

### When Old Age Security Runs Out

By George Perdue, B. Sc. P. Eng.

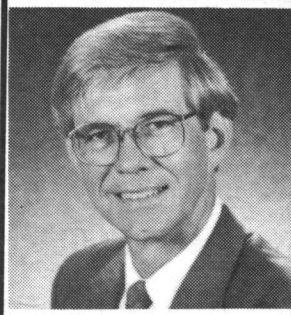
Just how long can the government afford to pay old age security (OAS)? Legislation that provides for decreasing OAS payments is already in place. It states that those people earning in excess of \$53,000 taxable income begin to pay back the OAS at the rate of \$0.15 per additional dollar. Currently, people with an \$80,000 taxable income get no OAS. Not too many people today fall into that category, but some do. The catch is that the trigger point starting the clawback does not move up as fast as inflation.

When will the majority of us have to be concerned? That is a tricky question. The answer sounds political. "It depends".

Amongst other things it depends on: inflation, income requirements or potential, the government's ability to pay, the taxpayer's ability to pay, etc.

Let's say you figure your family income during retirement must be the equivalent of \$36,000 in today's terms. In the future this amount will grow considerably because the buying power of money is continuously eroded - you do remember the cost of a loaf of bread when you were a youngster? If the average rate of inflation in the future is similar to the past then you will need to be making \$53,000 per year in 10 years or \$79,000 in 20 years or \$117,000 in 30

### Money Talk with George Perdue



years to maintain the buying power of \$36,000.

Likewise the trigger point of the OAS "clawback" will also move up. In 10 years it is estimated to be at \$62,000 and at \$72,000 in 20 years and \$83,000 in 30 years. This means that families with buying power equivalent to \$36,000 today will receive no OAS in 25 years or so if the government is capable of paying.

When we do financial plans we observe various situations concerning the retirement aspect of people's lives. There have been some constants in the analysis. Generally, income requirements are lower in retirement. The children have left the nest. The mortgage is paid off. Work related expenses decrease. In fact many people require 20% or 30% less to live on in retirement.

A husband and wife both collecting old age security and Canada Pension to the maximum are able to cover many basic expenses. A reasonable pension can top up the requirements.

However, many people we plan for do not have full Canada Pension because one spouse did not work the required years.

Now the trend is fewer and smaller company pensions. This trend can be expected to continue as

companies fracture and large companies provide fewer jobs.

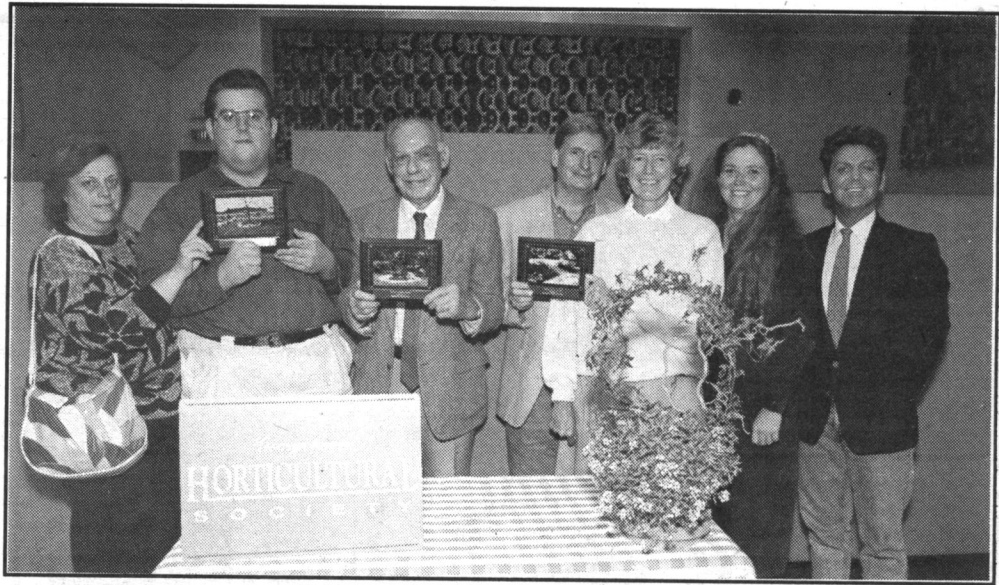
By observation we can also expect the OAS to disappear in the not too distant future. So how will people retire in a fashion they have become accustomed to?

Something must give. Either expectations will be lowered or more self directed retirement investing will be required.

In our practice we see now that the transition will be difficult for many. People at or near retirement with no private pension and without full CPP already face longer working periods and or lower expectations. For some it's already unpleasant.

The coming depletion of OAS will make an early start to personal planning even more critical. Time is the nectar that makes investments grow and people will require the maturity to take the long term retirement view at an earlier age.

George Perdue is a Financial Planner, Business Consultant, and Partner in Money Concepts, Halton Hills. He can be contacted at (416) 873-1877.



Last Wednesday at the Knox Presbyterian Church in Georgetown, the Georgetown Horticultural Society (GHS) presented the Georgetown Garden Awards sponsored by the Brampton Real Estate Board (BREB). Pictured above from left, is New Home Improvements Award winners Donna and Blake Smith, Water Garden Award winner Bernard Middleton, Rose Garden Award winner John and Susan Lefevre, which was presented by BREB Director Linda Armstrong, and GHS president Randall Brandford. photo by Simon Wilson/HHTW



Last Wednesday at the Knox Presbyterian Church, the Georgetown Horticultural Society (GHS) presented the Georgetown Gardens Awards sponsored by the Brampton Real Estate Board (BREB). Pictured above is GHS 2nd Vice-President Alison Meeks (left), BREB President Mike Collins, with Award winners (from left), Neighborhood Appreciation Award winner Jerry Courtney, Townhouse Garden Award winner Elsie Norgrove, GHS Choice Award winner Nellie Jonkman, and BREB Choice Award winners Vicky and Ray Inglis. photo by Simon Wilson/HHTW



### BILL ELLIS

\*\*Associate Broker

Office: 877-9500

Residence: 877-7528

OVER 20 YEARS EXPERIENCE IN REAL ESTATE

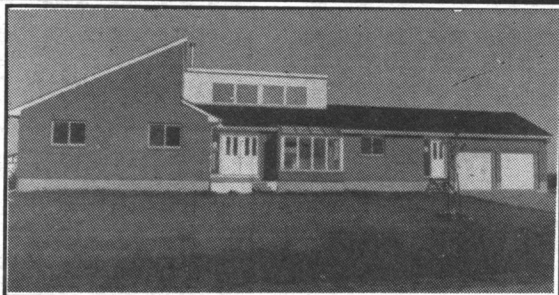


Sunday, Sept. 26 2 - 4 pm  
1st Line Erin,  
one mile north of Hwy #24

All offers entertained on this lovely country home that must be sold due to employee relocation. If your home is sold, you should come see this one before you buy. Reduced to \$232,000 - details from Bill Ellis\*\* at 877-9500 or 877-7528. CT92-033

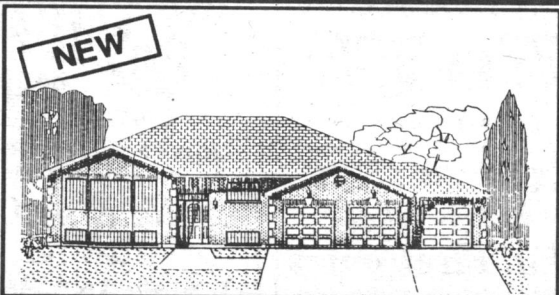
### POWER OF SALE

Large Viceroy bungalow in Hillsburgh. Big lot in new development. Features lot of good grey broadloom, stunning vaulted kitchen and living room. Offered at \$179,900. See it with Bill Ellis\*\* 877-9500 or 877-7528 CT93-011



### GET IN THE PICTURE

This knock-out home will be built at Southwinds at Ballinacree. The raised bungalow plan allows about 2,500 sq. ft. of living area with all the Ricciuto quality features. Value priced at \$259,000. Now is the time to choose your finish and spend Christmas in the country. Call Bill Ellis\*\* at 877-9500 or 877-7528.



### CALL THE KIDS

Here is that perfect three bedroom starter in Acton's Glen Lea. Well established, quiet area. Features a back yard oasis. All for \$149,900. Call Bill Ellis\*\* at 877-9500 or 877-7528. CT93-010



Residence  
**877-1430**  
Business  
**877-5165**  
Toronto  
**874-3040**  
~ 24-Hour Pager ~



Dora MacKinnon\*\*  
\*\*Associate Broker

### WAITING FOR A NEW OWNER

- \* Super 3 bdrm. end unit in new area
- \* New condition - nearly new appliances & blinds
- \* Neutral decor - move-in condition
- \* 4 pc. bath and powder room
- \* Garage and paved drive - lots of parking
- \* Low maintenance costs
- \* Immediate possession
- \* Only \$132,500 - Try your offer today!

Call Dora MacKinnon\*\*

93-2-384



### BEAUTIFUL IN ANY SEASON

Situated in Wonderful Wildwood area, this elegant 4 bedroom home offers spacious living with 4 bedrooms, 4 pc. ensuite and walk-in closets in master bedroom, main floor laundry and powder room, sunken living and dining rooms with 2-sided fireplace, sunken family room with wet bar and fireplace, fabulous country size oak kitchen with sliders to 1/2 acre yard. Priced to sell - Now only \$349,000. Make your appointment to view with Dora MacKinnon\*\* today. 93-2-383