIS provides a monthly non-taxable benefit to OAS pension recipients living in Canada who have a low income. To be eligible to receive the GIS, you must be receiving the OAS pension, and entitlement is based on your marital status and income.

To find out if you qualify for GIS benefits, or for more information on the GIS, visit our Web site or contact us.\*

The maximum amount of income to be eligible for the GIS as of January 2014, for example, is less than \$16,728 per year for a single person, \$40,080 for a couple in which one person receives the OAS pension, or \$22,080 for a couple in which both are OAS recipients.

For the latest income maximums, visit **[www.servicecanada.gc.ca/oasamounts](http://www.servicecanada.gc.ca/oasamounts)** or contact us.

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\* These income figures are reviewed four times a year in January, April, July and October. See our Web site for the latest income maximums.

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## **What are the Allowance and the Allowance for the Survivor?**

The Allowance and the Allowance for the Survivor are non-taxable benefits paid monthly to people with low income aged 60 to 64 (including the month of their 65<sup>th</sup> birthday).

The Allowance is available to the spouses or common-law partners of an OAS pension recipient who is eligible for the GIS. To be eligible, a couple's combined annual income must be below a specific amount, for example, **\$30,912** from January to March 2014 (not including OAS pension amounts).

The Allowance for the Survivor is available to a surviving spouse or surviving common-law partner whose annual income is less than a specific amount, for example, **\$22,512** from January to March 2014.

To find out if you or your spouse (or common-law partner) qualifies for the Allowance or the Allowance for the Survivor, or for more information on these benefits, visit our Web site or contact us.

## Other benefits

### ◆ **Could I be eligible for the Canada Pension Plan (CPP) and the Quebec Pension Plan (QPP)?**

If you contributed to the CPP and/or the QPP in at least one year since January 1966, you are eligible for a retirement pension from one plan or the other.

The amount of your pension will depend on how much and for how long you have contributed to the CPP and on your age when you want your pension to start. If you take it before age 65, your pension will be reduced, (at the most by 36% as of 2016) if you start receiving your retirement pension at the age of 60. If you take it after age 65, your pension may be larger, up to a maximum of an additional 42% at age 70. You must apply to receive your CPP or QPP retirement pension.

Your CPP Retirement Pension normally starts the month after your 65<sup>th</sup> birthday. However, you can start your pension as early as age 60.

#### **Note**

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The Post-Retirement Benefit is a lifetime benefit that can increase your retirement income if you work while receiving the CPP. Contributions are mandatory for working CPP retirement pension recipients under age 65 and their employers. Those 65 to 70 can choose not to contribute. For information, visit our Web site.

CPP or QPP disability and survivor benefits are also available if you or the deceased have made sufficient contributions and you meet other eligibility requirements. You must apply to receive these benefits.

For more information about the CPP, visit the Canada Pension Plan section of our Web site or contact us.

For more information about the QPP, contact La Régie des rentes du Québec:

**On the Web: [www.rrq.gouv.qc.ca/en](http://www.rrq.gouv.qc.ca/en)**

**By phone:** 1-800-463-5185  
TTY: 1-800-603-3540

### ◆ **War Veterans Allowance**

If you are a veteran, you may be entitled to receive benefits under the *War Veterans Allowance Act*. For more information, visit **[www.vac-acc.gc.ca](http://www.vac-acc.gc.ca)** or call Veterans Affairs Canada at 1-866-522-2122.

### ◆ **Provincial, territorial and municipal programs**

Your provincial, territorial and municipal governments may offer income assistance and services to seniors. For more information, contact them directly or visit the seniors' Web portal at **[www.seniors.gc.ca](http://www.seniors.gc.ca)**.

## ◆ **Benefits Finder and other retirement planning tools**

You may use the online Benefits Finder tool to help find other programs and benefits to which you may be entitled, at **[www.canadabenefits.gc.ca](http://www.canadabenefits.gc.ca)**.

Service Canada also provides a checklist for retirement planning and other useful tools, such as the Canadian Retirement Income Calculator, at **[www.servicecanada.gc.ca/retirement-planning](http://www.servicecanada.gc.ca/retirement-planning)**.

## **Contact us**

**Click** **[servicecanada.gc.ca](http://servicecanada.gc.ca)**

**Call** 1-800-277-9914  
(from Canada and the United States)  
1-800-255-4786  
(TTY: if you have a hearing or speech impairment and use a teletypewriter)  
1-613-990-2244  
(from all other countries, collect calls accepted)

**Visit** a Service Canada Centre

### **Note**

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Please have your social insurance number ready when you call.

