

ODSP & Aging: What You Need to Know

Presented by
Kingston Community Legal Clinic

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About the Legal Clinic

- Providing free legal services in matters relating to:
 - rental housing
 - income support (ODSP, OW, public pensions, EI appeals)
 - human rights
 - education

Overview

- ODSP after age 65: You mean I can still keep my benefits?
- Seniors pensions: How will my rent subsidy be affected?
- Income fluctuations and Old Age Security: Why has my pension decreased and how can I fix it?
- CPP Early Retirement: Should I apply?

ODSP after age 65

- Your ODSP benefits will not be terminated just because you turn 65
- In fact, seniors who do not receive Old Age Security are automatically eligible for ODSP
[Reg. 222/98, s. 4(1)2]
- The question is whether you **qualify financially** for ODSP benefits once your OAS begins

Financial Eligibility for ODSP Generally

- ODSP looks at how much money you could get from their program
 - E.g. a single person can get \$1053 monthly for basic needs and shelter
- ODSP then subtracts any income you receive
 - E.g. if a single person received CPP-D of \$800 monthly, his or her ODSP entitlement would be \$253
- You will be **financially eligible** for ODSP if your income is less than what you would receive from ODSP

Finances After Age 65

- Most seniors will start to receive **Old Age Security** (OAS) from the federal government after age 65
- Low income seniors in all provinces are also eligible for the **Guaranteed Income Supplement** (GIS)
- Low income seniors in Ontario may also be eligible for another small pension known as the **Guaranteed Annual Income System** (GAINS).

Sample OAS Income

- A single senior with no other income can receive:
 - \$537.97 for OAS
 - \$729.44 for GIS
 - \$83 for GAINS (in Ontario only)
- Combined, the maximum income for a single person on OAS, GIS and GAINS is **\$1350.41**

[Above information current until December 2011]

Compared to Sample ODSP Income

- For a single person:
 - Maximum Shelter: \$469
 - Basic Needs: \$584
 - TOTAL: **\$1053**
- Therefore, most seniors will have income greater than what ODSP will pay, making them financially ineligible
 - $\$1350.41 - \$1053 = \$297.41$ over budget

How Can I Possibly Keep My ODSP?

- You will not qualify for regular benefits (shelter and basic needs)
- However, you may qualify for **Extended Health Benefits (EHB)** if your health care expenses are high

Sample ODSP Budget with High Health Expenses- “Sally”

- Sally is a single person paying market rent:
 - Shelter: \$469
 - Basic Needs: \$584
 - Special Diet: \$124 (*Diabetes/Hypertension \$86 + Osteoporosis \$38*)
 - MSN Incontinence Supplies: \$175
 - MSN Medical Travel: \$20

Total ODSP budget: **\$1372** = FINANCIALLY ELIGIBLE FOR EHB
(ODSP budget is greater than OAS income of \$1350.41)

Sally: “Why bother?”

- Sally’s ODSP budget exceeds her OAS income by \$22
- She does not want the hassle of reporting to ODSP over \$22
- She has her drugs covered by the Ontario Drug Benefit (ODB)
- She was smart to apply for the Consumer Co-Payment Program, so her prescription drugs still only cost \$2 because her income is lower than \$16,018

What's the Big Deal?

- When a person qualifies for EHB, certain medical benefits are paid outright, without having income deducted
- For Sally, the EHB cheque she would receive from ODSP each month would be **\$195**
 - MSN Incontinence (\$175) and Travel (\$20) are paid each month
- Her total monthly income could therefore be \$1350.41 OAS + \$195 EHB = **\$1545.41**
- Also, **dental, vision and hearing** are covered

What if my ODSP entitlement is less than Sally's?

- “Burt” is a single person in a subsidized apartment:

- Basic Needs \$584
- Shelter \$140
- Special Diet: \$191 (*Cirrhosis Stage 3*)
- MSN Incontinence Supplies: \$225
- MSN Medical Travel: \$75

Total ODSP budget: **\$1215** = FINANCIALLY **INELIGIBLE** FOR EHB (so far)

(ODSP budget is less than OAS income of \$1350.41)

What Can Burt Do?

- Burt can ask ODSP to consider health costs *other than* those that appear on his cheque:
 - E.g. prescription drugs, dental costs, hearing aids and glasses
 - BUT NOTE:
 - ODSP believes drug costs do not count because drugs are covered for seniors
 - Dental costs are averaged over 1 year and often based on ODSP billing rates- which are far lower than the real rates
 - Costs for hearing aids and glasses are averaged over 3 years (unless you are diabetic and require glasses more frequently)

Tips to help you qualify for EHB

- If you are in subsidized housing ► maximize your shelter allowance
 - Your phone or cable can be covered if used for security or entry to the building
 - You should get tenants' insurance covered by your shelter allowance
- Between ages 62-65 years:
 - Get your teeth checked and cleaned frequently
 - Get glasses
 - Make sure you maximize your entitlement to MSN benefits and Special Diet Allowance
 - Get legal advice **immediately** if you are refused EHB

Seniors Pensions and Subsidized Housing

- Basic rule for subsidized housing is that rent is 30% of your income
- When on OW or ODSP, your rent is set at a fixed amount by law
 - For a single person, it varies from \$85 to approximately \$200 or more depending on which utilities are included

My rent will increase 200%?

- Burt's subsidized rent was \$140
 - When Burt switches to OAS, his income will be \$1350.41
 - Burt's rent will now be calculated based on OAS income:
 - $\$1350.41 \times 30\% = \405
- This is a lawful rent increase of almost 200%

What Can Burt Do?

- Get legal advice about EHB
- ODSP may do the EHB calculations using the subsidized rent, instead of the new rent
- That is because the rules for EHB say that Burt must be eligible for EHB the same month he starts getting his OAS
- However, Burt's subsidized rent will not increase for 2 months due to the current subsidized housing rules
- The effect of the EHB rules and the subsidized housing rules on seniors may be discriminatory

After OAS: Why has my pension decreased?

- Your eligibility for GIS and GAINS depends on your income
- Government looks at your tax returns from the previous year to determine your pension amount going forward
- If you had income from another source last year, your pension could decrease

Example: “Mary” cashes out an RRIF

- Mary’s only source of income is OAS/GIS/GAINS
- Mary lives in subsidized housing
- Mary had an RRSP that was locked in until she turned 65
- At age 71, it was rolled over into a RRIF
- She cashed it out 2 months after turning 71
- The RRIF was worth \$7000 after penalties
- Mary spent all the money on her grandkids

How is Mary Affected?

- In the year following the withdrawal, Mary lost her GAINS, and her GIS was significantly reduced due to income in the previous year
- Her OAS and GIS now total only \$925
- **BUT** her subsidized rent increased after her annual review because of the income from the RRIF withdrawal
- So Mary now pays \$175 more in rent and gets \$425 less in her monthly pensions

What Can Mary Do?

- Mary can ask Service Canada to re-calculate her GIS
- Service Canada can exclude income where there has been a loss of pension income
- Mary needs to file a Statement of Estimated Income
- It is not clear whether a lump sum withdrawal from a RRIF can be exempt

CPP Early Retirement: Should I apply?

- The rules have changed
- Starting in 2012, your pension will be reduced **more** if you take it before age 65
 - Currently, it is reduced by 30%
 - By 2016, it will be reduced by 36%
- You will also have to continue making CPP contributions if you are working and collecting CPP before age 65

How do I decide?

- If you are **not** on social assistance, see a financial advisor to determine whether early retirement pension is right for you
- If you are on ODSP or OW, you should also **seek legal advice** before you apply for early retirement pension as it could result in a loss of your ODSP or OW benefits

Can I be forced to take CPP early?

- No!
- ODSP and OW can force you to pursue other financial resources (child support, CPP disability, etc.)
- However, you cannot be forced to take CPP early

[OW General Regulation, s. 13(2)(c); ODSP General Regulation, s. 11(2)(c)]

Other Resources of Interest:

- **Queen's University Elder Law Clinic**
 - (613) 533-2950
 - Assists low income people aged 60 & over with Powers of Attorney, simple wills, age discrimination and elder abuse
- **Advocacy Centre for the Elderly (ACE)**
 - (416) 598-2656
 - Serves people 60 years of age and over in the Greater Toronto Area, and may also provide services to seniors outside of Toronto if the case is of significance to the seniors' community

For More Information:

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