

5 tax-filing tips – SENIORS & RETIREES

2018 tax year (Individual filing due Tue Apr 30, 2019)

There are no tax breaks just for growing older ... *or actually, there are* – See the age credit below. Seriously though, as you move into your later years and begin to draw off a lifetime of savings, you need to be conscious of where you can find tax efficiencies. Fortunately, the system has a number of features to help seniors & retirees manage.

1. Pension income splitting

You may split up to half your annual income from a registered pension plan (RPP) or registered retirement income fund (RRIF) with a lower income spouse or common-law partner (CLP). For RRIF you usually must be 65 or over, but for RPP it applies at any age. For reference, the combined Federal-Ontario top bracket rate is 53.5%, and the lowest combined rate is 20.05%.

2. Pension credit

You may be able to claim a tax credit on up to \$2,000 of eligible pension income from a registered annuity, RPP or RRIF. That could be \$372 less tax for an Ontarian. If you have used pension-splitting (see above) with your spouse or CLP, he/she may also be able to claim the pension credit on those amounts.

3. Age credit

If you were 65 or over at the end of 2018, both the Federal and Ontario governments have an age credit you may claim. Combined, these credits are worth as much as \$1,356 in reduced taxes, but the credit begins to be clawed-back as income goes past \$36,976.

4. Goods and services tax / harmonized sales tax (GST/HST) credit

The GST/HST credit is a tax-free quarterly-paid amount intended to offset GST/HST paid by people of modest income. As you enter retirement, your income may reduce to the point where you receive some or more of this. The base individual credit is \$284, but clawback begins at income of \$36,976.

5. Medical expense credit

This credit is open to all, but as we age we may have more frequent and larger medical costs. It can be based on any 12-month period ending in the tax year, so examine when costs were incurred to decide how best to make your claim. It applies once expenses exceed the lesser of \$2,302 or 3% of net income.

For more, click here or search "[Seniors: Ready to do your taxes?](#)" on [canada.ca](#).



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