



Did You Turn 75? One-Time \$500 OAS Pension Coming Your Way in August

Description

The Justin Trudeau government is giving a [one-time](#) Old-Age Security (OAS) pension of \$500 to around 3.3 million seniors aged 75. All eligible seniors can get a maximum of \$626.49 in normal OAS + \$500 in a one-time pension on August 16. Note that this pension amount will be credited into your account, where you receive OAS. The only condition is you should be eligible for the OAS pension in June 2021.

Are you eligible for the OAS pension?

Every Canadian citizen above 65 years of age is eligible for OAS. Service Canada automatically enrolls you into the OAS when you turn 65. But sometimes you have to apply for it probably because your information is not updated with Service Canada. To be eligible for OAS:

- You must have stayed in Canada for at least 10 years after turning 18 and reside in the country at the time of claiming OAS.
- If you reside outside Canada at the time of claiming OAS, you should have stayed in the country for at least 20 years after turning 18. Please note your status should be a Canadian citizen or a legal resident of Canada before you fly abroad.
- Your annual income should be less than \$129,581.

If you meet the above qualification, you can get OAS. If you choose to delay your OAS, Service Canada will increase your pension amount by 0.6% for every month of delay. You can delay this pension by up to 60 months and increase your payout by 36% per month (0.6% x 60 months).

An additional 10% OAS for a lifetime

There is no benefit in delaying OAS beyond age 70. Hence, it is advisable to collect your OAS by then. In Budget 2021, the government sweetened the pension. Seniors aged 75 and above will get an additional 10% monthly OAS starting July 2022. This 10% increase is the first permanent increase to the OAS pension since 1973 over and above inflation adjustment.

Add passive income to your pension

A government pension is good, but it is taxable. It is better to have a tax-free pension, and the time is ripe to lock in a juicy dividend yield of over 6% by investing through the Tax-Free Savings Account (TFSA). Here are two options that can give you over [6% dividend yield](#), **Keyera** ([TSX:KEY](#)) and **SmartCentres REIT** ([TSX:SRU.UN](#)).

Keyera is an oil and gas pipeline operator catering to the Western Canada region. Building and maintaining pipelines is capital intensive, and they have to undergo several regulatory hurdles to get approval for a project. But all this effort is worth it. Once the project comes online, it creates a cash flow pipeline for several years as Keyera receives toll money for transmitting oil and gas.

Moreover, it increases the toll money at regular intervals to adjust for inflation. It shares this cash flow with its shareholders in the form of monthly dividends. At present, it is ramping up the KAPS project and expects it to come online by 2023.

SmartCentres has developed several retail and mixed-use properties in prime regions of Canada. It ensures its properties have high occupancy and looks for ways to make the properties more valuable. One strategy is having **Walmart** as the largest tenant. Another strategy is partnering with other developers to build residents, condos, offices, and storage facilities nearby. All these efforts help SmartCentres earn a higher rental income. It uses a portion of this money to pay monthly dividends.

Both the companies have not cut dividends for more than 10 years.

A \$500 tax-free pension

If you invest \$50,000 each in the two stocks, you can lock in an annual dividend of \$6,095, which converts to \$508 a month. The Tax-Free Savings Account ([TFSA](#)) will make your dividend income tax-free.

You may say you are too old to invest at age 75. But look at Warren Buffet. He turns 91 on August 30 and still feels he is too young to retire.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing
4. Personal Finance

TICKERS GLOBAL

1. TSX:KEY (Keyera Corp.)
2. TSX:SRU.UN (SmartCentres Real Estate Investment Trust)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
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