

Frequently Asked Questions

Answered by John Stapleton

QUESTION 01

What are ODSP Extended Health Benefits After 65 (Even Without Current ODSP)?

A senior receiving OAS and GIS may qualify for ODSP Extended Health Benefits if they 1) meet ODSP financial eligibility rules and 2) have ongoing disability-related medical needs.

The key surprise: a person does not always have to have been receiving ODSP immediately before age 65. If they would otherwise qualify financially and have health costs, ODSP can provide: dental, vision, medical devices, medical transportation and some drug supports.

This is crucial because OAS/GIS do not cover these costs. Many eligible seniors never apply.

QUESTION 02

What is the GIS “Option Year” Rule?

This is one of the most powerful but poorly understood provisions. Normally, GIS eligibility is calculated using last year’s income from your tax return. But if a senior’s income drops suddenly (for example after retirement), they can request an Option Year calculation using current-year income instead of last year’s income. This can dramatically increase GIS immediately rather than waiting a year.

Typical cases: 1) someone stops working mid-year, 2) retirement income drops, 3) spouse dies, and 4) investment income collapses.

The senior files a GIS Statement of Estimated Income (ISP3041) with Service Canada. Without using the Option Year, many seniors lose thousands of dollars of GIS during the transition year.

QUESTION 03

What is the Survivor GIS “Bridge”?

When a spouse dies, many surviving seniors face a sudden drop in income. But there is a transitional rule that many people miss. During the year following a spouse’s death: 1) GIS may be recalculated based on new single income, 2) an Option Year recalculation can also apply or 3) sometimes Allowance for the Survivor can overlap temporarily if the surviving spouse is under 65.

If handled properly, the surviving spouse can move quickly to the maximum GIS for singles, which is significantly higher than the couple rate. However, if the recalculation is not triggered promptly, the survivor may remain stuck with couple-rate GIS for months. This is one of the most common administrative failures after bereavement.

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QUESTION 04

What is the Bonus Rule? GAINS in Ontario

Ontario also provides GAINS (Guaranteed Annual Income System) for low-income seniors receiving GIS. The important part: GAINS automatically tops up income when federal GIS falls below the Ontario threshold.

But some seniors lose GAINS temporarily if:

- GIS recalculations are delayed
- marital status changes are not reported properly
- Option Year adjustments are not filed

When the federal side changes, GAINS follows.

QUESTION 05

Why these Rules Matter

Together they illustrate something important about Canada's retirement income system:

- The programs work well on paper
- but administration and awareness determine outcomes

Many seniors who should be receiving full benefits do not, simply because they do not know the rules or the system does not prompt them.

QUESTION 06

What is the Structural Insight?

The senior income system (OAS, GIS, GAINS, ODSP health extensions) is highly responsive once the right trigger is pulled.

But it is not designed to automatically detect transitions such as:

- retirement
- widowhood
- sudden income drops
- disability costs after age 65

As a result, the system often requires knowledgeable intervention.

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QUESTION 07

What happens when someone is working and then stops? How do they make sure they don't have a year when they don't get any GIS?

The senior needs to call Service Canada at 1-800-277-9914. They need to tell the agent that they had a sudden drop in income, and that they want their GIS recalculated.

The agent may direct them to fill out a Statement of Estimated Income. The form is different for each year and often the person will be asked to fill out the form for 2 years.

Unfortunately this form is not available online. So the agent will mail it or the senior can pick the forms up at any Service Canada office.

Once the senior fills out the forms and sends them in, it can take up to 200 days to process. But if the person is experiencing financial hardship, meaning they are having trouble paying for rent, food or medication, they can call Service Canada once they have sent in the forms, and tell them they are experiencing financial hardship, and ask that the application be expedited.