



Single Seniors for Tax Fairness

It's time for equality in our tax system.

Date: September 11, 2024

Who we are

Single Seniors for Tax Fairness (SSTF) is a Canadian nationwide movement devoted to lobbying for revisions to the Income Tax Act to provide fairness and equity for senior singles.

“Single seniors” are people 65+, never married, widowed, divorced or separated.

SSTF:

- is run by volunteers and funded solely by donations**
- has over 1000 subscribers to its updates**
- has met with over 130 MPs**
- has had petitions read in the House of Commons by supportive MPs**
- has made recommendations in pre-budget submissions to the Finance Committee**

What are our concerns?

Single seniors are paying higher taxes and are subject to clawbacks at the same or lower income compared to couples.*

Issue	Impact
Pension income splitting	Permits a spouse to allocate up to 50% of eligible pension income to the other spouse to reduce taxable income and minimize their combined tax payable. Reduces their individual net incomes which minimizes or eliminates the clawback of Old Age Security (OAS) or the age amount non-refundable tax credit.
Non-refundable tax credits	Each spouse can claim the non-refundable tax credits, including the personal, age and pension income amounts, and can transfer some unused non-refundable tax credits to the other spouse.

*** Couples include married and common-law spouses.**

What are our concerns?

Issue	Impact
<p>On the death of a spouse, the proceeds of a Registered Retirement Savings Plan (RRSP), Registered Retirement Income Fund (RRIF) and other registered plans can be transferred to the surviving spouse on a tax-deferred basis.</p>	<p>On the death of a single senior, the proceeds of RRSPs, RRIFs, and other registered plans (except TFSAs) are taxable as income in the year of death. This reduces the amount paid to a non-spousal beneficiary by up to 50+%.</p>

SSTF Recommendations

SSTF Recommendations

Recommendation 1

- **That the government introduce a tax provision to compensate single seniors for the considerable reduction in taxes payable by couples who use pension income splitting**

Recommendation 2

- **That the government implement a new single senior non-refundable tax credit equivalent to half of the personal amount for the applicable taxation year**

Recommendation 3

- **That the government increase the pension income amount from 2,000 to 3,000 for single seniors**

SSTF Recommendations

Recommendation 4

- **That the government increase the income clawback thresholds for Old Age Security and the age amount non-refundable tax credit for single seniors**

Recommendation 5

- **That the government amend the tax treatment of registered plan proceeds on the death of a single senior to allow a tax-deferred rollover to any beneficiary (regardless of the relationship with the deceased) with the proviso that the proceeds must be paid out and taxable to that beneficiary over a maximum of 10 years. Should the beneficiary die before the end of 10 years, the balance would be fully taxable in the year of death of that beneficiary.**

Tax inequality examples

Scenarios

The following pages depict scenarios which show how single seniors are disadvantaged relative to couples in current tax policies.

They highlight disparities arising from:

- **pension income splitting reducing net and taxable income for couples**
- **the clawback of the age amount and the repayment of Old Age Security**
- **the double non-refundable tax credits (personal, age and pension income amounts)**
- **the transfer of unused non-refundable tax credits to a spouse**

Note: using the same total income for the single and the couple (combined) is a valid comparison since many/most expenses are incurred by a “household” – whether that’s 1 or 2 people – especially at lower income levels.

Case #1 – A single senior pays more tax on \$50,000 total income than a couple with the same combined total income.

Income	Spouse 1	Spouse 2	Single senior
Old Age Security	\$7,925	\$7,925	\$7,925
CPP	\$9,000	\$9,000	\$9,000
Pension income split for the couple	\$8,075 (1)	\$8,075 (1)	\$33,075 (note: amount used to yield same taxable income)
Total /Taxable income	\$25,000	\$25,000	\$50,000

Tax payable	Spouse 1	Spouse 2	Combined	Single senior
Total federal non-refundable tax credits	24,296 (2)	24,296 (2)	48,592 (2)	22,769 (2)
Federal tax payable	\$106	\$106	\$212	\$4,085
Ontario tax payable	\$480	\$480	\$960	\$2,436
Total tax payable	\$586	\$586	\$1,172	\$6,521

Comparison of age amount non-refundable tax credit	Spouse 1	Spouse 2	Combined	Single senior
Age amount	7,898	7,898	15,796	6,371 (3)

(1) Spouse 1 has eligible pension income of \$16,150. By using pension income splitting, each spouse claims \$8,075.

(2) Each spouse claims the full personal, age, and pension income amounts totalling 48,592, while the single senior can claim only 22,769.

(3) The single senior's age amount is clawed back by 1,527 to 6,371 while the couple can both claim the maximum for a combined total of 15,796.

Disparities in taxes payable and clawbacks for single seniors compared with couples with the same combined incomes

Total income	Combined tax paid by spouses	Tax paid by a single senior	Extra tax paid by a single senior	Clawback of age amount for single senior	Clawback of age amount for a couple	Clawback of OAS for a single senior	Clawback of OAS for a couple
\$30,000	\$0	\$1,755	\$1,755	0	0	\$0	\$0
\$40,000	\$0	\$3,914	\$3,914	27	0	\$0	\$0
\$50,000	\$1,172	\$6,521	\$5,349	1,527	0	\$0	\$0
\$70,000	\$5,515	\$13,041	\$7,526	4,527	0	\$0	\$0
\$100,000	\$13,042	\$24,986	\$11,944	7,898	3,054*	\$2,735	\$0**

The couple receives a combined age amount of 12,742* and combined OAS of \$15,850**.

The couple can split their pension incomes. Each spouse can claim non-refundable tax credits, including the personal, age, and pension income amounts, and can transfer unused portions to a spouse. Also, each spouse receives the OAS income.

Non-discretionary expenses

<p>Household expenses payable from after-tax income whether household has 1 or more inhabitants</p>	<p style="text-align: center;">Home owners</p> <p>Mortgage Utilities Property taxes Home insurance Appliances & repairs Furniture & repairs Cleaning supplies/service Outside maintenance or condo fees Automobile: <ul style="list-style-type: none"> • Purchase/Loan payments • Gas, maintenance & repairs • Insurance </p>	<p style="text-align: center;">Renters</p> <p>Rent Utilities Furniture & repairs Tenant’s insurance Cleaning supplies/service Automobile <ul style="list-style-type: none"> • Purchase/Loan payments • Gas, maintenance & repairs • Insurance </p>
<p>Caregiving</p> <p>A 2021 survey by the Canadian Medical Association and the National Institute on Ageing found that 96% of Canadians would do everything possible to avoid going into long-term care. They want to age at home and be as independent as possible, for as long as possible.</p>	<p style="text-align: center;">Single senior</p> <ul style="list-style-type: none"> • Would have to hire outside help if family not available • Could be forced to move to long term care earlier than necessary if no help available or can’t afford help 	<p style="text-align: center;">Couple</p> <ul style="list-style-type: none"> • Can help each other with some aspects of daily living • This may defer necessity for outside help or a move to retirement or long-term care home
<p>Transportation</p> <p>Seniors have to re-qualify for their driver’s licence at age 80. A driver’s licence may be suspended for medical reasons.</p>	<p style="text-align: center;">Single senior</p> <p>When single seniors can no longer drive, they have to rely on family/friends, if available, taxis or public transportation. This is either costly or inconvenient.</p>	<p style="text-align: center;">Couple</p> <p>If one person can no longer drive, the spouse may still be able to drive, plus a taxi costs the same for one or two people.</p>



RRSP, RRIF
and other registered plan transfers

Singles' RRSPs/RRIFs cannot be transferred on a tax-deferred basis to a beneficiary of choice

- **When Spouse 1 of a couple dies, the value of the deceased's RRSP, RRIF and other registered plans can be transferred to the surviving spouse on a tax deferred basis.**
- **When a single senior dies, the value of these plans cannot be transferred or rolled over to a beneficiary of choice. Instead, the amount remaining in registered plans (except a TFSA) is added to the income on the single senior's final return and taxed at a rate that could exceed 50%.**
- **Single seniors would like the remaining amounts in these plans to be rolled over to any beneficiary, perhaps with a 10-year payout limit. Surviving spouses can withdraw money from the amount transferred at any time and give it to anyone. Single seniors can withdraw funds too, but may need to draw on that money later to pay for services and care because they do not have a spouse.**

Responding to the Challenges of our Time

Report of the Standing Committee on Finance
March 2023

Recommendation 115 needs to be implemented

The following recommendation was included in the report:

Recommendation 115

Examine the financial support measures available to seniors to ensure equitable treatment between single seniors and senior couples, including by considering the potential benefit of a non-refundable tax credit for single seniors and a higher threshold for the clawback of Old Age Security benefits for single seniors.

Support from other Groups

SSTF has support from other groups

The National Pensioners Federation

1. The National Pensioners Federation supports the work of Single Seniors for Tax Fairness because too many seniors are taxed unfairly. The SSTF provides superb analysis of the inequities that single seniors are burdened with compared with senior couples. The time to fix this unjust taxation is in the 2024 budget.

Single Women Living Together

1. On behalf of our membership of 2400+ single, senior women, Senior Women Living Together supports the work of Single Seniors for Tax Fairness. There are 285,000 single senior women in Ontario who are living in unaffordable housing because there is no affordable housing available, yet they have to pay more income tax than their senior friends who are couples and who are easily able to find affordable housing.

SSTF has support from other groups

CanAge

1. Aging is hard and expensive enough. But it is extra hard to age as a solo senior, whether as a lifelong single, or someone who has had family breakdown or loss of a spouse. What it should not be is extra expensive. And it is. Solo seniors face profound tax discrimination. This must end. CanAge is committed to tax equity for all seniors, including those aging alone

Vancouver Municipal and Regional Retiree's Association

1. On behalf of the Vancouver Municipal and Regional Retiree's Association, I would like to lend our support to the work that the group "Single Seniors for Tax Fairness" is doing. The disparity between the tax burden on couples and singles is unfair and it needs to be addressed, particularly given the disproportionate impact this disparity has on females.

SSTF has support from other groups

Municipal Retirees Organization Ontario

1. The Municipal Retirees Organization Ontario, an advocacy organization that represents over 36,000 retired members of the OMERS pension plan, supports the efforts of Single Seniors for Tax Fairness and their efforts to achieve tax equity for single seniors in Ontario and across the country," said MROO president, Keith Robicheau. He added, "while we applaud progressive benefits that assist seniors in their later years, more must be done to address the less favourable income tax situations facing seniors that are widowed, separated, or choose to live on their own.

What can you do to help?

- Check out our web site www.singleseniorsfortaxfairness.com.
- Email us at singleseniorstax@gmail.com with your comments, suggestions and personal stories.
- Donate via our web site.
- Invite us to speak to your groups.
- Like us on Facebook.
- Sign up for our subscriber emails.
- Tell your friends and family.
- Write a letter to your MP.
- Contacts who can be helpful. Unions, media
- Help with social media.



Thank you for listening!

Question Period

www.single seniorsfortaxfairness.com

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