



## April 2023 E Blast

Welcome to Spring! It has been a hard March, but we look forward to a fine spring. As reported below, both OMERS and OTPP have done very well to protect our pensions. It has been a dismal year on the stock market, but both pensions have protected and added growth to their assets, while actively working on their decarbonization investments. They are to be commended, and we are thankful for our Defined Benefit Plans with a Cost-of-Living clause as well. Few enjoy our privileges!

COMING SOON! Our Spring DUSTOFF magazine.

## PENSION HIGHLIGHT REPORTS

### OTPP: Performance Highlights for 2022

- Total-fund net return of 4.0%, 10 yr. average 8.5%
- Net assets grew to \$247.2 billion, and we made continued progress toward our goal of \$300 billion in net assets by 2030.
- Fully funded for the tenth year in a row; \$17.5B surplus; 106% funded.
- We advanced our climate strategy by adding \$3B in new green assets, \$5B in Companies with impressive plans for decarbonization.
- 93% of members were satisfied with our service.
- 50% of our investments are now outside of North America (50+ countries)
- Have decreased our Carbon Portfolio 32%
- 6.3% increase for pensioners, 2023
- Full report at <https://www.otpp.com/en-ca>

## **OMERS:** Performance Highlights for 2022

- Net Return of 4.2%, 10 yr. average 7.5%
- Net Assets grew to \$124.2 B.
- 95 % Funded
- 95% of members were satisfied with our service.
- Have decreased Carbon Portfolio 32%
- 6.0% increase for pensioners, 2023
- Full report at <https://www.omers.com/omers-2022-annual-report#>

## **RTOERO District 28 Hikers**

As spring has finally arrived, we are going to explore a local Conservation area, Long Sault. There should be a great collection of wildflowers, along with every other sign of spring. We will meet at 10:00 am, Thursday April 20. To reach our starting location drive to Durham 57 (located east of Oshawa running north south). About 6 km north of where the new 407 crosses 57, turn East at Durham 20 (stop lights there). About 3/4 km east you will pass Grasshopper Park Rd. Shortly after, the entrance to Long Sault is on the left. As this is a good distance for many of you, and we have to pay for parking, I would suggest car-pooling if you know someone, to reduce gas consumption and costs. I look forward to seeing you.

Don Farquharson

## **Coffee on Us**

Come join us at 10:00 for a coffee and conversation.

### **WEDNESDAY** April 26th

Ajax: 245 Salem Rd S  
Bowmanville: 350 Bowmanville Ave  
Oshawa: 1361 Harmony Rd  
Port Perry: 15930 Old Simcoe Rd.  
Uxbridge/Beaverton: 325 Toronto St S.

### **THURSDAY** April 27th

Pickering: 742 Kingston Rd.  
Whitby: Brock St S at 401



## Local Funding Available for RTOERO members



Each year funds to a maximum of \$500 are made available for projects involving RTOERO members for education related and/or other community projects thereby providing a means by which RTOERO members can participate in education, social and/or community projects and raise the profile of RTOERO and its members. For guidelines and application information, contact

Jim Craigen [jcraigen@idirect.com](mailto:jcraigen@idirect.com). Last year, seven awards were given to District 28 projects totaling \$3500. The deadline for submitting a request is May 1, 2023.

## Social Committee Report for Eblast April 2023

**\*\*Our Zoom Events Are Finished until After the Summer\*\***

### UP COMING IN-PERSON EVENTS

**MURDER MYSTERY and 3 COURSE DINNER** at Kedron Dells (May 2, 2023) You are invited to bring friends, dress the part of a Gangster or "Moll" (or not, it's your choice), and solve a Moida Mystery. It's Big Al's Boithday and Big Al is DEAD! Who dunnit? Work with your table mates to find out and win one of three prizes just for attending or dressing up. Costs: Members \$69 & Guests: \$84. No need to travel far to have a great theatre experience and a wonderful meal with friends!!

### RTOERO DISTRICT 28 GOLF TOURNAMENT

at Sunnybrae Golf Course, Port Perry. (May 29, 2023). Invite your friends, make a foursome, or come alone! Continental Breakfast + nine holes of Golf cost **\$45 for an RTO Member & Guests cost \$60**. What a Deal! A BBQ lunch @ \$20 is optional but what a great way to spend more time with friends past and present. A really great time was had by all last year. There are prizes for everyone. See you there!



### RTOERO DISTRICT 28 ANNUAL GENERAL MEETING, SPRING LUNCHEON AND SOCIAL

at Port Perry Community Centre, 1655 Reach St., Port Perry (**Tuesday, June 6 at 11:00 am**). Join with friends and fellow RTO members to learn about our organization, meet Board Members and enjoy a great social event all while experiencing a great meal! RTO District 28 Costs to be announced!

\*Be sure to see the advertisements and registration for our up-coming Golf Tournament and Annual General Meeting in this DUSTOFF. See you there.\*

## Research Opportunity

The Exercise Oncology Lab (PI: Dr. Linda Trinh) at the University of Toronto has an exciting study opportunity.

"We are looking for breast cancer survivors across Canada to participate in a free 8-week exercise program to allow us to further explore the relationship between exercise, cognitive functioning and mental health. The study is completely remote and will be delivered via Zoom. Participants can complete the entirety of the program from the comfort of their own homes.

If you would like to participate or have any questions, please feel free to reach out to our research team at the Exercise Oncology Lab at 416-946-5856 or at [exercise.oncology@utoronto.ca](mailto:exercise.oncology@utoronto.ca). "

Learn more about Nature! One of our partners in **Environmental Stewardship** is North Durham Nature. To attend one of the following presentations go to: <https://www.northdurhamnature.com/>

**April 25, 2023 - *Status, Protection and Recovery of Ontario's Amphibians and Reptiles* - with Joe Crowley, @ 7:00pm, Lucy Maud Montgomery Church in Leaskdale**

Mr. Crowley will discuss the status of Ontario's amphibians and reptiles, including an introduction to the Species at Risk (SAR) status assessment and listing process in Ontario and Canada. He will discuss the key threats and conservation challenges faced by the province's herpetofauna. You will learn about the legal protection afforded to these species under the federal Species at Risk Act (SARA) and provincial Endangered Species Act (ESA). Joe will give an overview of the recovery process and some key recovery initiatives that are underway, including opportunities for the public to get involved.

**May 23, 2023 - *TRAVELS WITH THE MONARCH* - with Don Davis, @ 7:00pm, Scugog Memorial Library**

For 44 years, Don Davis has studied monarchs as a citizen scientist, tagging his first monarchs in 1967. Don will describe highlights from his work and review monarch life history and migration. Don will discuss what actions should be taken to maintain successful monarch populations and yearly migration. He will also share how recent research offers insights and knowledge about how to, best allocate limited resources to conserving this iconic species.

**June 27, 2023 - *Bad Reputations: Cormorants and Conservation with Gail Fraser* @ 7:00pm, Lucy Maud Montgomery Church in Leaskdale (11850 Concession 7, Uxbridge)**

Since their rapid population recovery in the Great Lakes, double-crested cormorants have a bad reputation because they are a large black water bird that eats fish, and their nesting habits kill trees. Professor Gail Fraser describes the role of cormorants in the Great Lakes ecosystems and how cormorant ecology relates to biodiversity conservation.

Learn more about your **Old Age Security**

Are you about to turn 65? The [Old Age Security](#) (OAS) program is the cornerstone of Canada's retirement income system, along with the CPP. It includes a basic pension that goes to almost all people 65 or older who have lived in Canada for at least ten years over the age of 18.

## How much income to expect?

The OAS benefit you receive depends on the number of years you live in Canada after you turn 18. Generally, you receive a full pension (Currently, the maximum OAS income is \$685.50 per month) if you live in Canada for at least 40 years after age 18. If you live here for less time, you may qualify for a partial pension. With a partial retirement, you'll receive 1/40th of the full pension for each complete year you live in Canada after you turn 18. OAS is indexed for inflation every January, April, July, and October. Here are the maximum OAS rates:

<b>Year</b>	<b>Maximum Monthly Benefit</b>	<b>Maximum Annual Benefit</b>
2023	\$687.56	\$8,250.72

## What is the Old Age Security claw back?

The Old Age Security claw back, also known as the OAS Recovery Tax, requires high-income retirees (over the age of 65) to repay some or all of their OAS pension. It is interesting to note that the government does not use the word claw back. Instead, they use the OAS recovery or OAS repayment. Despite that, claw back seems to be the more universally understood term.

If your net individual income is above a set threshold, your OAS pension will be reduced. Here are the starting thresholds:

<b>Year</b>	<b>OAS Max (Monthly)</b>	<b>OAS Max (Annual)</b>	<b>OAS Claw back starting threshold</b>	<b>OAS Maximum claw back threshold</b>
2023	\$687.56	\$8,250.72	\$86,912	\$141,917
2022	\$642.25	\$7,707.00	\$81,761	\$133,141

Old Age Security claw back levels are also adjusted each year for inflation. For every dollar (\$1.00) of income above the threshold, the amount of the basic OAS pension reduces by 15 cents. For example, if your taxable net income was \$85,000 in 2021, then you would be above the claw back threshold by \$3239, which in turn would mean that you would lose \$485.85 per year of OAS or \$40.49 per month. If you qualified for the maximum OAS, you would lose about 5.9% of your OAS pension income.

## Is OAS claw back a big issue?

On one hand, the answer is yes because it is like an additional 15% tax on top of the current marginal tax rates. However, according to Human Resource Development Canada, only about five percent of seniors receive reduced OAS pensions, and only two percent lose the entire amount.

In terms of planning, if you are one of these people who face losing some of the OAS due to claw back because your income over the age of 65 will be higher than \$81,761 for 2022, here are some strategies to help you minimize the claw back. Each individual will have different circumstances. See your Financial Advisor for advice.

1. **Withdraw RRSPs before you turn 65.** This sounds like unconventional advice but leaving the [RRSPs](#) until after the age of 65 may lead to the loss of OAS which is like an additional 15% tax. One of the benefits of [investing in RRSPs](#) is that it is a tax deferral. And while tax deferral is great, it is only good to a point. Tax must be paid on it eventually!
2. **Take advantage of income splitting.** Probably the biggest impact for married retirees was the introduction of pension splitting in 2007. With pension splitting, spouses can give up to 50% of their pension income to their spouse for tax-splitting purposes. It's an effective way to reduce your taxable income if you are close to the OAS claw back threshold. For retirees with no pension income, Registered Retirement Income Funds ([RRIF](#)) and annuity income qualify for pension splitting after the age of 65. Splitting or sharing Canada Pension Plan (CPP) is another way to [income split](#) and minimize or avoid OAS claw back.
3. **Defer your OAS payments up to age 70.** Under newer rules, if you think you will reach the claw back threshold between ages 65 to 70, you can [elect to defer OAS](#) as late as age 70. Deferring your OAS benefits will increase your eventual payment by 0.6% for every month after your 65th birthday. This works well for those people who are planning to work past the age of 65.
4. **Improve tax efficiency in your non-RRSP investments.** When it comes to investment income from non-registered investments, different types of income are taxed differently. Interest income from Guaranteed Income Certificates (GICs) and term deposits are fully taxed. [Mutual fund corporations](#) may be an effective alternative to convert income into capital gains instead of interest income.
5. **Limit your dividend income.** Dividend income is considered tax efficient because it's taxed at a lower rate than interest income and, at some levels, capital gains. The problem with dividend income is that getting a tax break requires a dividend gross-

up for the dividend tax credit to be applied. As a result, dividend income can actually get you closer to the OAS claw back threshold because the grossed-up income is used. If your income is close to the OAS threshold, be careful about selecting investments that produce dividend income.

6. **Use Your Tax-Free Savings Accounts (TFSA)** - [Tax-free savings accounts](#) are favourable to non-registered investments because the investment income is non-taxable inside the TFSA. Maximizing the TFSA is a great strategy to reduce OAS claw back, especially if the investment income would put you over the \$74,788 threshold. The [TFSA](#) is also a great place to hold investments that produce dividend income if those types of investments are preferred.
7. **Consider using leverage.** Borrowing to invest can help reduce OAS claw back if the interest on the loan is tax deductible. This interest deductibility reduces your net income dollar-for-dollar. At the end of the loan, you pay the principal on the loan and keep the after-tax investment income.
8. **Avoid capital dispositions after the age of 65.** For example, people with rental properties, cottages, or significant unrealized capital gains from investments may be better off triggering those gains before the age of 65. Triggering them after 65 may result in losing OAS from claw back.