

Working after 65: what a paycheque does to GIS, OAS, and CPP

Wages and self-employment earnings get special treatment in the Guaranteed Income Supplement (GIS): the first \$5,000 is ignored, and so is half of the next \$10,000. The OAS recovery tax has no such exemption, and CPP contributions on work income become optional at 65 for people who already receive CPP.

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<https://oasguide.ca/en/library/working-after-65-benefits>

The GIS ignores part of what you earn from work

The Guaranteed Income Supplement (GIS) is a monthly payment for people with a low income who receive the Old Age Security (OAS) pension. Most other income lowers it. From October to December 2026, a single person can get up to \$1,138.90 a month, and the income limit for a single person is \$23,112 of 2025 income.¹ With a limit that low, even a part-time job can look as if it would end the payment.

The law treats earnings from work differently from other income. The Old Age Security Act subtracts the first \$5,000 of a person's combined employment and self-employment earnings. If those earnings are higher than \$5,000, it also subtracts half of the amount above \$5,000, up to another \$5,000.² The most that can be left out is therefore \$10,000, which is reached at \$15,000 of earnings. Every dollar earned above \$15,000 counts in full.

Before the exemption is applied, the law also takes out the worker's own CPP contributions and Employment Insurance premiums.² A pension, including a CPP pension, gets no exemption at all. The special treatment covers money earned by working, either for an employer or for yourself.

An example shows how much of a part-time wage counts

The figures below are an illustration, not a calculation of anyone's benefit. Suppose a single person earns \$12,000 in wages in a year and has no CPP contributions or EI premiums to subtract. The exemption works in three steps:

- The first \$5,000 is left out.
- The next \$7,000 is above the first \$5,000, and half of it, \$3,500, is also left out.
- That leaves \$3,500 of the \$12,000 counted as income for the GIS.

In this example, more than 70% of the wage never reaches the GIS calculation. The counted \$3,500 is then added to any pension or investment income the person has, and Service Canada works out the GIS from the total.

Wages show up in the GIS a year later

The GIS is reviewed each year using your federal tax return, and a letter in July says whether the benefit is renewed and at what amount.³ For this reason, a job held in 2026 does not change the GIS paid in 2026. It changes the payments that start after the 2026 return is filed.

The delay also works in the other direction. A person whose income falls because of retirement can call Service Canada. In that case, Service Canada says it can set the payment by estimating income for the current year instead of using last year's income.³ The GIS stays tied to a tax return, so filing by April 30 every year keeps payments from being interrupted.³

The OAS recovery tax counts every dollar of earnings

Higher earners face a different rule. The OAS recovery tax, often called the clawback, takes back 15% of the amount by which net income is above a yearly threshold.⁴ The threshold is \$93,454 for 2025 income.

For 2026 income, the repayment range runs from \$95,323 to \$155,320 for people aged 65 to 74.¹⁴

No part of a salary is set aside for this test. Wages, pensions, and investment income are all part of net income. A person with a pension of \$90,000 who takes a job paying \$15,000 would be \$9,677 over the 2026 threshold. At 15%, about \$1,452 of OAS would be repaid for that year. The example is illustrative and uses only the published rate and threshold.

CPP contributions after 65 are a choice until 70

A person who receives a CPP retirement pension and keeps working must contribute to CPP until age 65.⁵ Between 65 and 70, they can choose to stop. An employee does this by completing Form CPT30, giving a copy to every employer, and sending the original to the Canada Revenue Agency (CRA). The choice takes effect on the first day of the month after the employer receives the copy.⁶

Self-employed people make the same choice on Schedule 8 of their tax return. For an election that begins in 2025, the deadline is June 15, 2027.⁶ An election cannot be reversed in the same calendar year it was made, and it stays in effect until age 70.⁶ Contributions stop for everyone at 70.⁵

In 2026, an employee pays 5.95% on earnings between \$3,500 and \$74,600, and the employer pays the same rate.⁷ The first \$3,500 of yearly earnings, called the basic exemption, needs no contributions.⁷ On that range, the 2026 maximum is \$4,230.45 for an employee and \$8,460.90 for a self-employed person.⁷

Contributions after 65 buy a post-retirement benefit

Each year of contributions made while receiving CPP earns a post-retirement benefit (PRB), a small lifetime increase to the CPP pension. It starts the following January, and no application is needed.⁸ In 2026, the maximum PRB for a person aged 65 is \$54.69 a month. The average for new PRBs at 65 was \$26.25 a month as of July 2026.⁹

For someone who gets the GIS, the choice has two effects. The CPP contributions themselves are taken out of income before the GIS is worked out. The PRB that comes later, however, is part of the CPP pension, and the law gives CPP pension payments no exemption.² Whether to file a CPT30 depends on age, health, earnings, and other income, and a tax adviser or Service Canada can go through those numbers in a specific case.

Before taking a job or deciding about CPP contributions, a call to Service Canada at 1-800-277-9914 can confirm how the earnings will be counted in your own file.

Notes

1. Government of Canada (Employment and Social Development Canada), “Maximum Benefit Amounts and Related Figures: CPP (2026) and OAS (October to December 2026)”, page modified 2026-09-29. <https://www.canada.ca/en/employment-social-development/programs/pensions/pension/statistics/2026-quarterly-october-december.html> (accessed 2026-10-06)
2. See the definition of "income" in section 2, paragraph (a) for CPP contributions and EI premiums, and paragraph (b.1) for the deduction of employment and self-employment earnings that applies to benefits for months after June 2020. The list of deductions does not include CPP pension payments. Justice Laws Website (Government of Canada), “Old Age Security Act (R.S.C., 1985, c. O-9)”, Act current to 2024-11-26 and last amended on 2022-06-23. <https://laws-lois.justice.gc.ca/eng/acts/o-9/page-1.html> (accessed 2026-10-06)
3. Government of Canada, “Guaranteed Income Supplement: Receiving your benefit”, page modified 2026-05-26. <https://www.canada.ca/en/services/benefits/publicpensions/old-age-security/guaranteed-income-supplement/while-receiving.html> (accessed 2026-10-06)
4. Government of Canada, “Old Age Security pension recovery tax”, page modified 2026-09-29. <https://www.canada.ca/en/services/benefits/publicpensions/old-age-security/recovery-tax.html> (accessed 2026-10-06)
5. Government of Canada, “Canada Pension Plan Post-Retirement Benefit (PRB) - Eligibility”, page modified 2026-01-09. <https://www.canada.ca/en/services/benefits/publicpensions/cpp/cpp-post-retirement/eligibility.html> (accessed 2026-10-06)
6. Canada Revenue Agency, “Canada Pension Plan (CPP) contributions for CPP working beneficiaries”, page modified 2026-01-20. <https://www.canada.ca/en/revenue-agency/services/tax/individuals/topics/cpp/canada-pension-plan-cpp-contributions-cpp-working-beneficiaries.html> (accessed 2026-10-06)

7. Canada Revenue Agency, “CPP contribution rates, maximums and exemptions”, page modified 2025-10-31. <https://www.canada.ca/en/revenue-agency/services/tax/businesses/topics/payroll/payroll-deductions-contributions/canada-pension-plan-cpp/cpp-contributions-rates-maximums-exemptions.html> (accessed 2026-10-06)

8. Government of Canada, “Canada Pension Plan Post-Retirement Benefit (PRB) - Apply”, page modified 2022-06-02. <https://www.canada.ca/en/services/benefits/publicpensions/cpp/cpp-post-retirement/apply.html> (accessed 2026-10-06)

9. Government of Canada, “Canada Pension Plan Post-Retirement Benefit (PRB) - How much could you receive”, page modified 2026-09-29. <https://www.canada.ca/en/services/benefits/publicpensions/cpp/cpp-post-retirement/benefit-amount.html> (accessed 2026-10-06)

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