

Fixing Old Age Security: A Practical Guide for Conversations

By the end of the decade, Canadian taxpayers will send \$17.5 billion annually to retirees with six-figure incomes. This figure is:

- 10 times larger than investments to make housing more affordable announced in the 2026 Spring Economic Update.
- 9 times larger than funding delivered through the groceries and essentials benefit.
- 7 times larger than what Canadians save from the suspension of the federal gas tax.
- More than double total federal spending on \$10-a-day child care.

Today, retired couples with household incomes up to \$186,000 receive the full \$18,000 annual OAS subsidy — and even households earning more than \$300,000 still qualify for partial support. That's why about 16% of OAS spending goes to retirees with household incomes above \$100,000.

The fix is simple: begin reducing OAS subsidies for retired couples once household income exceeds \$100,000. This responsible reform would protect or improve benefits for 80% of recipients, while asking the top 20% to accept about \$3,000 less annually.

This would save \$7 billion today, and \$9 billion by 2030 — with savings drawn entirely from households with 35% more income than the [median](#) for families. With these funds, Canada could:

- Eliminate seniors' poverty by adding \$5,000 for each of the 400,000 older people living below the official poverty line.
- Deliver a \$3,000 annual rent subsidy to a million young people struggling to afford a home.
- Keep Canada Student Grants at \$4,200 for a million postsecondary students (not cut them to \$3,000).
- Subsidize 100,000 more \$10-a-day child care spaces, meeting [Ottawa's target of 250,000](#).
- Expand the [Youth Climate Corps](#) from a 1,000-person pilot to tens of thousands – helping young people build skills, earn living wages, and reduce unemployment.

Why OAS needs reform

OAS was designed in 1952 – before the Canada Pension Plan, retirement tax credits, and when life expectancy was shorter. It has not been updated in response to these developments.

In 2025, OAS cost taxpayers \$83 billion – one-fifth of the federal budget – yet left 400,000 seniors in poverty. The [Auditor General](#) concluded that Ottawa doesn't know if OAS is meeting its objectives.

As the largest line-item in the federal budget, OAS is driving up the deficit. Even with recent increases, defence spending does not match OAS.

GENERATION | **squeeze**

OAS eligibility is more generous than other income supports even though seniors have [lower poverty](#), [higher incomes](#), [more home ownership](#), and [the most wealth](#). The OAS threshold is \$186,000 of household income for retirement-age couples, compared to \$83,000 for the Canada Child Benefit and \$53,000 for Canada Student Grants.

Proposed reforms do not cut OAS – they contain its rapid growth by using public dollars more effectively. Projected spending would be closer to \$100 billion instead of \$108.5 billion by 2030.

Now is the right time

There is an open window of opportunity for OAS reform:

- [¾ of Canadians – including seniors](#) – support reducing the OAS clawback threshold to \$100,000 in household income. Support is consistent across ages, regions, incomes and political parties.
- Federal leaders are signalling openness to our practical and achievable reform plan, including key players in Finance and the Prime Ministers Office.
- [Community leaders, media influencers, and policy experts](#) across the political spectrum support OAS reform – a rare example of agreement from the left and right.
- Rising costs increase expectations for investment in affordability and security – a context that makes it difficult to defend subsidizing retirees with six-figure incomes.

Frequently asked questions

Aren't seniors just getting back what they paid into OAS?

No. Unlike the Canada Pension Plan (CPP), individuals do not prepay directly into OAS – it is funded from general tax revenues. Today's workers fund today's benefits – and there are fewer workers helping to cover the costs of each retiree now than when seniors were young.

Seniors worked hard and paid their taxes – so isn't it fair that they now get OAS?

Hard work should be rewarded, whether it's the hard work of seniors in the past or young people today. However, today's retirees have not paid into OAS in proportion to the benefits they now receive – even if they worked hard and paid taxes according to the rules of the day. The reason for this is that Ottawa failed to prepare for the predictable scale at which population aging would drive up the cost of OAS. In contrast, [CPP premiums](#) were increased by 68% in the 1990s to ensure this program would be sustainable for seniors and for future generations of workers.

What would a \$100,000 household income threshold mean for single seniors?

Shifting the threshold at which OAS subsidies are reduced from \$186,000 to \$100,000 of household income would *increase* benefits for some single seniors. Right now, subsidies for singles are reduced just over \$93,000 – under our plan, this would go up to \$100,000.

Don't seniors need OAS because they are financially at risk?

Some seniors do face financial insecurity, and they should receive more support. That's why we propose investing \$2.5 billion a year to lift seniors' out of poverty. Overall, seniors have the least poverty and most wealth of any age group. [Stories](#) retirement age Canadians volunteer make clear that OAS sends too much to those who don't need it, and not enough to those who do.

Why not reduce benefits for families or young people instead?

Eligibility for the Canada Child Benefit is less generous than OAS, with clawbacks starting at \$81,000 of household income. Eligibility for [Canada Student Grants](#) cuts off at just over \$53,000 for a two-person household. Federal budgets routinely invest more urgently in older Canadians than younger: in [2025](#) Ottawa added \$4,300 for each person 65+, and \$900 for each person under 45.

Governments will just waste the savings – without wasteful spending, there'd be no need to change OAS

Governments absolutely should eliminate wasteful spending. However, the cost of things people commonly identify as 'waste' are too small relative to the ballooning bill for OAS to come close to making up for the revenue shortfall. For example: OAS is projected to cost \$89 billion in 2026. Defunding the CBC would save \$1.3 billion. Cutting foreign aid would save about \$6 billion.

I'm already doing my part by supporting my kids with my OAS subsidy

Proposed OAS reforms reflect the same intergenerational solidarity we see in families by improving affordability for poor seniors *and* their kids and grandkids. Lasting solutions must change systems – not rely on individual generosity. That's how we ensure Canada doesn't become a country in which affording a home, an education, or a family depends on having relatives able to offer financial help.

How to support responsible, modern, and fair reforms to OAS

Updating OAS offers a rare opportunity to improve affordability, reduce poverty, and strengthen public finances with a single change. Here are 5 ways people can add their voice:

- Sign up to [Fix OAS](#) and join people from every province calling for responsible reforms.
- [Publicly support OAS reform](#) with a short quote and photo – visibility is critical right now.
- Send a letter to your MP using our [online tool](#).
- Send a letter to Prime Minister Carney (pm@pm.gc.ca) and Finance Minister Champagne (minister-ministre@fin.gc.ca) telling them you're part of the majority in favour of OAS reform.
- [Donate to Gen Squeeze's Fix OAS campaign](#) to help achieve the largest change in income security in a generation