



Are You Eligible for the \$500 OAS Boost? Prepare for \$96.48 More

Description

The Old Age Security (OAS) pension is a vital part of Canada's safety net for seniors. Millions of Canadians rely on this program to support themselves. This is why it is essential that the program keeps pace with annual inflation. Seniors cannot afford to see their purchasing power drained.

This summer, Canada experienced its largest wave of inflation in a decade. The annual inflation rate has crept up to 3.6% and could go higher. Thankfully, Canada's Minister of Seniors Deb Schulte has announced a boost to the OAS program as well. Here's what you need to know.

OAS boost

Pensioners eligible for the OAS program in June 2021 and were born on or before June 30, 1947, can expect a one-time payment from the government. This \$500 top-up should arrive in your account during the week of August 16, 2021, if you fit the eligibility criteria.

OAS benefits will automatically increase this month. The maximum monthly OAS pension amount will rise from \$618.45 to \$626.49. Over the full year, that should amount to \$96.48 in additional benefits. Meanwhile, the government has locked in a 10% permanent boost to the OAS to be implemented in July 2022.

These measures have been implemented to adjust the program for inflation. Roughly 3.3 million Canadians are expected to benefit from this.

Invest your spare cash

Hundreds of extra dollars in OAS benefits sound like a good deal, but it's worth noting that these are simply adjustments for inflation. In other words, the government expects your cost of living to increase enough to offset these gains. If you receive \$500 extra but your monthly grocery and hydro bills increase, you're left in the same position as last year.

To avoid this, it makes sense to invest in robust dividend stocks that can deliver a return higher than inflation.

Fortis ([TSX:FTS](#))([NYSE:FTS](#)) is probably the best option. The utility giant is effectively recession- and inflation-proof. When hydro bills rise, the company's top line swells as well.

Fortis has reliable and predictable cash flows. Most of those cash flows are paid back to investors in the form of dividends. The dividend yield is 3.6% right now – perfectly in line with annual inflation.

The predictability of cash flows also allows Fortis management to boost dividends every year. In fact, the team has promised dividend increases every year for the near term. That should extend its track record of [46 consecutive dividend bumps](#). Put simply, this Dividend Aristocrat can help you boost your OAS payments further.

Bottom line

Last year's crisis and this year's inflation have been immensely disruptive to all Canadians. However, seniors who rely on the OAS can expect a boost to their monthly payments to offset some of that pain. The government should deliver \$500 in a one-time payment by August. They've also promised a boost to monthly payments this year and next.

However, seniors looking to outpace inflation could invest their spare cash in reliable dividend stocks like Fortis. This should help them increase their wealth and spending power over time.

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