

ODSP & Aging: What You Need to Know

ODSP after age 65:

- Your ODSP benefits will not be terminated just because you turn 65
- In fact, seniors who do not receive Old Age Security are automatically eligible for ODSP
- The question is whether you qualify financially for ODSP benefits once your OAS begins

Financial Eligibility for ODSP Generally:

- ODSP looks at how much money you could get for their program
 - o Eg. a single person can get \$1086 monthly for basic needs and shelter
- ODSP then subtracts any income you receive
 - o Eg. if a single person received CPP-D of \$800 monthly, his or her ODSP entitlement would be \$286
- You will be financially eligible for ODSP if your income is less than what you would receive from ODSP

Finances After Age 65:

- Most seniors will start to receive Old Age Security (OAS) from the federal government after age 65
- Low income seniors in all provinces are also eligible for the Guaranteed Income Supplement (GIS) Low incomes seniors in Ontario may also be eligible for another small pension known as the Guaranteed Annual Income System (GAINS).

Sample OAS Income:	Sample ODSP Income:
A single senior with no other income can receive: <ul style="list-style-type: none"> - \$551.54 for OAS - \$747.88 for GIS - \$83 for GAINS (Ontario only) Combined, the maximum income for a single person on OAS, GIS and GAINS is <u>\$1383.42</u>	For a single person: <ul style="list-style-type: none"> - Maximum shelter: \$479 - Basic needs: %607 - Total: <u>\$1086</u> Therefore, most seniors will have income greater than what ODSP will pay, making them financially ineligible <ul style="list-style-type: none"> - \$1383.42 - \$1086 = \$297.42 over budget

How Can I Possibly Keep My ODSP?

- You will not qualify for regular benefits (shelter and basic needs)
- However, you may qualify for Extended Health Benefits (EHB) if your health care expenses are high

Sample ODSP Budget with High Health Expenses: "Sally"
<p>A single person paying market rent:</p> <ul style="list-style-type: none">- Shelter: \$479- Basic needs: \$607- Special diet: \$124- MSN incontinence supplies: \$175- MSN medical travel: \$20 <p>Total ODSP budget: \$1405 = FINANCIALLY ELIGIBLE FOR EHB</p> <ul style="list-style-type: none">- ODSP budget is greater than OAS income of \$1383.42
<p>Why Bother?</p> <ul style="list-style-type: none">- ODSP budget exceeds OAS income by \$22- Sally doesn't want the hassle of reporting to ODSP for the sake of \$22- Her drugs are covered by the <u>Ontario Drug Benefit (ODB)</u>- Smart to apply for the Consumer Co-Payment Program, so her prescription drugs still only cost \$2 because her income is lower than \$16 018
<p>What's the Big Deal?</p> <ul style="list-style-type: none">- When a person qualifies for EHB, certain medical benefits are paid outright, without having income deducted- For Sally, the EHB cheques she would receive from ODSP each month would be \$195<ul style="list-style-type: none">o MSN incontinence (\$175) and Travel (\$20) are paid each month- Her total monthly income could therefore be:<ul style="list-style-type: none">o \$1383.42 OAS + \$195 EHB = <u>\$1578.42</u>- Also, <u>dental, vision and hearing</u> are covered

What if my ODSP entitlement is less than Sally's?

Sample ODSP entitlement: "Burt"
Single person in a subsidized apartment: <ul style="list-style-type: none">- Basic needs: \$607- Shelter: \$140- Special diet: \$191- MSN incontinence supplies: \$225- MSN medical travel: \$75 Total ODSP budget: <u>\$1228</u> = FINANCIALLY INELIGIBLE FOR EHB <ul style="list-style-type: none">- ODSP budget is less than OAS income of \$1283.42
What can Burt do? <ul style="list-style-type: none">- Ask ODSP to consider health cost <i>other than</i> those that appear on his cheque:<ul style="list-style-type: none">o Eg. prescription drugs, dental costs, hearing aids, glasses- NOTE:<ul style="list-style-type: none">o ODSP believes drug costs do not count because drugs are covered for seniorso Dental costs are average over 1 year and often based on ODSP billing rates, which are far lower than the real rateso Costs for hearing aids and glasses are averaged over 3 years (unless you are diabetic and require glasses more frequently)

Tips to help you qualify for EHB:

- If you are in subsidized housing – maximize your shelter allowance
 - o Your phone or cable can be covered if used for security or entry to the building
 - o You should get tenants' insurance covered by your shelter allowance
- Between ages 62-65 years:
 - o Get your teeth checked and cleaned frequently
 - o Get glasses
 - o Make sure you maximize your entitlement to MSN benefits and Special Diet Allowance
 - o Get legal advice immediately if you are refused EHB

Seniors Pensions and Subsidized Housing:

- Basic rule for subsidized housing is that rent is 30% of your income
- When on OW or ODSP, your rent is set at a fixed amount by law
 - o For a single person, it varies from approximately \$100 to \$200 or more depending on which utilities are included
- My rent will increase 200%?
 - o Burt's subsidized rent was \$140
 - o When he switches to OAS, his income will be \$1383.42
 - o Rent will now be calculated based on OAS income:
 - $\$1383.42 \times 30\% = \415
 - This is a lawful rent increase of almost 200%
 - o What can Burt Do?
 - Get legal advice about EHB
 - ODSP may do the EHB calculations using the subsidized rent amount, instead of the new increased amount
 - That is because the rules for EHB say that you must be eligible for EHB the same month as you start receiving OAS
 - However, Burt's subsidized rent will not increase for 2 months, due to the current subsidized housing rules
 - The effect of the EHB rules and the subsidized housing rules on seniors may be discriminatory

After OAS: Why has my pension decreased?

- Your eligibility for GIS and GAINS depends on your income
- Government looks at your tax returns from the previous year to determine your pension amount going forward
- If you had income from another source last year, your pension could decrease

Example - cashing out and RRIF: "Mary"

Mary's only source of income is OAS/GIS/GAINS

She lives in subsidized housing

Had an RRSP that was locked in until she turned 65

- At age 71, it was rolled over into and RRIF
- She cashed it out 2 months after turning 71
- The RRIF was worth about \$7000 after penalties

Mary spent the money and her grandkids

How is Mary Affected?

- In the year following the withdrawal, Mary lost her GAINS, and her GIS was significantly reduced due to 'income' in the previous year
- Her OAS and GIS now total only \$925
- BUT her subsidized rent increased after her annual review because of the income from the RRIF withdrawal
- So Mary now pays \$175 more in rent and get \$425 less in her monthly pensions

What Can Mary Do?

- Mary can ask Service Canada to re-calculate her GIS
- Service Canada can exclude income where there has been a loss of pension income
- Mary needs to file a Statement of Estimated Income
- It is not clear whether a lump sum withdrawal from and RRIF can be exempt

Only Partial Eligibility for OAS?

- Some individuals only qualify for partial OAS
 - Eg. if they have lived in Canada less than 40 years after the age of 18
- If the combined amount of OAS and GIS is less than the ODSP amount, can you get an ODSP “top-up”?
 - Someone *already* on ODSP begins to receive partial OAS/GIS, then ODSP should look at the actual amount of all the recipient’s other income (including OAS/GIS) to determine what, if any, ODSP top-up the recipient is eligible to receive
 - Generally, an ODSP recipient who starts to receive OAS/GIS is not eligible for any income support because their OAS/GIS exceeds their ODSP entitlement.
 - Eligibility for ODSP income support can continue if the ODSP benefit unit includes another person, for example a spouse/partner who is under 60 years of age
 - If the spouse/partner is 60 or older, they would likely be eligible for and Allowance as the partner of an OAS recipient
 - ODSP recipients can still be eligible for EHB if the average amount of their health care costs is greater than the difference between their ODSP entitlement and their other income
 - Since people age 65 with valid OHIP are eligible for the senior’s drug benefit, most people do not have high enough health care costs (dental, vision, mandatory special necessities) for be eligible for EHB
 - NOTE: the Special Diet Allowance is NOT a health benefit; it is part of the basic entitlement/income support
 - Someone not previously on ODSP and begins receiving OAS/GIS, need to show both medical eligibility and financial eligibility for ODSP
 - Not taking into account any EHB amounts they may be entitled to receive

CPP Early Retirement:

Should I apply?

- The rules have changed!
- Starting in 2012, your pension will be reduced more if you take it before age 65
 - o Currently, it is reduced by 30%
 - o By 2016, it will be reduced by 36%
- You will also have to continue making CPP contributions if you are working and collecting CPP before age 65

How do I decide?

- If you are not on social assistance, see a financial advisor to determine whether early retirement pension is right for you
- If you are on ODSP or OW, you should also seek legal advice before you apply for early retirement pension as it could result in a loss of your ODSP or OW benefits

Can I be forced to take CPP early?

- NO!!
- ODSP and OW can force you to pursue other financial resources (eg. child support, CPP disability etc.)
- However, you cannot be forced to take CPP early