



Retirees: GIS Will Increase to \$5,000 on July 1: Do You Qualify?

Description

Canadian seniors have something to look forward to next month. The federal governments have announced several [enhancements](#) to the Guaranteed Income Supplement (GIS) and the Allowance.

The first of the enhancements is the inclusion of both employment and self-employment income in the expanded eligibility for the earnings exemption.

Effective July 2020, the amount of the full exemption will increase to \$5,000 per year from the previous \$3,500. Similarly, a new partial exemption of 50% shall apply on up to \$10,000 of annual employment and self-employment income beyond the new \$5,000 threshold.

All of these enhancements are for each GIS or allowance recipient, as well as their spouse or common law partner.

GIS brief

The GIS is a monthly non-taxable benefit precisely for low-income Canadian seniors who are eligible to receive or are receiving the Old Age Security (OAS) pension. This GIS is not automatic. You must apply to receive the supplement. Do it when you file your tax return.

Service Canada adjusts the GIS each year after a recipient has filed the income tax return. The income in the previous year is the basis for the computation of the GIS benefit.

However, if there is a change or reduction in income due to the retirement of a pensioner or spouse or other reasons, Service Canada will refer to the current year's earned income.

Salient points

The amount of GIS depends on marital status, and a spouse is receiving the OAS or the Allowance. Also, there are four different maximum allowed income levels. Effective April through June 2020, the

highest possible monthly GIS is \$916.38 if the annual income is \$18,600. For a pensioner earning not more than \$24,576, the monthly GIS is \$551.63.

Earning opportunities

Since jobs are scarce during the pandemic, people are looking for other earning opportunities. If you have free or extra cash equivalent to the \$5,000 exemption, you can be a passive investor and [make money](#).

Companies that own and operate a portfolio of renewable power generating facilities are ideal investment options for seniors. The top-of-mind choice in this clean and green industry is **Algonquin Power and Utilities** ([TSX:AQN](#))([NYSE:AQN](#)).

Algonquin is based in Oakville, Canada, but operates in North America, Brazil, China, Colombia, India, and in Europe. It has a market capitalization of \$10 billion. The portfolio consists of regulated and non-regulated generation, distribution, and transmission utility assets

Algonquin is a leader in renewable power. Its business model is resilient to overcome the impact of the coronavirus pandemic. The company provides essential services that produce consistent, stable, and growing cash flows. Also, the long-lived assets ensure that operations will continue for years.

As of this writing, the utility stock is trading at \$ 19.02 per share, which translates to nearly 263 shares on a \$5,000. At the current dividend yield of 4.56%, a senior's investment will deliver \$228 in passive income. You are investing in a defensive stock whose business offers reduced volatility.

Receive the benefits

The GIS is an income-tested program that aims to uplift the financial standing of Canadian seniors with low-income. Apply now for the program to take advantage of the benefits if you're eligible and an OAS pensioner.

CATEGORY

1. Dividend Stocks
2. Investing

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2. TSX:AQN (Algonquin Power & Utilities Corp.)

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