



## One-Time \$500 CRA Payment for OAS and GIS: Do You Qualify?

### Description

Losing your income during COVID-19 pandemic is terrible, and the government introduced CERB and CESB to help people cope with that. And while it didn't set everything right, it helped people through tough times and allowed them to get back on their feet. But they weren't the only people who needed financial aid from the government.

The elderly, who are living on fixed benefits (OAS and GIS) and their RRSP/RRIF payments, didn't lose their primary income sources (apart from the devaluation of securities in their RRIF). But the COVID-19 situation probably forced them to incur some additional expenses that their typical OAS and GIS payment couldn't fully cover. If you are one of the seniors in this predicament, CRA has probably already helped you out.

### One-time \$500 payment for seniors

If you are living off your OAS/GIS, and RRIF payouts and you had to pay for something extra during COVID-19, you probably only had two options: borrow from someone, and withdraw more than the bare minimum from RRIF. That latter isn't an ideal option for two reasons. One, it increases your taxable income, and two, selling securities during a market crash gets you less for more.

Thankfully, the government didn't completely overlook this predicament, and even if it is relatively little, CRA paid \$500 to people who were eligible for OAS and GIS payments. That's \$300 for those who are only eligible for OAS pension and full \$500 for pensioners who receive both OAS and GIS. Seniors who receive allowance or allowance for the survivor got a separate \$500 payment.

Do you qualify? If you are eligible for OAS (and GIS), yes, you do qualify. CRA made it as easy as possible. Pensioners didn't need to apply at all, and they got the payment either through cheque or direct deposit. And the best part, it's tax-free. CRA won't take a single piece back from this one-time payment.

## Invest it

If you didn't really need the payment but got it anyway, you should invest it. One good candidate would be the growth-oriented [dividend aristocrat](#) of 30 years, **Toromont Industries** ([TSX:TIH](#)). The industrial giant has two separate business segments (heavy equipment and refrigeration), a strong balance sheet, and a very modest yield of 1.7%, that might not do you much good with a \$500 investment.

The reason for choosing this stock is its decent growth rate. Its ten-year CAGR comes out to 19.36%. Another decade like this and this stock can convert your \$500 into \$2,900. That's not bad for \$500 that was just lying around.

However, you can convert this into a decent nest-egg building opportunity by investing \$100 every month in Toromont. That will get you a nest egg of about \$35,000 in a decade, more than half of that would be the capital gains.

## Foolish takeaway

Unlike CERB, which had strict requirements (and rightfully so), and not everyone qualified, this one-time CRA payment for seniors is available for all pensioners. If you are eligible, you might have already gotten the payment without any effort on your part.

If you use it with restraint, it can help you cover necessary expenses like utility bills for at least a couple of months. If you have your finances in order, then instead of wasting the free \$500 away, [invest it](#) for later.

### CATEGORY

1. Dividend Stocks
2. Investing

### TICKERS GLOBAL

1. TSX:TIH (Toromont Industries Ltd.)

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**Author**

adamothonman

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