

Turning 65

Getting Ready for Retirement

Retirement is one of the most joyous moments of a person's life. At JP Accounting and Tax Services, we provide services aimed at assisting you in your retirement journey.

Government of Canada Retirement Checklist

<https://www.canada.ca/en/financial-consumer-agency/services/retirement-planning/retirement-checklist.html>

Creating or Updating a Will

Your will is a written document that determines where your assets go after you die. It is important to start preparing a will as soon as possible in order to ensure a quick and easy distribution of your possessions after you pass away.

If you do not prepare a will, the government will decide who receives your assets and how much they will receive.

We recommend you receive assistance from a lawyer to help draft your will. They will be able to make sure the Will meets all the requirements and is stored safely for your loved ones to find. A lawyer will also be able to provide advice if you have any questions or concerns.

You can create a trust as a part of your will to hold money, property, or assets for someone in your will. It will be managed by a trustee.

<https://www.ontario.ca/page/estate-planning-and-wills>

Updating Your Budget

Your financial needs now may be different from those of 5 years ago. It is a good idea to sit down and review some of the various expenses to reflect those changes in your life(style). Examples include but are not limited to: travel, living expenses, medical expenses, pets, etc. Attached below is a useful budgeting tool from the Government of Canada: <https://itools-ioutils.fcac-acfc.gc.ca/BP-PB/budget-planner>

What Credits Could You Qualify For?

Age Amount

The age amount is a non-refundable tax credit that can be claimed for any individuals over the age of 65. Depending on your eligibility, you may be eligible to receive the age amount.

For the 2023 tax year, if your net income was:

\$39,826 or less, claim \$7,898 on line 30100 of your return.

more than \$39,826, but less than \$92,480, complete the chart for line 30100 on the Federal Worksheet to calculate your claim

Home Accessibility Tax Credit

The Home Accessibility Tax Credit allows you to claim a tax credit on any renovations done on your house to make it more accessible. As of 2023, the expense limit for the Home Accessibility Tax Credit is \$20,000, for which you can claim the lowest federal income tax rate (15%), for a tax credit of up to \$3,000.

To claim home accessibility expenses, complete the chart for line 31285 using your Federal Worksheet and enter the result on line 31285 of your return.

For more information on the Home Accessibility Tax Credit, please visit: <https://www.canada.ca/en/revenue-agency/services/tax/individuals/topics/about-your-tax-return/tax-return/completing-a-tax-return/deductions-credits-expenses/line-31285-home-accessibility-expenses.html>

Medical Expense Tax Credit

The Medical Expense Tax Credit allows you to get deductions on your tax returns for any eligible healthcare expenses. You can claim up to the total of your medical expenses subtracted by the lesser amount of the following:

\$2,479 or 3% of your income if you're claiming medical expenses for these individuals:

- Yourself
- your spouse or common-law partner
- your or your spouse's or common-law partner's children who were under 18 years of age at the end of the tax year

\$2,479 or 3% of your dependant's income if you're claiming medical expenses for these individuals:

- your or your spouse's or common-law partner's children who were 18 years of age or older at the end of the tax year, or grandchildren
- any other relatives who were residents of Canada at any time in the year

You can claim medical expenses on line 33099 (if you're claiming your income) or 33199 (if you're claiming dependant's income) of your tax return under Step 5 – Federal tax.

For more information of the Medical Expense Tax Credit, please visit: <https://www.canada.ca/en/revenue-agency/services/forms-publications/publications/rc4065/medical-expenses.html>

Canada Caregiver Credit

The Canada Caregiver Credit (CCC) is a non-refundable tax credit that is paid out to an individual who supports their spouse/common law partner with a physical and mental impairment.

The amount that you can claim for the CCC varies depending on circumstances such as relationship, custody, etc.

For spouse or common-law partner, you may be entitled to claim an amount of \$2,350 in the calculation of line 30300. You could also claim an amount up to \$7,525 on line 30425.

For more information on claim amounts, please visit the Government of Canada website link attached here: <https://www.canada.ca/en/revenue-agency/services/tax/individuals/topics/about-your-tax-return/tax-return/completing-a-tax-return/deductions-credits-expenses/canada-caregiver-amount.html>

Public Pension Benefits

Here are some benefits that you may be entitled to in retirement.

Old Age Security

Old Age Security (OAS) is a federally run program for eligible senior citizens above the age of 65 to receive monthly payments from the government. In some cases, application is automatically determined by Service Canada. If not, you will have to apply manually, from which point Service Canada will inform you if you are accepted. The application is through your My Service Canada Account (MSCA). <https://www.canada.ca/en/services/benefits/publicpensions/cpp/old-age-security/apply.html#h2.3>

From age 65-74, the maximum amount you are eligible to receive per month is \$698.60 (world income less than \$134,626), from 75 years of age onwards, the maximum is \$768.46 (world income less than \$137,331).

If you are/will be 75 years old or older, you will receive an automatic 10% increase in your OAS pension.

You can delay payment of the Old Age Security pension for up to 60 months (5 years) after you are 65. The longer you delay, the larger your pension payment will be each month.

If you are still working and your income is higher than \$86,912 (for the 2023 income year), you will have to repay part of your Old Age Security pension payment. The OAS payments will be gradually clawed back until an income of \$142,428 (ages 65 to 74), \$147,979 (75 or older) where you will no longer be eligible to receive OAS payments.

For more information, please visit <https://www.canada.ca/en/services/benefits/publicpensions/cpp/old-age-security/benefit-amount.html>

Canada Pension Plan (CPP)

You are eligible to start receiving CPP benefits as early as age 60 and as late as age 70. The standard age to start receiving benefits is 65.

From the Government of Canada website:

“If you start before age 65, payments will decrease by 0.6% each month (or by 7.2% per year), up to a maximum reduction of 36% if you start at age 60

If you start after age 65, payments will increase by 0.7% each month (or by 8.4% per year), up to a maximum increase of 42% if you start at age 70 (or after).”

When deciding when to start your pension, keep in mind various factors such as your current financial situation, future, etc. If you are in a good financial situation, you may decide to start your pension later. If you require the money to pay off certain debts, you could instead opt to begin your pension earlier.

For 2023, the maximum monthly amount you could receive if you start your pension at age 65 is \$1,306.57.

For more information on how much you can receive, please visit: <https://www.canada.ca/en/services/benefits/publicpensions/cpp/cpp-benefit/amount.html>

For more information on when to start your pension, please visit:

<https://www.canada.ca/en/services/benefits/publicpensions/cpp/cpp-benefit/when-start.html>

Here is a list of benefits that can be claimed under the CPP.

1. Retirement Pension	2. Post-retirement benefits
3. Disability Benefit	4. Post-retirement disability benefit
5. Survivor’s pension (under 65)	6. Survivor’s pension (over 65)
7. Children of disabled CPP contributors	8. Children of deceased CPP contributors

For more information on the various pension benefits you can collect, please visit:

<https://www.canada.ca/en/services/benefits/publicpensions/cpp/payment-amounts.html>

RRSP

Your Registered Retirement Savings Plan (RRSP) is an account designed for you to store your money and investments until your retirement. By 71 years old, you are required to withdraw that money. This is known as an RRSP conversion. Here are some ways that you can do so:

Cash

You can choose to withdraw all of your RRSP savings in one lump sum. However, the withdrawn amount will be subject to income tax. There will also be a withholding tax in addition to the income tax charged on the withdrawal, meaning if you have a large amount of money in your RRSP, this may not be the best option.

Withholding tax rates in Canada

- 10% (5% in Quebec) on amounts up to \$5,000
- 20% (10% in Quebec) on amounts over \$5,000 up to including \$15,000
- 30% (15% in Quebec) on amounts over \$15,000

[Tax rates on withdrawals - Canada.ca](#)

RRIF

A Registered Retirement Income Fund (RRIF) is a tool used by individuals who do not want to withdraw all their money at once. You can move your money/investments into the RRIF, which subsequently allows you to provide yourself with a retirement income without facing income tax charges. Whilst you will still collect income tax on the withdrawal, withdrawals from the RRIF are

not subject to withholding tax. For those who would not prefer to take out a large sum of taxable money, this may be your best option. Additionally, the RRIF does have a minimum annual withdrawal amount which is based on ones age.

Annuity

An annuity is another form of account in which you are paid a guaranteed income from your RRSP at a fixed amount. In this sense, the main disadvantage is that it is essentially “locked,” meaning typically you cannot change the terms of the annuity once it has been approved. On the other hand, the main advantage of the annuity is that it is stable, and you are earning a fixed income every month. With the RRIF, there can be volatility depending on the state of each investment.