



Did You Turn 65 This Year? You Can Get OAS and Much More

Description

Did you turn 65 this year? If the answer is yes, you have unlocked the opportunity to claim Old Age Security (OAS) pensions from Service Canada. Generally, Service Canada enrolls you in the OAS automatically. But if it doesn't, you can apply for it. Service Canada gives you the option to delay your OAS by logging onto My Service Canada Account.

Wait! Before you delay your OAS, consider these two things.

You can get up to \$6,700 in OAS

This year has been pretty hectic for Service Canada with all the emergency cash benefits the Justin Trudeau government announced in the wake of the pandemic. It could be so that Service Canada didn't enroll you automatically in the OAS.

If you turned 65 in January, you can still apply for OAS, and Service Canada will give you a retroactive payment for up to 11 months. How much can you get?

If you earned less than \$77,580 in 2019, or ~\$6,400 a month, you will get over \$610 in OAS pension per month. This converts into an 11-month retroactive payment of over \$6,700.

If you are worried that collecting OAS will make you ineligible for the Canada Recovery Benefit (CRB), you need not. The Canada Revenue Agency (CRA) gives \$900 in after-tax CRB for two weeks, which converts to \$1,800 a month. The [CRA will give CRB](#) even if you are receiving OAS as long as you meet all the other [eligibility criteria](#).

You can get OAS plus \$900 in monthly GIS

If you are over 65 and are earning less than \$18,624 in annual income, then you should not delay your OAS. You can get up to \$917.29 in Guaranteed Income Supplement (GIS) per month over and above the \$614 OAS. This adds up to \$1,531 per month. You can also get \$1,800 in CRB if you are

unemployed and actively searching for work.

All the above benefits are taxable. If you are worried that collecting OAS, GIS, and CRB will increase your 2020 tax bill, the CRA gives you another benefit of the age amount of up to \$7,494. You can deduct this amount from your 2020 taxable income.

Make your retirement comfortable

The OAS, GIS, and CRB can give you \$3,331 per month in benefits payment. But the CRA can clawback these benefits in the form of income tax or recovery tax. There is one benefit the CRA can't lay its claws on and give you a comfortable retirement.

If you have \$60,000 in your savings, encash them and put it in three high-dividend stocks through your Tax-Free Savings Account (TFSA). These stocks are **SmartCentres REIT** ([TSX:SRU.UN](#)), **Enbridge** ([TSX:ENB](#))([NYSE:ENB](#)), and **RioCan REIT** ([TSX:REI-UN](#)). The pandemic has affected these three stocks, and they are trading at a 33%-45% discount.

SmartCentres and RioCan pay dividends from the rental income they get from retail tenants. The lockdown temporarily closed retail stores, impacting the rental income of the two REITs. However, their rent collection improved from around 70% in April to around 90% in September.

However, some retail stores closed permanently that impacted their occupancy rate. Even then, both the REITs have maintained their dividend per share as the rent they are getting is sufficient to meet dividend payments.

Enbridge pays dividends on the fee it collects from utilities for transferring oil and natural gas through its pipelines. The pandemic has reduced oil demand, which has impacted its revenue. However, its cash flows were not much affected as its expenses also fell. Enbridge is not affected by oil prices but oil demand. Until oil demand recovers, it has sufficient cash to pay dividends.

TFSA: Get \$450 in monthly pension

The drop in the three stocks has inflated their dividend yields above 8.5%. Put \$20,000 in each of the three stocks. They will fetch you an annual dividend income of around \$5,400, which converts to \$450 a month.

Once the oil demand returns and retail stores reopen, the stocks of RioCan, SmartCentres, and Enbridge will recover to their pre-pandemic level. Taking a conservative estimate that the recovery takes five years, your \$60,000 could convert to \$96,000. By that time, the lockdown will ease, and you can use some of this money to go on a vacation.

CATEGORY

1. Coronavirus
2. Dividend Stocks
3. Energy Stocks
4. Investing

TICKERS GLOBAL

1. NYSE:ENB (Enbridge Inc.)
2. TSX:ENB (Enbridge Inc.)
3. TSX:REI.UN (RioCan Real Estate Investment Trust)
4. TSX:SRU.UN (SmartCentres Real Estate Investment Trust)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Yahoo CA

Category

1. Coronavirus
2. Dividend Stocks
3. Energy Stocks
4. Investing

Date

2025/07/06

Date Created

2020/11/05

Author

pujatayal

default watermark

default watermark