**Financial Planning Tips - Tax Credits**

Canada offers two income tax credits for pensioners that can help reduce their taxes. These include the Pension Tax Credit and the Age Tax Credit. We should discuss these with our members, so they know how to take advantage of them.

1. Pension Income Credit
2. Age Tax Credit

**Pension Income Tax Credit**

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The pension income tax credits are a non-refunding tax credit offered by the government of Canada. These credits cannot be carried forward or back and can be used to reduce your taxes payable.

**What income is eligible for the pension tax credit?**

The pension tax credit can be claimed if you are over 65 years of age for the following pension income forms:

* Pension plans
* Annuities
* Registered retirement income funds (RRIFs)
* Locked in registered retirement income funds.

**What income is NOT eligible for the pension tax credit?**

* Old Age Security Benefits
* Canada Pension Plan benefits
* Death Benefits
* Retiring Allowances
* RRSP withdrawal (has be transferred to a RRIF to be eligible)
* Salary Deferral Arrangements
* Foreign Pension Plans including U.S. Individual Retirement accounts (IRA)

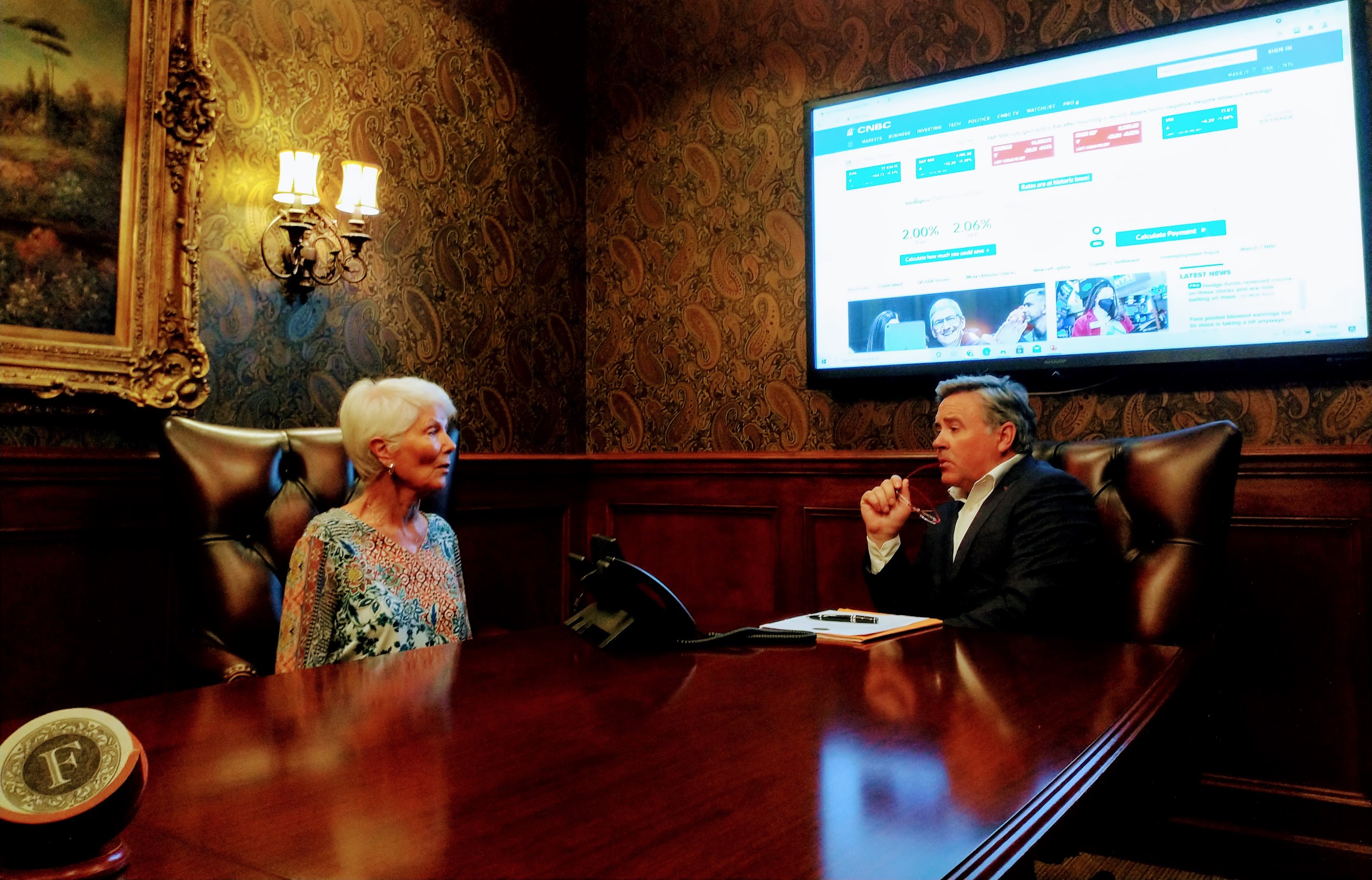
**What is the amount of the pension tax credit?**

The pension tax credit is available for $2,000 of income per person. You can transfer an additional $2,000 to your spouse or common law partner. The federal tax credit rate is 15%, therefore the tax savings is $300 per individual based on $2,000 \* 15%.

**What age do I have to be to collect the pension tax credit?**

Under certain circumstances you can collect the Pension Tax Credit. If you are 55 years of age or older, if you are receiving pension income from a superannuation or pension plan, or an annuity income stream from the death of your spouse under a DPSP, RRSP/RRIF plan.

**How can we help our members with the pension tax credit?**

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Many of our members who are retired do not want to draw down their RRIF account until the mandatory retirement age because of their income needs. They may be over 65 and are collecting CPP and OAS. They may also have part time income. They may not require any additional sources of income for their living expenses. Although they are comfortable with what they earn, they may be missing the pension tax credit by failing to draw at least $2,000 per year in retirement income.

If your member is over 65 years of age and is not drawing on retirement income, you can establish a plan for them where they will receive the maximum amount of the pension tax credit while using a small amount of their portfolio.

For example, you can transfer a portion of their RRSP account to a RRIF and draw $2,000 annually or $4,000 if you want to transfer unused pension income to your spouse.

If their income is close to the OAS clawback amount, which is $81,761 in 2022, you will want your member to consult with their accountant before withdrawals are established.

**Age Tax Credit**

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The age tax credit is available to Canadians when they turn 65. The age tax credit is automatically calculated when they file their income tax return and therefore do not have to apply for this.

There are plenty of other Senior tax credits available if they qualify. Take these examples for a few.

* **Canada caregiver credit.**
* **Disability tax credit.**
* **Medical expenses.**
* **Home accessibility expenses**

**Navi Tax Credit Section**

The Tax Credits can be found in Navi Plan by using the Quick Action Reports - Income Tax Details OR under Income Tax - Tax Credits.

When we offer strategies to our members such as taking advantage of a tax credits when they are eligible, we are building a foundation of trust with the member.

Sheldon Craig, CFP®

Regional Manager

[scraig@cuwealth.ca](mailto:scraig@cuwealth.ca)

CUSO Wealth Strategies Inc.