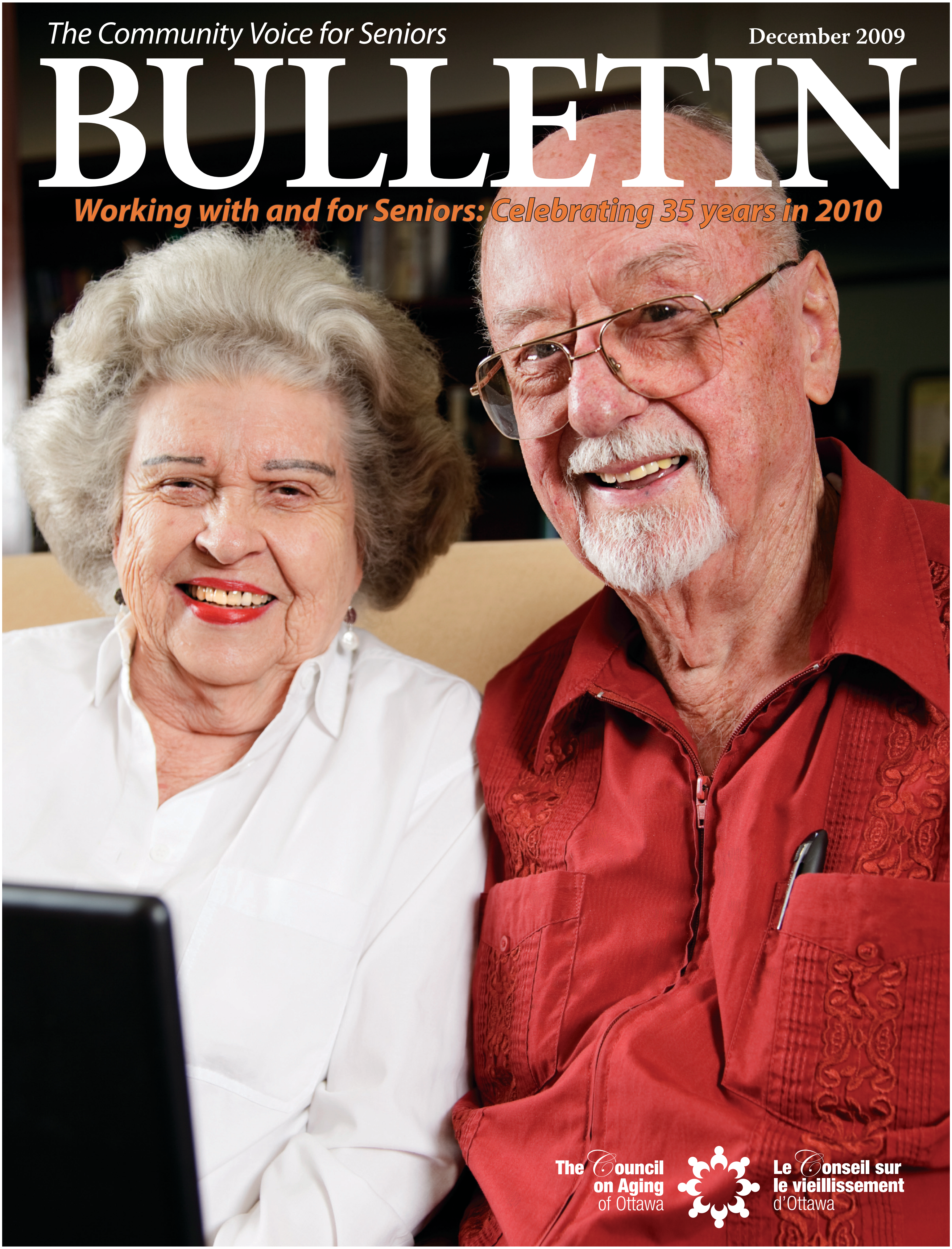
The Community Voice for Seniors

December 2009

BULLETIN

Working with and for Seniors: Celebrating 35 years in 2010



The Council on Aging of Ottawa

Le Conseil sur le vieillissement d'Ottawa

The Good and Bad of Senior Retirement Benefits

In these uncertain times, there is good and bad news about senior retirement benefits. The good news is that Canada currently has a system of public income support which ensures that most seniors are kept above the poverty line. In 1999, the prevalence of low income among Ontario's elderly was 6%. By 2005, it was only 3% (Table 1).

The other bit of good news is that during the same period, the overall income of Ontario seniors (with adjustment for inflation) rose. The median income of married elderly couples, for example, increased from $40,500 in 1999 to $48,700 in 2007 while that of unattached elderly females increased from $20,400 to $24,700 (Table 2).

The reason why more and more seniors have incomes above the poverty line is due principally to three programs – Old Age Security (OAS), the Guaranteed Income Supplement (GIS) and the Canada/Quebec Pension Plan (CPP/QPP). Fortunately, almost all seniors have access to one or more these programs.

Improvement in the average income of seniors, on the other hand, is due primarily to the availability of private (workplace) pensions with defined benefit plans (i.e., specified benefits, usually as some proportion of previous earnings).

The bad news is that these achievements may be coming to an end. We are in a major economic downturn and the retirement security of millions of Canadians is at risk. Among the worst off, even under the current public system, are single unattached seniors, recent immigrants, seniors with disabilities and First Nations.

A major problem with private pensions is the loss of millions of investment dollars in the past year. Another problem is default on funding due to bankruptcy (e.g., Nortel). Still another is that coverage by private pensions is declining, not increasing, in Canada. Also, benefit levels will drop as employers shift coverage toward defined contribution plans (with no guarantees) in order to reduce their financial obligations.

Given these realities, it is not surprising that the federal government launched a review of private pensions in the spring of 2009. This latest federal effort falls on the heels of expert panels in several provinces including Ontario. The federal government is also proposing changes to the Canada Pension Plan (see article in Bulletin on proposed changes).

An irony in today's world is that those at the top of the economic pile tell workers and retired seniors that they should expect less in the future while demanding for themselves settlements in the millions.

The really bad news is that a crisis is looming unless we take action to correct inadequacies in both public and private pensions. Recent Federal initiatives are just a start.

Glenn Drover

Table 1 Elderly Persons in Low Income – Ontario
Prevalence of Low Income (%)

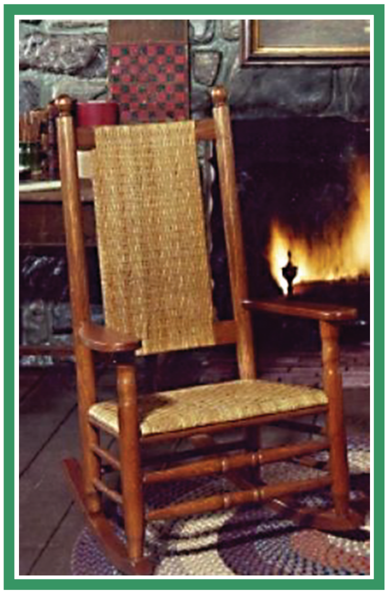
	1999	2003	2007
All Elderly Persons	6.1	4.9	3.0
Males	4.3	3.7	2.3
Females	7.5	5.9	3.5
Elderly Family Persons	1.9	1.6	1.0
Males	1.8	1.5	0.9
Females	2.0	1.8	1.0
Unattached Elderly Persons	16.8	13.8	9.4
Males	17.6	14.4	10.7
Females	16.5	13.6	9.0

Source: Statistics Canada, Income in Canada, 2009. Catalogue No. 75-202-XCOA

Table 2 Median Income of Elderly Persons - Ontario
2007 Constant Dollars

	1999	2003	2007
Elderly Families	41,500	45,400	49,600
Married Couples	40,500	44,800	48,700
Other Families	49,800	51,300	52,400
Unattached Elderly Males	22,000	23,900	28,600
Earner	30,000	31,300	40,800
Non-earner	20,700	21,200	23,000
Unattached Elderly Females	20,400	21,800	24,700
Earner	28,700	27,500	31,400
Non-earner	20,100	20,600	23,200

Source: Statistics Canada, Income in Canada, 2009. Catalogue No. 75-202-XCOA



Income Security for Seniors

All seniors residing in Canada for at least 10 years may be eligible for old age security programs. It is important to know that benefits under these programs are not paid automatically; a senior must apply for them. There are additional requirements, depending on how long the senior has resided in Canada.

Old age security
Old age security (OAS) is a federally funded monthly pension, which is paid to eligible seniors who have reached the age of 65, are Canadian citizens or permanent residents, and have lived in Canada for at least 10 years after the age of 18. To receive OAS, applicants can apply up to 12 months before their 65th birthday or the date of their eligibility.

Seniors will receive the full amount if they have lived in Canada for 40 years. The maximum amount for March 2006 is $487.54. Seniors who have lived in Canada for at least 10 years may qualify for a partial pension depending on the number of years they have lived in Canada.

Seniors who have lived in Canada for less than 10 years may still qualify for OAS if their country of origin (or previous country of residence) has an international social security agreement with Canada. For example, if a senior immigrant lived and worked in the United States for four years, he will be able to receive a partial pension after he has lived in Canada for six years. Russia, China, Korea, Afghanistan, Iraq and Mexico do not have such social security agreements.

Canadian seniors who move from Canada to another country will be able to receive OAS pension only if they had resided in Canada for 20 years (after they turned 18). If they had lived in Canada for less than 20 years, their pensions will be paid for the month that they leave and for six months after that. For example, if a senior left Canada in January, he or she would get payments until the end of July. If he or she returns to live in Canada, the payments will be restored from the month of return.

Guaranteed income supplement
Seniors may be eligible for the guaranteed income supplement (GIS), which is a monthly benefit paid to residents of Canada who receive a full or partial OAS pension. This benefit must be renewed annually. Seniors will be able to receive GIS for only six months if they move out of Canada, but they may reapply after they return to Canada.

Allowance and allowance for the survivor
The allowance provides money for low-income seniors who are 60 to 64 years old, citizens or permanent residents, have lived in Canada for at least 10 years (after the age 18), and have a spouse or common-law partner (same sex or opposite sex) who receives or is entitled to receive the Old age security pension and the guaranteed income supplement.

Seniors whose spouse or common-law partner died may qualify to receive the allowance for the survivor. This benefit must be renewed annually. Both benefits are designed to help seniors living in Canada, so seniors who moved out of Canada will be able to receive them for six months, but they may reapply after their return to Canada. Once a senior turns 65, he or she may be eligible for their own OAS pension.

Social assistance and more
Seniors not receiving OAS and GIS who are 65 may be eligible for social assistance. Social assistance is a provincial responsibility. Eligibility is based on income, assets and shelter costs.

Old age security programs are only a part of Canada's retirement system. There is also the Canada Pension Plan for those who worked in Canada and paid into the plan and private pension plans. Individuals should also consider personal registered pension plans (RPP) and registered retirement savings plans (RRSP), on which the federal government provides tax assistance.

Source: Canadianimmigrant.ca http://www.canadianimmigrant.ca/settlingincanada/seniors/article/785

Pension Income Splitting

Canadian residents have been able to allocate up to one-half of their income that qualifies for the existing pension income tax credit to their resident spouse (or common-law partner) for income tax purposes. Pension splitting affects the calculation of income and tax payable for both persons, so they must both agree to the allocation in their tax returns for the year in question.

Is it necessary to contact the payer of the pension?
Splitting eligible pension income does not have any effect on how or to whom the pension income is paid, so it does not involve the payer of the pension. Information slips will be prepared and sent to the recipient of the pension income in the same manner as previous years.

Who qualifies for pension income splitting?
A pensioner and his or her spouse or common-law partner can elect to split the pensioner's "eligible pension income" received in the year if they are married or in a common-law partnership with each other in the year and are not, because of a breakdown in their marriage or common-law partnership, living separate and apart from each other at the end of the year and for a period of 90 days commencing in the year.

What is "eligible pension income"?
Eligible pension income is generally the total of the following amounts received by the pensioner in the year (these amounts also qualify for the pension income amount): the taxable part of annuity payments from a superannuation or pension fund or plan; and if received as a result of the death of a spouse or common-law partner, or if the pensioner is age 65 or older at the end of the year: annuity and registered retirement income fund (including life income fund) payments; and Registered Retirement Savings Plan annuity payments. **Old Age Security and Canada or Quebec Pension Plan payments do not qualify.**

How do individuals elect to split eligible pension income?
The pensioner and spouse or common-law partner have to make a joint election in prescribed form with their income tax returns for the year on or before their filing due date.

Who will claim the tax withheld at source from the eligible pension income?
The income tax that is withheld at source from the eligible pension income will have to be allocated from the pensioner to the spouse or common-law partner in the same proportion as the pension income is allocated.

Does pension splitting affect the Goods and Services Tax/Harmonized Sales Tax credit, Canada Child Tax Benefit, and other federal or provincial benefits and tax credits?
Allocating pension income to a spouse or common-law partner reduces the pensioner's net income and increases the spouse or common-law partner's net income. As a result, benefits and tax credits that are calculated based on the total of the net incomes of both spouses or common-law partners will not change as a result of pension splitting.

However, pension splitting will affect any tax credits and benefits that are calculated using one individual's net income, such as the age amount, the spouse or common-law partner amount, and the repayment of Old Age Security benefits.

If pensioners intend to split pension income when filing their returns, can they ask for a reduction of tax being withheld from the eligible pension income during the year?
The CRA cannot approve a reduction of tax withheld at source based on an election to split pension income.

If pensioners intend to make this election when filing their returns, can they reduce their instalment payments?
Many individuals, including pensioners, are required to pay tax by instalments, and the CRA issues instalment reminders to them indicating the amounts to be paid by each instalment due date. However, as an alternative to paying the amounts shown on the reminders, instalment payments can instead be made based on either the individual's prior-year net tax owing and CPP payable, or his or her estimated current-year net tax owing and CPP payable.

Source: Canada Revenue Agency, http://www.cra-arc.gc.ca/gncy/bdgt/2007/pnsn-eng.html

Ontario Senior Homeowner's Property Tax Grant

The Ontario Senior Homeowners' Property Tax Grant is an annual amount provided to help offset property taxes for seniors with low and moderate incomes who own their own homes. For 2009, the maximum grant is $250. For 2010 and subsequent years, the maximum grant will be $500.

Senior homeowners will apply for the 2009 grant when they file their 2008 personal income tax returns.

Eligibility

You can apply for the 2009 Ontario Senior Homeowners' Property Tax Grant if , on December 31, 2008: you were a resident of Ontario; you owned and occupied your principal residence for which you paid property taxes in 2008; you were 64 or older; your spouse or common-law partner has not received a Property Tax Grant for 2009; and you meet the income requirements.

How to apply

Your grant will be based on the information provided in your income tax return. You should receive your grant by cheque or direct deposit within 4 to 8 weeks after you receive your Notice of Assessment from the Canada Revenue Agency.

Amount of the grant

Eligible senior homeowners are able to obtain a grant of up to $250 in 2009.

Single seniors who paid $250 or more in property taxes in 2008 and had incomes of up to $35,000 will receive the maximum grant in 2009. Single seniors with incomes between $35,000 and $50,000 will receive a proportionately smaller grant. The maximum grant for single seniors will be increased to $500 for 2010 and subsequent years.

Senior couples who paid $250 or more in property taxes in 2008 and had combined incomes of up to $45,000 will receive the maximum grant in 2009. Senior couples with combined incomes between $45,000 and $60,000 will receive a proportionately smaller grant. The maximum grant for senior couples will be increased to $500 for 2010 and subsequent years.

Source: Ontario Ministry of Revenue, http://www.rev.gov.on.ca/english/bulletins/itrp/6493.html

Many Canadians Headed for Grim Reality

A growing wave of frustrated Canadians is wondering why the federal Conservative government is so slow to address alarming gaps in pension and retirement security the economic recession has exposed. They cite statistics to bolster the push for faster action:

- Fewer than four in 10 workers have workplace pensions.
- Almost one in three Canadians has no retirement savings at all.
- Thirty-five per cent of Canadians 65 and older receive the Guaranteed Income Supplement, a top-up of OAS reserved for the most needy, low-income seniors.
- The maximum benefit for a single person relying on OAS and GIS for retirement income in 2009 is about $15,000, which leaves many seniors, often women, living in poverty.

Events such as the bankruptcies of such corporate giants as Nortel have shown the inadequacy of private and public sector pensions in Canada.

MPs from all parties recently rallied around a non-binding motion and approved it by a stunning 294-0 vote just days before Parliament rose for the summer recess. It advocated beefing up the public retirement system and establishing a self-financing pension insurance program for employer plans.

It also said pension funds should go to the front of the line of creditors in bankruptcies, a measure long sought by unions, employee groups and politicians of all political stripes.

Proposed CPP changes by the Harper government, which need to be approved by Parliament and two-thirds of the provinces with two-thirds of the country's population, are designed to encourage Canadians to work beyond age 60.

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The proposals--to be phased in gradually beginning in 2011--would allow Canadians at age 60 and older to work and draw CPP benefits at the same time, ending the requirement that they remain out of the workforce for two months before beginning to collect.

Those who begin collecting benefits at 60, however, will take a financial hit. Their benefits will be reduced by 36 per cent instead of the current 60 per cent.

They also would be required to continue making CPP contributions. This would be voluntary for those 65 and older, but employers of those opting to continue paying CPP would be required to contribute.

The big reward is reserved for Canadians who wait until age 70 to begin drawing CPP. They would see their benefits boosted by 42 per cent, up from the current bump of 30 per cent.

Source: Norma Greenaway, Edmonton Journal, July 13, 2009

Nortel Pensioners Shaken By Bankruptcy

Nortel Networks pensioners are calling for action by governments at all levels after an American government agency seized control of the U.S. Nortel pension plan.

They are worried that the U.S. Pension Benefit Guaranty Corp. will try to get Canadian assets of the insolvent company to cover a $514-million deficit in the U.S. pension plan.

With the Nortel Networks pension plan in more trouble than previously believed, the U.S. government stepped in Friday to take control of the U.S. pension plan and guarantee the pensions of 23,000 employees and retirees.

Canadian Nortel pensioners fear that the agency, a quasi-government agency backed by the federal government, will act quickly to try to protect U.S. interests. It sits on the official creditors committee in the Nortel bankruptcy action and has long experience taking over pension plans after a string of airline, steel and other industrial bankruptcies.

For Nortel's U.S. employees and pensioners, the takeover is good news because it guarantees that pensions up to $54,000 U.S. annually will be paid from the PBGC fund. The PBGC will take over assets from the Nortel pension fund and seek a portion of assets from the sale of Nortel operating businesses.

But for more than 20,000 Canadian Nortel pensioners, employees and people with rights to future pensions, the future is much bleaker. The U.S. action means their hopes that their pension plan will survive the Nortel bankruptcy are effectively dead.

Only Ontario guarantees pensions of up to $12,000 annually and only for work that was performed in the province. The estimated 40 per cent of Nortel employees who worked in Quebec, Alberta and other provinces have no guarantees, and their pensions will rest solely on the remaining assets in the Canadian plan and their share of any asset sales.

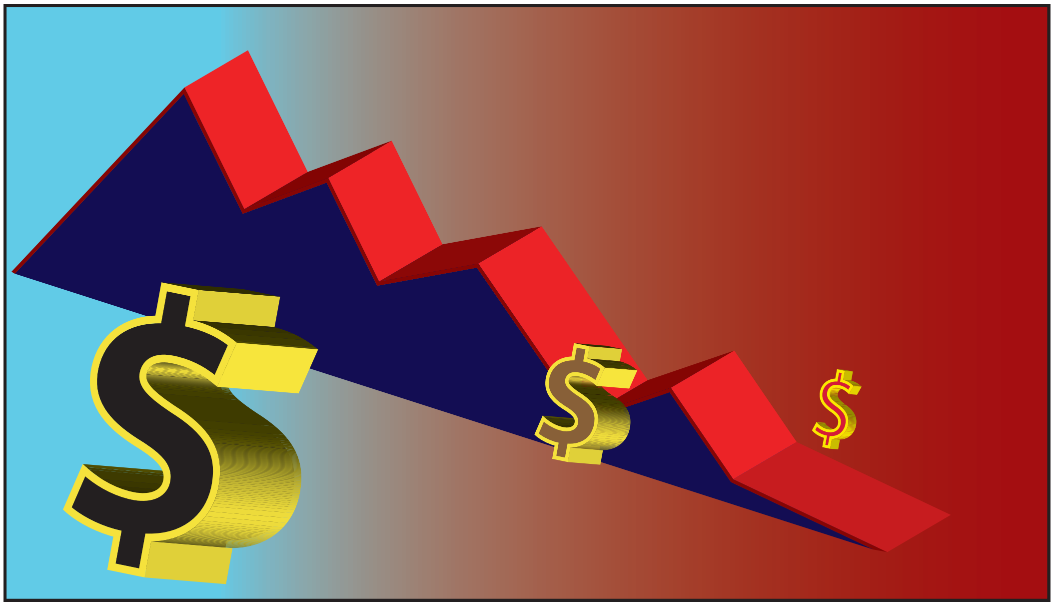
Other creditors, including bondholders, lenders, suppliers and former employees seeking severance payments, will all be making claims against those assets.

When pension plans are forced into liquidation, wind-up costs can rise quickly and the cash remaining to support pension plans can drop substantially. For the average Nortel pensioner drawing a pension of $2,400 monthly, the promised benefits could drop substantially if there is not enough cash to cover them.

Canadian Nortel pensioners believe the Canadian plan is in better shape, with enough assets to cover about 69 per cent of future claims. They had hoped to avoid a wind-up of the Canadian plan to allow a stock market rally to rebuild some of the shortfall. But there are also major Nortel pension plans in Britain, which are also in deep trouble, and will be seeking pieces of assets that come from the sale of Nortel assets.

Source: Bert Hill, The Ottawa Citizen, July 19, 2009

CPP Investment Loses



Heavy exposure to global stock markets has cost the Canada Pension Plan dearly.

The board reported on May 21, 2009 that it lost $23.6 billion, or 18.6 per cent, on the value of its investments during the year ended March 31, leaving it with $105 billon.

It was a 12-month period that included larger stock market losses than 2008, when the CPP fund lost 14.4 per cent.

That loss was much smaller than the 25 per cent at the Quebec Pension Plan, which was stung by investments in non-bank commercial paper and contracts aimed at shielding it from a rise in the value of the Canadian dollar.

But the CPP loss was larger than those of the much smaller pension plan for Ontario hospital workers, which lost 12 per cent, and for senior public servants, which lost 9.4 per cent.

The head of the board said the CPP's reserve fund is invested to earn high returns over many years. Unlike most pension funds, none of the reserve funds will be required to pay benefits for another 11 years or so. Even then, most CPP retirement and disability pensions will still be paid from annual payroll deductions.

He also said it could prove risky to switch from stocks to bonds in the hopes of avoiding further steep losses in the short term.

Government bonds are generally viewed as safer than stocks and were the only investments to rise in value last year. The Ontario pension plans for hospital workers and senior public servants were heavily invested in bonds.

"We see a lot of potential risk in bonds right now. Two key concerns we have are inflation and the amount of financing governments have coming to the markets for the stimulus packages and other policy measures. "If those two things combine, the only way the bond markets respond is the required yield (or interest rate) will go up... Yields go up in the bond market, prices go down."

The CPP reserve fund received $6.6 billion of the contributions from employers and workers last year. So its investment losses wiped out the equivalent of 3.5 years worth of contributions.

The reserve fund earned an average annual return of only 1.4 per cent over the past four years, and only 4.3 per cent over the past decade. Higher contributions could be required if the plan is unable to generate a return 4.2 percentage points higher than the annual rate of inflation.

Ottawa's chief actuary is to reassess the financial standing of the plan in about another 18 months.

Source: James Daw, The Toronto Star, May 22, 2009

Canada Facing Crisis in Private Pension Sector

Pension plans are a pillar of our financial economy, and they are in trouble. That means our retirement incomes are in jeopardy.

The immediate problem is that plans have suffered recent losses of 10 to 25 per cent in 2008. And there are deeper challenges. Coverage levels are declining, especially in the private sector. And the quality of pension coverage is changing, as employers seek to buffer themselves from the risks of sponsoring a pension plan by shifting more of those risks onto employees and retirees.

The challenges to the pension system are well recognized, but the responses to them are fraught with tough trade-offs. Because they are long-term arrangements, the pension choices we make now will bear directly on our retirement incomes in five, 10 and 20 years from now. And the options on offer today will affect different people in very different ways tomorrow.

Unfortunately, today's need for higher contributions coincides with a recession; hence, demands are afoot for pension funding relief.

The problem is most severe for newer, so-called "defined contribution" pensions, in which employers commit only to fixed contributions, not the final payouts. The growth of defined contribution plans is destabilizing retirement income security. Pension plan members have no predictability as to their retirement incomes. If contributions are inadequate, or investment returns are poor, or market conditions are adverse at the time of retirement, retirement may be impossible or significantly poorer than expected. This weakness of the system is clear today as asset values plunge.

In the defined benefit sector—in which members are guaranteed a fixed monthly pension—the crisis is not one of retirement income security. Instead, it is a "funding" crisis. A promise of a fixed pension has been made, and money must be set aside to provide for those pensions. Investment losses must be made up through higher contributions. Unfortunately, today's need for higher contributions coincides with a recession; hence, demands are afoot for pension funding relief.

In a recent report, A Fine Balance, the Ontario Expert Commission on Pensions recommends a new process to address under-funded pension plans in hard times. Employers in distress would approach the representatives of affected plan members (a union or employee group). Together, the employer and the members would reach an agreement about the measures best suited to deal with the problem. The pension regulator would have the authority, under the commission's recommendations, to approve the deal and vary the funding rules as necessary.

The report also reviews the province's Pension Benefits Guarantee Fund. It currently insures pensions where the sponsoring employer becomes bankrupt and the pension plan doesn't have the money it needs to pay promised benefits.

The fund insures pensions up to $1,000 per month—a level that hasn't changed in almost 30 years. The commission recommends increasing this to $2,500 per month. Even then, Ontario's Pension Benefits Guarantee Fund would provide only about half the level of coverage provided by the Pension Benefits Guarantee Corp. in the U.S.

This may be controversial because it will entail additional cost. But the options available for secure retirement income don't come cheap or easy. We can adopt more defined contribution plans—but they provide no retirement income security. Or we can maintain defined benefit plans, with an insurance backstop.

Unfortunately, the Canadian federal government has no pension insurance system for the defined benefit plans it regulates. Without one, federal reform of pension funding rules should proceed with caution.

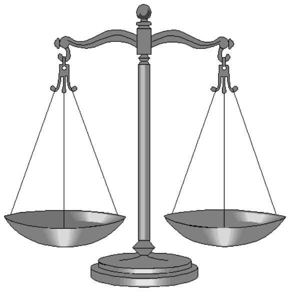
Perhaps today's challenges are too great and the cost of security is too high. If so, we can look at enhancing the CPP, the largest and most efficient pension arrangement in the country.

Increasing CPP benefits may allow us to fix the private pension problem, not by paying more into those plans, but by shifting the pension obligations away from them and toward the national plan.

Ontario's Expert Commission has endorsed the call for a national pension summit. The time to choose between these alternatives is now.

Source: Murray Gold, The Toronto Star, December 11, 2008

Good Balance: Response to the Report of the Expert Commission on Pensions



Canadian Pensioners Concerned, Ontario Division, commends the work done by the Ontario Expert Commission on Pensions. The Commission's recommendations are designed to bring greater equity, transparency, security and effectiveness into the administration and management of pensions in Ontario.

The government must act on these recommendations and not allow the Commission's Report to sit neglected on the Minister of Finance's bookshelf. We wish to draw particular attention to some immediate concerns that we believe require a quick policy response by the government.

Poverty and pensions

The poverty rates among older person have been significantly reduced through the introduction of Old Age Security (OAS), the Canada Pension Plan (CPP), Guaranteed Income Supplement (GIS) and the provincial Guaranteed Annual Income System (GAINS). However, a significant factor in the lowering of poverty levels among older Canadians has been the existence of private sector Defined Benefit Pensions. These plans have enabled workers to retire with pensions that have helped to keep them out of poverty and enabled them to contribute to the economy of the country.

Defined Contribution Plans provide less risk to the employer in terms of financial responsibility for maintenance of the plan. They are far riskier for the employee and we believe that the management and development of Defined Benefit Plans should be improved and stabilized. We therefore support the focus of the Commission on improving conditions for the accessibility and stability of Defined Benefit Plans for all workers.

It is clear that female workers and members of recent immigrant families are less likely to have relatively good pensions, particularly defined benefit plans, and we foresee growing issues of poverty among these particular populations as they age unless new strategies are developed that can increase their access to well paid employment with defined benefit plans.

We are particularly concerned about Canada's failure to reduce significantly the level of poverty among its citizens. We have seen the benefits that have accrued to older persons through the introduction of OAS, CPP, GIS and GAINS. If we can successfully add to the possibility for all workers to contribute to pension plans through their workplace we can succeed in reducing poverty among older persons quite significantly.

Defined Benefit Plans

Defined Benefit Pension Plans have become major sources of capital investment in Canada. Their ability to use that investment power to improve corporate governance and investment strategies is and will continue to be a major source of economic investment in the country. We see this role as carrying great significance as these funds are increasingly engaging their beneficiaries and their working members in the policy making for fund investments. We see this as a good potential to improve governance and corporate practices in the private sector.

Transparency, Governance and Regulation

We commend the Commission on it recommendations that target improved regulation and transparency in the governance and management of pension plans. We support the Report's call for the greater engagement of beneficiaries and workers in the management of their private pension plans. We also support the continuation of the Pension Benefits Guarantee Fund (PBGF) and particularly support the suggestion that retirees in failed plans should be eligible for coverage under the PBGF of $2500 of pension benefits per month. We urge the government to accept this particular recommendation and bring it into effect immediately. The current state of the Ontario economy has placed many workers at risk of losing their pensions through the collapse of their employer.

Source: Canadian Pensioners Concerned, http://www.canpension.ca/pages/concerns.html

For a copy of the report, see Ontario, Report of the Expert Commission on Pensions, *A Fair Balance: Safe Pensions, Affordable Plans, Fair Rules.* http://www.pensionreview.on.ca/english/report/

Proposed Changes to Canada Pension Plan

Changes to the Canada Pension Plan (CPP) were recommended by federal, provincial and territorial Ministers of Finance on May 25, 2009, as part of the regular reviews of the Plan that they are required to undertake every three years.

Anyone currently receiving a CPP retirement pension, disability benefits, survivor benefits or combined benefits will not have these benefits affected by the proposed changes.

This will also apply to anyone who receives their CPP retirement pension or other CPP benefits prior to the proposed changes taking effect, beginning in 2011.

Contribution requirements for some CPP retirement pensioners who work, and their employers, will be affected by the proposed changes.

The changes being proposed are the following:

Removal of the Work Cessation Test

The Work Cessation Test requires individuals who apply to take their CPP benefit early, (i.e., before age 65) to either stop work or reduce their earnings. After having stopped work or reducing earnings for at least two months, the individual may return to work and/or earn more. There is currently no Work Cessation Test for those who are 65 or older.

Proposed Change

- To remove the Work Cessation Test in 2012. Individuals would be able to take their benefit as early as age 60 without any work interruption or reduction in hours worked or earnings.

Increase in the General Low Earnings Drop-Out

The CPP retirement pension amount is based on the number of years a person has worked and contributed to the Plan, as well as the salary or wages he or she earned. Specifically, it is calculated as 25 percent of an individual's "average career earnings", starting at age 18 and ending at the age of CPP take-up.

The average of earnings over the span of the career is calculated allowing for 15 percent of the years where earnings are low or nil for whatever reason (e.g., full-time post-secondary education attendance or spells of unemployment) to be dropped. This provision is called the "general low earnings drop-out". The 15 percent gives individuals who take their CPP at age 65 almost 7 years of low or zero earnings years that can be dropped from the calculation of their average career earnings. In addition, there are drop-out provisions specifically for child rearing and periods spent receiving a CPP disability benefit.

Proposed Change

- To increase the general drop-out: to 16 percent in 2012. This would allow a maximum of almost 7.5 years to be dropped and to 17 percent in 2014. This would allow a maximum of 8 years to be dropped.

Improved Pension Coverage—Working Beneficiaries to Participate in the CPP (Mandatory before 65 and voluntary after 65)

Currently, those who receive a CPP pension and return to work (i.e., working beneficiaries) do not pay CPP contributions and, therefore, do not continue to build their CPP pension. Virtually all other workers in Canada are required to pay CPP contributions.

Proposed Change

- To require individuals under the age of 65 who receive a CPP retirement benefit and work, as well as their employers, to make CPP contributions that will increase their CPP retirement benefit. This would be voluntary for individuals aged 65 or over, but employers of those opting to participate in the CPP would be required to also contribute. These contributions will result in increased retirement benefits, including persons already receiving the maximum pension amounts.

Improved Fairness in the Pension Adjustments for Early and Late CPP Take-Up

The normal age of CPP take-up is age 65. If taken-up at this age, the CPP pension amount is calculated based on the number of years a person has worked and contributed to the Plan, as well as on the salary or wages earned.

The CPP's flexible retirement provisions allow take-up of the retirement benefit as early as age 60. As well, take-up of the CPP can be delayed beyond age 65. To ensure that there is fairness in the provisions, regardless of the age that the retirement benefit is taken-up, a second step in the pension calculation makes "actuarial adjustments" to the basic amount that would be provided at age 65. These adjustments are made for pensions taken early (before age 65) and late (after age 65). There are no further adjustments for delaying pension take-up beyond age 70.

Proposed Change

- To gradually restore the pension adjustments to their actuarially fair levels. The early pension reduction would be gradually increased to 0.6% per month for each month that the pension is taken before age 65. This would be done over a period of five years, starting in 2012. The late pension augmentation would be gradually increased to 0.7% per month for each month that the pension is taken after an individual's 65th birthday, up to age 70. This would be done over a period of three years, starting in 2011.

Impacts On CPP Finances And Sustainability

The proposed package of changes is affordable within the current CPP contribution rate of 9.9%. Further, the proposed package is expected to improve the long-term financial sustainability of the CPP.

Source: Canada, Department of Finance, Information Paper, Proposed Changes to the Canada Pension Plan, http://www.fin.gc.ca/n08/data/09-051_1-eng.asp

Popular Income Security Links

Guaranteed Annual Income System (GAINS)

The Guaranteed Annual Income System ensures a guaranteed minimum income level for Ontario seniors by providing monthly supplements to qualifying pensioners.
Source : http://www.rev.gov.on.ca/english/credit/gains/

Allowance Program

If you are between 60 and 64, and your spouse or common-law (same sex or opposite sex) partner receives the Guaranteed Income Supplement, you may be eligible for the Allowance. The Allowance is a monthly benefit that helps bridge the income gap until you reach 65.
Source : http://www.hrsdc.gc.ca/eng/isp/pub/oas/allowance.shtml

Canada Benefits

The Canada Benefits Web site provides an overview of all Government of Canada financial benefit programs for individuals. You can find information about government student loans, the public pension plan, employment insurance, housing assistance, and payments or financial assistance to parents, immigrants, refugees, disabled individuals, Veterans, athletes and artists.
Source : http://www.canadabenefits.gc.ca/faechome.jsp?lang=en

Canadian Forces Pension

Provides information regarding pay and allowances to military members on retirement leave; payment of Pension benefits, payment of Severance pay, payment of the Supplementary Death Benefit And the administration of all pension legislation applicable to Members of the Forces under the Canadian Forces Superannuation Act (CFSA).
Source : http://www.tpsgc-pwgsc.gc.ca/forces-pensions/txt/index-eng.html

Canadian Government Annuities Plan

An overview of the plans administered by the Annuities Branch, including a brief history of the Canadian Government Annuities, the available forms to annuitants and employers and the annual report.
Source : http://www.servicecanada.gc.ca/eng/cs/ga/010.shtml

Guaranteed Income Supplement (GIS)

The Guaranteed Income Supplement provides additional money, on top of the Old Age Security pension, to low-income seniors living in Canada. To be eligible for the GIS benefit, you must be receiving the Old Age Security pension and meet the income requirements explained on this Web page.
Source : http://www.hrsdc.gc.ca/eng/isp/pub/oas/gismain.shtml

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Financial abuse of elders takes a growing toll

Fraud is bad enough, but when family members or caregivers financially abuse elderly relatives or patients, it's downright despicable.

Family, friends, neighbours, and caregivers are the culprits in 55 percent of the cases, according to "Broken Trust: Elders, Family, and Finances," a report from the MetLife Mature Market Institute, produced in conjunction with the National Committee for the Prevention of Elder Abuse and Virginia Tech University in the United States.

Law enforcement and securities officials say the recession is pushing more people to steal from well-off seniors.

The annual loss in the United States is estimated to be at least $2.6 billion, according to the report. The typical victim of elder abuse is a woman over 75 who lives alone.

Financial abuse of elders can happen in a number of ways:

- Forging an older person's signature, or getting a senior to sign a deed, will, or power of attorney through deception, coercion, or undue influence.
- Using property without permission.
- Promising lifelong care in exchange for money or property - and not following through on the promise.
- Using credit cards without authorization.
- Engaging in confidence crimes ("cons") in which victims are scammed by gaining their trust.
- The following are some red-flag warnings to help spot financial abuse:
- Is the senior receiving information about or being asked to invest in unregistered securities or start-up companies? Check with your provincial securities regulator.
- Is the investment high-risk or speculative, such as rare metals or currency trading?
- Has the senior been asked to sign blank paperwork or give discretionary authority over accounts to an adviser?
- Is the senior complaining that an investment adviser won't supply account statements?
- Has the senior made out a check directly to the adviser or broker for the purchase of an investment?

If you suspect a senior is being exploited, report it—even if the suspected scoundrel is a family member.

Source: American Association of Retired Persons Bulletin Today based on article by Michelle Singletary, Washington Post and sourced from Boston Globe, July 16, 2009.

Protect Yourself from Financial Abuse

Consider the following . . .

If you are frequently asked for money, or are asked to do something with your money that you are not sure is right... ▶	**Think about** whether someone is trying to take advantage of you. **Think about** when and how the person is going to pay you back and what will happen to you if you do not get your money back. ▶	**Be wise** and talk to someone you trust about ways to help. If you suspect this activity may be illegal, call the police.
If you are deciding to move in with a friend or family member... ▶	**Think about** this move carefully. Even the best families can have problems. ▶	**Be wise** and make sure you have looked at the options that would allow you to stay in your own home.
If people do your shopping for you and you feel that things are costing more than they should... ▶	**Think about** whether persons are using your money to buy things for themselves. ▶	**Be wise** and check your store receipts carefully.
If you are having difficulty managing your money... ▶	**Think about** whether you need someone to help you with your finances. ▶	**Be wise** and talk about it with your family or someone you trust. **Be wise** and learn about a "Power of Attorney" by talking to your lawyer or Legal Aid.

Canadian Government Plans New Rules for Private Pension Plans

The Canadian government recently unveiled new rules for private pension plans, promising increased protection for members and reduced volatility in funding corporate obligations.

The government plans to restrict an employer's ability to take a holiday on contributions to federally regulated pension plans unless they keep a 5 per cent funding cushion.

Companies must base their funding requirements on a three-year average to reduce volatility, and they must fund pension benefits fully if a plan is terminated.

The government will also increase the pension surplus threshold for federally and provincially regulated defined benefit pension plans to 25 per cent from 10 per cent.

Ottawa and the provinces also plan to examine the question of whether employee pension plans should have priority in the case of bankruptcies.

Telecoms equipment maker Nortel, for example, is under bankruptcy protection and its former employees have complained loudly that their pensions were not protected.

The changes announced only apply to federally regulated private pension plans—including those from banks, airlines and telecom firms—which represent about 7 per cent of Canadian pension plans.

Pension plan managers and federal regulators have worried in recent years about the health of private pension plans, given historically low interest rates, an aging population and now the crash in financial markets.

Many firms have looked for ways to delay making their contributions. These include Air Canada, which reached a deal earlier this year with its unions and retirees for a moratorium on funding its multibillion-dollar pension deficit until 2011.

Source: Randall Palmer, Reuters, October 27, 2009.

Popular Income Security Links

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International Benefits

If you have lived or worked in another country, or you are the surviving spouse or common-law partner of someone who has lived or worked in another country, you may be eligible for a pension from Canada or abroad.

Source : http://www.hrsdc.gc.ca/eng/isp/ibfa/intlben.shtml

Old Age Security (OAS)

The Old Age Security program includes the basic Old Age Security pension, the Guaranteed Income Supplement and the Allowance. This site developed by Social Development Canada describes how the program operates.

Source: http://www.hrsdc.gc.ca/eng/isp/oas/oastoc.shtml

Veterans services

Veterans Affairs Canada offers many services and benefits to War Veterans and certain civilians with theatre-of-war service. It also offers services to still-serving and former members of the regular or reserve force, RCMP members and their families.

Source : http://www.vac-acc.gc.ca/clients/sub.cfm?source=services

Canada Benefits: Dealing with death in Ontario

This Canada Benefits Web site provides an overview of all government benefit programs and services for individuals related to dealing with death in Ontario.

Source : http://www.canadabenefits.gc.ca/faeclist.jsp?lang=en&catid=12&geo=5

Senate Report on Aging

Ottawa (April 21, 2009) – Canada should be doing more to assist its aging population, the members of the Special Senate Committee on Aging conclude in their final report *Canada's Aging Population: Seizing the Opportunity.* Addressing the issues of today's seniors has serious implications for the seniors of the future.

Source: http://www.parl.gc.ca/40/2/parlbus/commbus/senate/com-e/agei-e/subsite-e/Aging_Report_Home-e.htm

From the Executive Director

Greetings, I hope you enjoy the new look of the *Bulletin.* All of us at COA are very excited about it and hope you are too. Many people had input including the editorial committee and residents of **Unitarian House of Ottawa** who participated in a focus group. Many thanks to all and especially to **Rick Strong,** our new *Bulletin* publisher who is also a volunteer. We really appreciate his expertise and his support.
Thank you Rick.

Not only is the look brand new but so is our logo. This is an original logo and was the result of a collaboration between the **Members.com** committee, **Chantal Renaud-Jones** and **Evelyn Maloney** steering the process. The timing is perfect because it comes at the beginning of an important year for The Council on Aging of Ottawa: our 35th Anniversary. There will be special activities throughout the year and a lot of celebrating. Thanks to **Marcel Custeau** for leading the development of our program. One way of being sure you are informed of upcoming events is to be sure you have a membership.

The Council on Aging of Ottawa has many community partners and I would like to take this opportunity to thank them for their unfailing concern for the quality of life of seniors and commitment to work collaboratively.

To all of you, best wishes for a healthy and happy new year. May 2010 be good to all.

Oris Retallack
Executive Director

COA Mission

The Council on Aging of Ottawa is a bilingual, volunteer-based charitable organization dedicated to improving the quality of life of seniors living in Ottawa.

COA Slogan for 2010

Working with and for Seniors: Celebrating 35 years in 2010

Certificates of Appreciation

The following are recipients of the *Margaret Griffiths Award* & *Certificates of Appreciation* which were presented at the last AGM in June 2009.

Margaret Griffiths Award

The 2009 ***Margaret Griffiths Award*** was presented to **Madame Nicole Robert,** Community Services Geriatric Psychiatry Ottawa. The award is presented to a volunteer who has given exceptional amounts of time and effort to support the work of The Council on Aging and other community agencies to benefit seniors.

Certificates of Appreciation

These certificates are presented to volunteers who have made particularly outstanding contributions to The Council on Aging through their work on committees or with event coordination or special projects.
Eleanor Meier: Eleanor is active with the Members.Com committee and regularly assists with Lunch & Learns and forums.
Alina Kinastowski: Alina is also very active with the Members.Com committee, Bulletin distribution, and maintains the COA display unit, which she sets up at many external community events.
Jean McKibbon: Jean is a long-time member of the Health Issues Committee and has helped with many projects over the years.
Nick Greco: Member of Housing Committee, does much advocacy work for seniors' housing.

A special Certificate of Appreciation and gift was given to **Chantal Renaud-Jones** for her generous work in designing our new logo and brochure which will take the Council into the coming years. We are very grateful for this contribution.

A Certificate of Appreciation was given to **Lise-Michèlle Bouchard**, who has worked for The Council on Aging since the early 1990s, and whose dedication has been outstanding, going well above and beyond the call of duty.

Thank you

The Council on Aging of Ottawa gratefully acknowledges the generous contribution of Impressions Printing.

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Become a member of The Council on Aging of Ottawa — Support the community voice for all seniors

The Council on Aging is a bilingual, non-profit, voluntary organization dedicated to enhancing the quality of life for all seniors in Ottawa.

❐ *YES, I would like to join and make a difference to Ottawa Seniors in 2010!*

Name: ______________________________

Organization: ______________________________

Address: ______________________________

____

City: ______________ **Postal Code:** ______________

Telephone: (   ) ______________________

E-Mail: ______________________________

Membership Fees 2010:

- ❐ **One Year "Individual"** **$25.00**
- ❐ **One Year "Organization"** **$75.00**
- ❐ **Donation $** ______________
- ❐ **Cheque enclosed**

Please bill my: ❐ **Visa** ❐ **Mastercard**

Card # ______________________

Amount $ ______________________

Expiry Date: ________ /__________

Signature: ______________________

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For more information: 613-789-3577 ext. 11
Or visit www.coaottawa.ca

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