



2024 Q1 Updates to Legislation & Tax

Your Retirement Income Blueprint 3rd Edition

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Old Age Security (OAS) 2024 – Q1

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The maximum amount of monthly income for this benefit for January to March 2024 is **\$713.34 for ages 65 to 74; or \$784.67 for those age 75 and older.**

The payment amount is adjusted quarterly. In July 2022, the Old Age Security pension was permanently increased by 10% for seniors aged 75 and over.

The base level of income at which the OAS Recovery Tax (clawback) begins to occur is **\$90,997** with a complete clawback at **\$148,065 and \$153,771 respectively.**

Your previous year's income will not be considered during the first year that you start receiving OAS. If that first year's net income exceeds the OAS threshold level, you will have to pay it back as part of your annual tax filing. The amount of the repayment will be deducted on line 23500 of your tax return as a 'social benefits repayment' to reduce net income. The repayment will also be shown on line 42200, which adds the amount to your total payable. 'Total payable' then includes income tax plus the applicable repayment of OAS.

In the following year, your OAS payments will be reduced by the same amount as the OAS repayment from the previous year, starting July 1st. This is the OAS Recovery Tax. If you know that your income that year will not exceed the OAS threshold, or will not exceed it by as much as the previous year, you can request that less or no recovery tax be deducted, by submitting form T1213(OAS) early in the calendar year.

If OAS recovery tax has been deducted during the year, when you receive your T4A (OAS) slip it will show the amount of the deduction in Box 22 – 'Income Tax Deducted' and will thereby be included in credits applied against tax owing.

Canada Pension Plan (CPP) 2024

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Source: Government of Canada CPP Retirement Pension -- How much you could receive

The amount of your CPP retirement pension depends on different factors, such as:

- the age you decide to start your pension
- how much and for how long you contributed to the CPP
- your average earnings throughout your working life

For 2024, the maximum monthly amount you could receive if you start your pension at age 65 is \$1,364.60. The average monthly amount paid for a new retirement pension (at age 65) in October 2023 was \$758.32. Your situation will determine how much you'll receive up to the maximum.

Situations that can affect your pension amount

"Other factors can also affect your pension amount. We'll automatically consider them when we calculate your CPP retirement pension amount if - you've provided all the required information in your application." Government of Canada website

- Working while receiving the CPP Retirement Pension
- Contributions after age 65
- Periods of raising children
- Periods of disability
- Pension sharing
- Divorce or separation

For more information on determining your personal CPP benefit, visit the Government of Canada page:

"CPP Retirement Pension How much you could receive."

<https://www.canada.ca/en/services/benefits/publicpensions/cpp/cpp-benefit/amount.html>

The Federal Tax Brackets 2024

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Table 8.2:

| Bracket | Taxable Income | Federal Tax |
|-----------------|-----------------------|-------------|
| | \$0-\$15,705* | 0% |
| 1 st | \$15,705 - \$55,867 | 15% |
| 2 nd | \$55,867 - \$111,733 | 20.5% |
| 3 rd | \$111,733 - \$173,205 | 26% |
| 4 th | \$173,205 - \$246,752 | 29% |
| 5 th | \$246,752 and over | 33% |

- source: [CRA - Canadian Income Tax Rates for Individuals](#)

Age Amount and Credit 2024

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update 2024:

Individuals aged 65 or older by the end of the year will qualify for the Age Credit. It is factored on the Age Amount and can effectively increase your personal exemption. In 2024, the Age Amount is **\$8,790**. So if you were entitled to the entire Age Amount, coupled with your personal exemption of **\$15,705***, your Federal "tax-free zone" (income you can earn before you begin paying tax on it) would be **\$24,495**. Increase that number by an additional \$2,000 for the Pension Credit and you are just over \$26,000 before income becomes taxable in 2024. That is, if you are entitled to the full Age Amount. However, once your Net Income exceeds **\$44,325**, the Age Amount (and Credit) starts to be reduced and is totally eliminated at the point where Net Income reaches **\$102,925**.

- The Age Amount for 2023 is **\$8,790**.
- The Personal Exemption for 2023 is **\$15,705***.
- The Federal "tax-free zone" when the Personal Amount and the Age Amount are combined for 2024 is **\$24,495** (\$15,705 plus \$8,790).
- The Federal Net Income Threshold for the 2023 Age Amount is **\$44,325 to \$102,925**.

**The federal basic personal amount comprises two elements: the base amount (\$14,156 for 2024) and an additional amount (\$1,549 for 2024). The additional amount is reduced for individuals with net income in excess of \$173,205 and is fully eliminated for individuals with net income in excess of \$246,752. Consequently, the additional amount is clawed back on net income in excess of \$173,205 until the additional tax credit of \$232 is eliminated; this results in additional federal income tax (e.g., 0.32% on ordinary income) on net income between \$173,206 and \$246,752. Source: [E & Y Rate Cards – Provincial and Federal Tax 2024](#)*

Additional Information:

Indexation adjustment for personal income tax and benefit amounts

Each year, certain personal income tax and benefit amounts are indexed to inflation using the Consumer Price Index data as reported by Statistics Canada. Increases to tax bracket thresholds, amounts relating to non-refundable credits, and most other amounts below take effect on January 1 of the applicable year. Increases in amounts for certain income-tested benefits like the goods and services tax credit, the Canada child benefit and Child disability benefit, take effect on July 1 to coincide with the beginning of the program year for payments of these benefits.

The following list provides the indexed amounts for five tax years based on the announced personal income tax and benefit commitments to date.

Index increase per year:

2024 - 4.7%

2023 - 6.3%

2022 - 2.4%

2021 - 1.0%

2020 - 1.9%

source: [Canada Revenue Agency](#)