



e^x.po.nent
INVESTMENT MANAGEMENT

What Will I Live On × After my Spouse's Death?



It is already hard to organise a funeral in a time of grief, but what will my future hold without my spouse's income? Will I have enough money to live on? Will I be able to stay in my home?

There are lots of fears that surface after the death of a spouse or life partner. The fear of running out of money is an important one not to ignore.



Where can I find out what I am eligible for?

First, the province where you live defines which pension plan you are eligible to. Then you will need to find out what type of work pension or disability pension your deceased spouse was receiving. Finally, you will need to confirm whether you are the eligible survivor's spouse, especially in a reconstructed family. Pension plans and governmental benefit programs may have a different definition of who the eligible survivor is. The marriage contract or the will can also determine your eligibility.

What is your situation just before the death of your spouse:

YOUR MARITAL STATUS

- Married
- Common-law spouse
- Legally separated
- Divorced
- Separated but not divorced.

Your province of residence determines which benefits you will receive

- All provinces other than Québec
 - Québec
- Your spouse's marital status may make a difference in certain circumstances.
 - The marriage contract may have priority over the will.
 - Is there a will? Was it up to date?

YOUR MARITAL STATUS:

- Married or living in a civil union: There is no doubt you are the eligible spouse to receive the survivor's benefits in Québec or any other province in Canada.
- Common-law spouse:
 - RRQ: For three years or more or one year with the birth or adoption of a child.
 - CPP: Lived in a conjugal relationship for at least one year.
- Reconstructed family: The deceased's marital situation may define who is the beneficiary of the survivor's benefits. Notes: The contributor must not be married (unless legally separated) or in a civil union with another person at the time of death. This will make that spouse eligible for the survivor's pension.



There are several areas to search for extra income as a widow or widower, so let's look at what is available:

- CPP/RRQ death benefits and survivor's pension
- OAS surviving spouse allowance
- Work pension benefits
- Life insurance policies
- Your spouse's RRSP, TFSA and locked-in investments



CPP Survivor's Pension



If you are married or lived in a conjugal relationship with the deceased contributor for at least 1 year before his or her death, you are eligible to receive the survivor's pension. If you are legally separated, and your ex-spouse is not in a common-law relationship with anyone else, you are nonetheless eligible to receive the survivor's pension.

The following form will be necessary to prove that you are the common-law spouse or were prior to your marriage:

<https://catalogue.servicecanada.gc.ca/content/EForms/en/Detail.html?Form=ISP3004CPP>

<https://catalogue.servicecanada.gc.ca/content/EForms/en/Detail.html?Form=ISP3104CPP>

For Québec residents, you will need this form filled out to be able to receive the Old Age Security's Spouse Allowance.

Further to a nice rule change in 1987, after you remarry, you still receive the survivor's pension. If you are remarried for the third time, only the largest pension of the two will be paid to you.

Depending on your age, older or younger than 65, the benefit differs depending on how much the deceased contributed to the Canada Pension Plan (CPP), the calculation is based on the pension he or she would receive at age 65. Whether you receive CPP benefits will also make a difference in the survivor's pension amount.

Younger than 65, not receiving CPP, you will receive 37.5% of the deceased CPP.
Older than 65, not receiving CPP, you will receive 60% of the deceased CPP.

Receiving CPP? You will receive a combined survivor's and retirement pension which cannot be higher than the maximum CPP amount of \$1257.13 in 2022. Sometimes, for spouses who are younger than 65, you may consider waiting until the age of 65 to apply for your own CPP. I met someone who would receive a larger CPP combined pension if she waited until 65 to apply for her own CPP. This is something to consider. To find out, you will need to call CRA directly.

It is important to apply for the CPP Survivor's Pension as soon as possible because CRA goes back only 12 months.

<https://www.canada.ca/en/employment-social-development/services/my-account.html>

Type of pension or benefit	Average amount for new beneficiaries (January 2022)	Maximum payment amount (2022)
Survivor's pension - younger than 65	\$463.40	\$674.79
Survivor's pension - 65 and older	\$315.48	\$752.15
Children of disabled CPP contributors	\$264.53	\$264.53
Children of deceased CPP contributors	\$264.53	\$264.53
Death benefit (one-time payment)	\$2,496.06	\$2,500.00
Combined benefits		
Combined survivor's and retirement pension (at age 65)	\$949.52	\$1,257.13
Combined survivor's and pension and disability benefit	\$1,152.44	\$1,467.04

Death Benefit

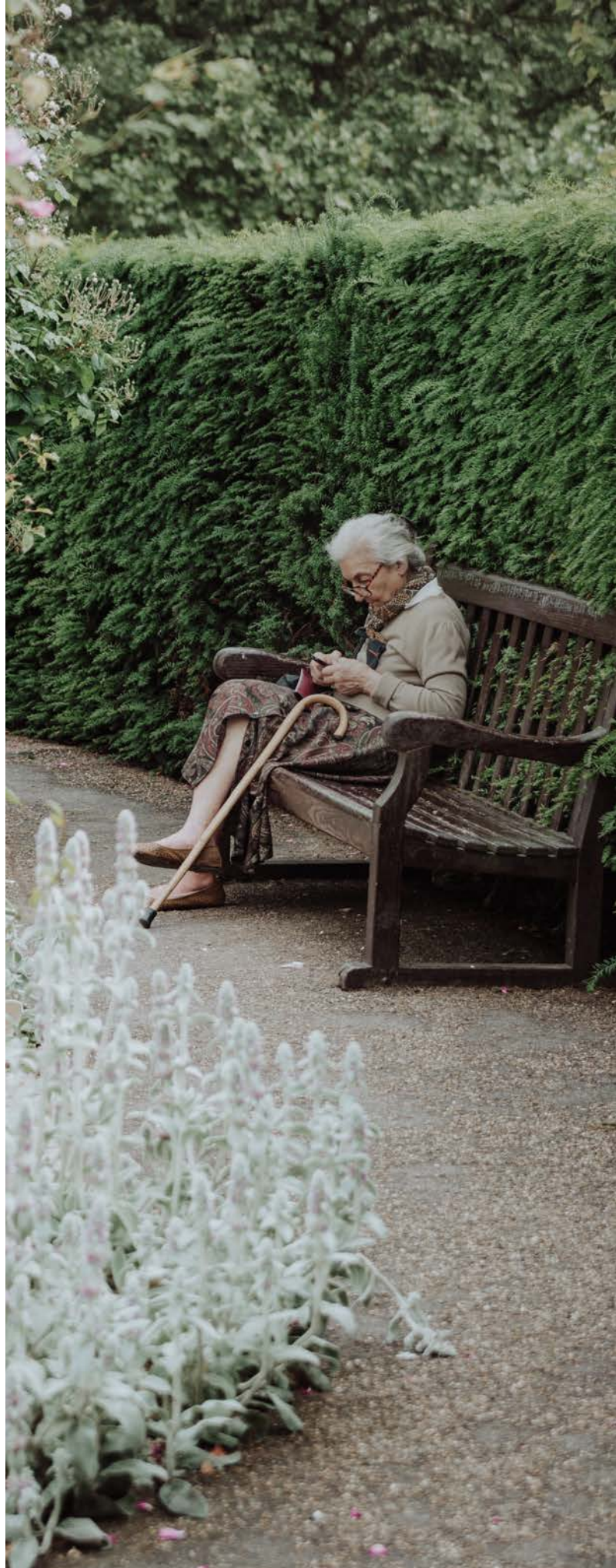
The surviving spouse is eligible for a one-time death benefit payment of \$2,500, and should apply within the first 60 days, after that the person who paid for the funerals with proof of payment can apply for the death benefits. Be careful, if the executor paid for the funeral and wants to receive that amount, this will become taxable for him or her. Also, the deceased person needs to have contributed enough to qualify for the death benefit (1/3 of all his/her years of contribution cannot be less than 3 years, or 10 years of contribution to receive the full amount).

<https://catalogue.servicecanada.gc.ca/apps/EForms/pdf/en/ISP-1200.pdf>

Monthly Children's Benefits

Minor children (under 18), or under 25 years old attending a qualified school or university will receive a monthly benefit of \$264.53.

<https://catalogue.servicecanada.gc.ca/content/EForms/en/Detail.html?Form=ISP1300>





RRQ Survivor's Pension



Dispositions on death – RRQ. The Province of Québec is under the Civil Code of Québec, which has a different definition of who is an eligible spouse. Your spouse is the person with whom you are either married, in a civil union or in a common-law relationship (common-law partner). The common-law partner is the person with whom you have been living in a conjugal relationship for at least 3 years or 1 year if a child was born or is to be born of your union or if you have adopted a child together.

Careful! For your common-law partner to be recognized, you must not be married or in a civil union with another person as well as your common-law partner. This is where not having your divorce finalized will make a huge difference in who will receive the survivor's benefits; neither the not-divorced common-law partner is eligible, nor the legally separated (not divorced) ex-spouse will be.

Also, Retraite Québec will reimburse the person who paid for the funeral expenses related to the disposition of the body and the funeral, up to a maximum of \$2,500, upon presentation of receipts after the first 60 days. Within the first 60 days, the spouse can apply for the benefit. Bear in mind that this benefit is taxable, and not fair for the liquidator who may have paid the funeral out of pocket and then be taxed on the \$2,500.

This benefit will be paid upon presentation of the receipts of a cemetery lot, cremation urn and funeral recess (in proportion to the expenses incurred for the deceased, funeral monument [or inscription] [e.g., Retraite Québec would recognize \$2,000 in funeral expenses for an \$8,000 plot paid for 4 people]).

There is a website where you can apply for all the Québec benefits. You will need to have the deceased's social insurance number and yours (the eligible spouse) to complete the application.

Application for Survivor's Pension

https://www.rrq.gouv.qc.ca/en/services/services_en_ligne/regime_rentes_quebec/Pages/prestations_survivants.aspx

Your Age	Your Situation	Monthly calculation (2021 numbers)	Maximum amount of the surviving spouse's pension (2022)
under 45	without any dependent children	\$130.84 +37,5% of the base amount +50% of the additional pension	\$602.86
under 45	with one or more dependent childrn	\$130.84 +37,5% of the base amount +50% of the additional pension	\$955.61
under 45	disabled, with or without dependent children	\$130.84 +37,5% of the base amount +50% of the additional pension	\$993.10
between 45 and 64	all situations	\$130.84 +37,5% of the base amount +50% of the additional pension	\$993.10
65 or over	you do not receive a retirement pension	\$130.84 +37,5% of the base amount +50% of the additional pension	\$746.65

Last Will and Testament of



OAS Surviving Spouse Allowance

The Surviving Spouse Allowance works in the same way as the spouse allowance for people between the ages of 60 and 64, with an income under \$27,240 (2022) and whose spouse was receiving the OAS.

There is a way to calculate your income, and it is not the amount declared on your income tax report. Some incomes are exempt, like Old Age Security, Guaranteed Income Supplement, childcare benefits, inheritances, and tax-free savings accounts, to name a few. You can also deduct your contributions to CPP/RRQ, unemployment insurance, RRSP, RPP, deductions to reduce rental income, spousal support, child support, etc.

However, the CPP survivor's pension is considered as an income for tax purposes. So should you wait until you reach 65 to ask for your own CPP? The answer is yes, as you may lose some of the survivor's allowance by adding your own CPP to the equation. And besides, your CPP will be higher at age 65 than at age 60.

To find out the amounts you will receive, you need to submit your application by filling out the ISP3008 form on the Canada Revenue Agency website so they can assess your request. There is also an income table available on the CRA website to give you a rough estimate.

<https://catalogue.servicecanada.gc.ca/content/EForms/en/Detail.html?Form=ISP3008>



To find clarity, please do not hesitate to contact me. I will help you decipher the different rules of each government benefit. This way, you can make sure that you do not miss any pensionable earnings. I will also create a financial plan for you to find out how much your survivor's income will be after applying for these benefits and looking at the other financial instruments that you will inherit.

Marlene Chaine CIM®

Partner and Associate Portfolio Manager
Exponent Investment Management Inc.

www.ex-ponent.com

180 Elgin Street, Suite 1302

Ottawa, ON K2P 2K3

Mobile: 819-968-9383

T: 613-747-2458, ext. 46

Toll Free: 1-866-410-5171

linkedin.com/in/marlène-chainé-cim@-18521257