



Module 5

TRANSPORTATION AND TRAVEL

MONEY AND YOU SENIORS
EDITION

Module 5

TRANSPORTATION AND TRAVEL

Let's Discuss...

- \$ Transportation at Home
- \$ Mobility Considerations
- \$ Tips Re Car Ownership
- \$ Budgeting for Travel

- \$ Tips on Travel Insurance
- \$ Saving Money on Travel
- \$ Tips on Living Outside Canada

Many seniors want to travel the world during their retirement years, others want to spend more time closer to home with family and friends. Whatever your desired lifestyle may be, “getting there” will be a big part of living your retirement. Whether it’s driving to see the grandchildren, or jetting away to an exotic location, there are many considerations to think about when planning on how to get from A to B.



Here we explore the various transportation considerations for those who

want to stay close to home (vehicles, driving services, public transit) and those wanting to get away from it all (flying, cruising or RVing).

Transportation at Home

Vehicle ownership

Most seniors still use a vehicle as their main form of transportation. In fact, according to Statistics Canada, 93% of those aged 65 to 74, 85% of those aged 75 to 84, and 68% of those aged 85 and over have a driver's licence.

But when you are older, buying a new vehicle has some special considerations. A vehicle is usually your second largest purchase, after buying a home, and, like buying a home, there are lots of costs in addition to the initial purchase you have to include in your budget. If you are still able to drive safely (aging

can impact your ability to drive), and you are thinking about buying a new vehicle be sure to consider all the costs before going back into debt (if you are debt free) or more into debt.

The Costs of Buying and Owning a Vehicle

New vs. Used

Let's start at the very beginning of a new vehicle purchase: as soon as you drive a new vehicle off the lot, it depreciates in value. On average, new cars depreciate 25% by the end of the first year and about 17.5% each following year.

Source: <https://www.finder.com/ca/what-is-car-depreciation>

To save some money and reduce the loss of value of your purchase, consider buying a used vehicle with low kilometers and possibly some remaining warranty. And if you do buy used, understand your rights.

Each province has an agency that sets rules and oversees used vehicle sales. For example, in Ontario the Ontario Motor Vehicle Industry Council (OMVIC) regulates vehicle dealers. Consumers who buy from an OMVIC-Registered Dealer have a right to:

- All-in price advertising
- Full disclosure of vehicle history and condition
- Cancellation rights (for specified non-disclosures)
- Access the Motor Vehicle Dealers Compensation Fund

Action Item

Here is a link to OMVIC and other examples of provincial programs:

<https://www.omvic.on.ca/portal/Consumers/ConsumerProtection/KnowYourRights.aspx>

<https://www.mvsabc.com/>

<https://www.amvic.org/>

Electric Vehicles

You may also want to consider buying an electric vehicle. While upfront prices are higher, many provinces have incentives to help lower the price. For example, Quebec offers up to \$8,000 in rebates on the purchase or lease of a new electric vehicle and up to \$4,000 if the vehicle is used. The Government of Canada launched the Incentives for Zero-Emission Vehicles (iZEV) Program in May 2019. There are many different makes and models of eligible zero-emission vehicles for purchase or lease that provide consumers incentives of up to \$5,000.



Here is a guide to Electric Vehicle Rebates by Province:

<https://www.canadadrives.ca/blog/news/government-fuels-electric-vehicle-demand-with-electric-car-rebates-in-canada-and-top-affordable-electric-vehicles>

Charging your vehicle is cheaper than fuel. Driving an electric vehicle means you won't have to visit a gas station often – if at all. The Ontario government says your EV can be plugged right into a standard outlet to charge, known as Level 1 (110V, 15amps) charging. Level 1 charging adds about 8 kilometers of range per hour, and for owners of plug-in hybrid electric cars this is usually enough.

Level 2 charging, common in both private households and in public places, use a 240 volt system (similar to a clothes dryer plug) and adds 30-50 kilometers of range per hour.

Level 3 charging stations (also known as Direct Current Fast Chargers or DCFC) use a 480 volt system and can add more than 100 kilometres of range per hour. These stations make longer trips feasible for EV drivers.

On average, charging a typical EV will cost less than \$540 per year if you charge at home or about \$1.45 per day to charge at night. A typical plug-in hybrid EV will cost about \$700 per year, or \$1.92 per day for fuel (including gasoline and electricity costs).

Comparable gasoline cars can cost about \$2,500 per year to fuel – up to eight times more money spent each day.

Source: <http://www.mto.gov.on.ca/english/vehicles/electric/charging-electric-vehicle.shtml>

Financing a New or Used Vehicle Purchase

As a senior, do you want to add a large debt to your household finances at this time in your life when your income sources may change dramatically?

The average monthly car payment for a new car worth \$40,000 over five years is \$744.63 in 2021 and \$366.44 for a used car worth \$19,000 over five years.

	Car price	Interest rate	Term length	Monthly average car payment
New car	≈ \$40,000	4.44%	5 years	\$744.63
Used car	≈ \$19,000	5.90%	5 years	\$366.44

Source: <https://www.finder.com/ca/what-is-the-average-car-payment>

Money Tip

Consider these questions:

- Can you afford the ongoing costs of operating a vehicle like fuel, insurance, maintenance etc.?
- If you are going to use savings to buy the vehicle without carrying a monthly loan payment, what is the lost opportunity of keeping those funds invested?
- Are there alternative sources of transportation you can use when you need to get somewhere?
- Can you write off the costs of the vehicle against self employment, commissions or salary earned to negotiate contracts for an employer?



Costs of Operating A Vehicle

After you take out a loan, or fork over a big chunk of savings for your new or used vehicle, there are still costs involved you need to be able to pay on an ongoing basis. Here is a checklist that will remind you to budget for these expenses:

Alternative Sources of Transportation

Being able to drive remains an important way of staying active, independent, and socially connected with others. However, as we age, our physical and mental abilities change, and some of those changes, including our vision, hearing and ability to react quickly can affect our driving ability.

Action Item

Complete the cash flow checklist below

Cost	Frequency	Approximate Cost
Financing	Usually monthly payments	
Insurance	Usually monthly payments	
Fuel	As needed	
Maintenance	Regular and as needed	
Tolls	If you use them	
Licencing	Annually	
Parking	If you have to pay for parking	
Tires	Should be replaced every 5 years	

Also: Visit CAA to use their Car Cost Calculator

<https://carcosts.caa.ca/>

Think About It



Canadian drivers give up driving usually due to a physical condition or deteriorating vision (37%), followed by no longer needing or enjoying driving (20%), and feeling it is no longer safe to do so (15%).

Source: <https://nationalseniorsstrategy.ca/the-four-pillars/pillar-1/accessible-transportation/>

According to the Canadian Automobile Association, physical changes that impact driving ability generally happen very slowly, so it's important to evaluate our ability to drive early and often to ensure continued safe driving.

If you find that any of these issues start to impair your ability to drive safely, alternative methods of getting around could be friends and family, public transit or driving services. However, according to Statistics Canada accessible transit and taxis are considered a “last resort” for getting around up to age 85. For adults aged 64 to 75, only 1.2% used them as the main form of transportation. Even for adults age 85 or older, only 9% of women and 4% of men indicate it as their primary mode of transportation.

Source: <https://www.caa.ca/driving-safely/senior-drivers/how-aging-can-affect-driving/>

Public Transit – Conventional and Specialized

Many seniors have difficulty accessing public transit. However, if this is an option for you, most municipalities offer seniors discounted transit rates. For example, seniors can get up to 55% as a discount travelling on GO Transit in Ontario when they use PRESTO, its payment system. BC offers a free transit pass (with an annual administration fee only) to low-income seniors.

Money Tip

In addition, some provinces offer tax credits. For example, if you are 65 or older in Ontario you could get a tax credit to help with public transit costs. You can claim up to \$3,000 in eligible public transit expenses and receive up to \$450 each year. This includes conventional public transit (excluding long haul like Via or Grey Hound) or specialized public transit services that are designed to transport people with disabilities.

Source: <https://www.ontario.ca/page/ontario-seniors-public-transit-tax-credit>

According to Accessibility for Ontarians with Disabilities Act (AODA) some people's disabilities make it difficult for them to use conventional transit. Mobility issues, access and other even challenges like having

difficulty boarding and disembarking or even needing to find a seat right away may arise for aging seniors using conventional public transit. That's when you might turn to specialized public transit services that provide door-to-door transportation services to individuals with disabilities who meet eligibility requirements created by the municipality. For example, WheelTrans in Toronto or DARTS in Hamilton, Ontario, CTA or Calgary Transit Access in Calgary, Alberta.

Some seniors may be able to use conventional transit at certain times of the year but not others. They may also be able to access some places but not others using conventional transit, because of environmental or physical barriers.

For instance, some people may use specialized transit in winter but conventional transit in other seasons. Similarly, people may usually use the bus or subway but use specialized transit if they are going to a place without a nearby bus stop or subway station. In addition, people with temporary disabilities, such as injuries after an accident that they will recover from, may be eligible to use specialized transportation for a short time. Each service provider decides how long

people with temporary eligibility can use its services.

People who need or want to start using specialized transit need to apply for their local service. Costs must be less to or equal to conventional public transit.

Action Item

If you are going to start using alternative transportation services, be sure to account for these costs in your budget. Some services may be free or inexpensive, but it will depend on what service you decide to use and how often.

Source: <https://aoda.ca/specialized-transportation-in-ontario/>

Driving Services

If your trips are short and infrequent you may even want to rely on a taxi or if you are savvy enough to download an app you can use a driving service like Uber or Lyft. Car sharing may also be an option for seniors in certain urban centers that don't need a car often. For example, Vancouver offers four different car sharing services going to frequently visited places like grocery stores, casino or bingo halls or other destinations. For more information visit: <https://star-canada.squarespace.com/carsharing>

There are also in-home care companies and community services or seniors' services agencies in many communities that offer transportation as part of their services. For example, Comfort Keepers, a national franchised in-home service company, offers escorted transportation services if you need to go to the doctors, shopping or run an errand.

There are also alternative services available to those who might not qualify for their local specialized transit service. For example, Toronto Rides and their GTA partners offer assisted door-to-door transportation services in the Toronto-area to seniors 55+ and adults with disabilities who are not eligible for Wheel-Trans. For more information visit their website: <https://www.torontoride.ca/our-partners/>. Vancouver seniors may be able to access STAR-Seniors Transportation Access and Resources' Volunteer Ride Programs. Visit here for more info: <https://star-canada.squarespace.com/transportation-options-for-seniors-metro-vancouver>

For the rural senior, losing the ability to drive can mean being a virtual prisoner in their home community,

reliant on the goodwill of friends and family, or paying high costs for sporadic service. Long term care homes may offer a shuttle bus service but transportation remains a challenge for rural seniors.

Action Item

If you need transportation services due to a medical issue, ask the doctor or hospital you are dealing with for a referral. They will often know how to help you attend your appointments.

Tax Tip

Transportation costs to receive medical services may be considered medical expenses for income tax purposes. Equivalent services must not be available where you live, and the travel cost of one companion may also qualify if unable to travel alone. Costs include amounts paid to transportation service provider or kilometres driven if own vehicle used, food and lodging for patient and companion. Distance from home to place of service must be at least 40km if paid to transportation service provider or 80km if using own vehicle.

Note that a simplified "per kilometre method" may be used to claim medical travel costs in lieu of keeping receipts for gas. However, a distance log is required. Speak to a tax specialist about this.

Travel Away-from-Home

Travelling as a senior

Many retirees dream of filling their non-working time with exotic travels to faraway places. Others may want to spend their time living a normal day-to-day life, but in a warmer climate.

Whatever your travel dreams are, there is a lot to consider as you travel as a senior. As of September 2021, the Canadian government is advising all Canadians to avoid all non-essential travel. However, it is very difficult to stay “safe at home” when you have

been dreaming and planning of a retirement full of adventures and/or a warm climate. Whether you are putting travel on hold until the COVID pandemic is over, or have decided to travel in the safest way possible, there is a lot to consider.

What type of traveller are you?

Action Item

First of all, take the Canadian Tourism Commission quiz to see what type of traveller you are – or want to be.



For example, you could be a Gentle explorer who likes returning to past destinations and enjoy the security of familiar surroundings. They seek the most comfortable places when they get away and avoid the unknown. Well-organized travel packages and guided tours that take care of all the details appeal to them - travel should be fun, not extra work.

Or you could be a Rejuvenator where travel is a chance to totally disconnect and just “get away from it all.” All rejuvenators want to do is rest, recharge and renew. They usually take short vacations to familiar places, often for family visits and celebrations. They might seek out destinations with a few interesting things to see and do,

but they don't want an overly-hectic schedule of events.

Your travel interests may change over time as well. During COVID, you may simply want to go live in your house, or rent a house, in Florida or Arizona, keeping safe and socially distant. But, once COVID is over, you may be up for more exploring and crowds.

Think About It



Whatever your plans, be sure to discuss your hopes and dreams with your partner or spouse to ensure you are on the same page before you even start planning your travels – and most importantly - budgeting for your adventures.



Budgeting for Travel

According to Fidelity Canada's 2020 Retirement Survey pre-retirees say travelling is the number one activity they plan on doing more of when they retire. This may be because COVID kept most people home in 2020 but according to the survey already-retired respondents said they are spending more time travelling (just maybe not in 2020 or 2021). Nearly everyone wants to travel.

However, travel can be expensive – depending on what type of traveller

you are. Travel for young active seniors can be expensive if there are a lot of activities involved like golf, tours, museums, entertainment etc. As you age, you might want to just live a simple life somewhere warmer than at home in Canada.

According to a 2015 BMO Wealth Management Study on average, retired Canadians are spending an average of \$282 a month or \$3,384 a year on travel. But every person's budget will be different depending on your priorities and the type of travel you are looking forward to. No matter what



Action Item

See checklist below for sample travel budget.

TRAVEL BUDGET

Cost	Details	Budget \$
Air fare		
Accommodation		
Food	Preparing your own if you have a kitchen	
Food – eating out		
Alcohol	if alcohol is part of your vacation plans	
Entertainment and Activities	golf, concerts, tickets, other activities	
Transportation	Car rental – including insurance and gas Driving own car – gas, insurance, pre-trip tune-up, roadside assistance coverage	
Exchange rates		
Mobile telephone costs		
Shopping	clothing, shoes etc.	
Travel health insurance	more on this in the next section	
Prescriptions	bring enough to cover your time away	
Other medical costs	if you have mobility issues you may have additional costs of getting around at your vacation destination	
Mail forwarding		
Home care	snow plowing or lawn care when you are away	
Home check-ups	if there is a cost for a service vs. a friend, family member or neighbour checking on your home when you are way	
Pet sitting	if you can't bring your pet with you	

stage you are at – adventurous and active or stay-at-home-away-from-home type, you will need to have a dedicated savings bucket and expense category in your budget to ensure you can afford the type of travel you want. And like owning a home or a vehicle, there are lots of extra costs to prepare for.

Solo Travel

If you are travelling solo you will also have to take into account single surcharges. Visit these sites to find out more about safe solo travel:

<https://journeywoman.com/>

<https://travel.gc.ca/travelling/publications/her-own-way>



Cutting Travel Costs

Money Tip

While travel can be expensive, there are a number of ways you can reduce your costs:

1. Use a flight/travel deal website. There are lots of websites that will scour the costs of flights or accommodations for you and present you with a variety of options. expedia.ca, travelocity.ca, kayak.com, travelzoo.ca, cheapflights.ca, cheapoair.ca
2. Use travel credit cards to get and use points – but always pay off your balance every month or the interest you pay will mean you are paying for your points.
3. Stay in someone's home – AirBNB, VRBO, house or pet sit
4. Use last minute hotel discount sites such as Hotwire.ca, Trivago.ca, Expedia.ca
5. Cook your meals at your accommodation instead of going out for meals
6. Eat out locally instead of near tourist areas
7. Use City Tourism cards for discounts
8. Always check for a senior's discount
9. Go off-season – prices are always lower when it isn't peak tourist season
10. Travel with a friend if you are solo to avoid the single supplement
11. Join a senior's club or organization such as Canadian Snowbird Association or the Canadian Automobile Association (CAA) to receive discounts for travel health insurance, exchange services, accommodation etc. and to get access to great information about traveling as a senior.

For more information on discounts on travel and other purchases: <https://wealthawesome.com/55-senior-discounts-in-canada/>

Risks of Travelling Abroad

There are a number of risks for travellers of any age, but seniors in particular face more risks when they decide to travel. The Government of Canada provides Travel Advice and Advisories to help you decide whether it is safe to travel to a certain destination. You choose your destination and they will provide information on:

- local safety and security conditions and areas to avoid
- entry and exit requirements
- local laws and culture
- possible health hazards and health restrictions
- natural hazards and climate
- where to find help while you are travelling abroad

Of course, the greatest risk for seniors is your health. You never know when you will have a sudden illness or an accident and need medical care.



Think About It



Health care out of Canada can be very costly and every traveller - no matter the age - should have travel health insurance. But there are some measures you can take before you leave to mitigate your risks.

Tax Tip

Premiums paid to a private health services plan are considered to be a medical expense for income tax purposes.

Action Item

If you wear glasses, consider taking an old pair with you in the event that your current glasses break, and the old ones can be used until you return home or until replacements can be obtained.

Source: <https://www.travelguard.ca/customer-service/travel-tips/tips-for-travelling-seniors>

Tax Tip

Keep your travel insurance receipts for medical expense claims.

Action Item

Here are some tips from Travel Guard on reducing health risks before you go:

- **Research your destination.** Getting familiar with what to expect in terms of climate, culture and language will better prepare you and make the world of a difference in your travel experience! It's always a good idea to purchase a travel guidebook for all your destinations; having it handy while you're travelling is a must!
- **Find out about medical facilities and ease-of-access to these most important 'landmarks' in all areas you'll be travelling in.**
- **If you have special needs, such as a wheelchair or seeing-eye-dog, try to make prior arrangements well in advance to ensure you travel in safety and utmost comfort.**
- **Consult with your doctor for a complete medical check-up before you go.** This is especially important if you have a history of heart problems, have recently undergone surgery, or if you have any chronic health conditions.
- **Discuss with your doctor any health concerns you may have and inform him / her of where your travels are taking you.** Your doctor may provide helpful 'food avoidance' advice if you are travelling to an area of the world that has a common type of food that does not sit well with one's health problems! Your destination will also dictate what vaccinations you should be given.
- **If you or your travel companion(s) has diabetes, and different time-zones will be playing a role in your trip, proper medical advice on how to safely stagger medications will be extremely important.**
- **It's always a good idea to visit your dentist prior to travelling; you never want to be the one who can't have deserts because of a sensitive tooth!**
- **It also could be a good idea to visit other health care providers you consult with on a regular basis, such as an optometrist or massage therapist.**
- **Some medications that are legal in Canada may be prohibited in other areas of the world. You can contact the Canadian embassies in the countries you intend on visiting to check.**
- **Take enough regular medication with you to last the entire trip. Some drugs may not be available in other parts of the world.**
- **If you purchase medications during your trip, remember that the dosages may be different from the brands you are familiar with at home.**
- **If the medication you regularly take requires syringes (most commonly with insulin-dependent diabetes) you should take enough syringes to last the trip.**
- **Make sure your carry-on bag contains everything you will need for the duration of the flight.**
- **Include a medical kit with your luggage. Items to consider include regular medications, painkillers, antacids, and band-aids.**
- **It might be a good idea to bring along a pillbox with compartments for different days of the week. Being away from home (and your usual routine) could make you more likely to forget to take your medication.**
- **Pack an extra pair of reading glasses.**

Money Tip

Here are some tips when it comes to buying Travel health insurance:

- Be sure to read the terms of your out of country health insurance – pre-existing conditions may not be covered
- Check to ensure it is valid during travel advisories
- Complete any application forms fully and honestly. If you make an error on your application, it could void your policy.
- Ensure you know the exceptions and exclusions in your policy.
- Ensure your travel medical insurance includes the cost of transportation home if necessary
- Ensure the company you deal with has a good contact system for when you need to reach them
- Shop around for the best coverage for your situation

For more information visit these sites:

<https://www.ratelab.ca/insurance/travel/for-canadian-seniors/>

<https://www.destinationontario.com/en-ca/things-to-do/outdoor-adventures/rv-touring/rving-ontario-seniors>

https://www.fsco.gov.on.ca/en/insurance/brochures/pages/brochure_shopfortravel.aspx

https://www.travelinsurance.ca/en_CA/travel-experiences/travel-tips-and-advice/what-seniors-should-know-about-travel-insurance.html

<https://travel.gc.ca/travelling/documents/travel-insurance>

You should also consider insurance for trip interruption, lost luggage and document replacement if you are flying. These types of insurance are often sold with travel health insurance.



Popular Alternative Types of Travel

Many active seniors are exploring new ways of travelling like RVing or cruising. According to a report by the Canadian Recreational Vehicle (RV) Association and the RVDA of Canada

in 2018, there are just over 2.1 million households in Canada (approximately 15%) with an owned RV. The Canadian Camping and RV Council says there are at least 50,000 full-time Canadian RVers who normally spend winters in the U.S. But you don't have to buy an RV to enjoy the life. There are many companies that rent them out for short term or long-term vacations. There are so many different styles and types of RVs from 35-foot land yachts to compact trailers to choose from.

New, these vehicles cost anywhere from \$100,000 to \$300,000, with "tip-outs" to expand the space when parked, solar power, full bathroom amenities, a washer and dryer, and even a fireplace. So again, like planning your travel, you need to plan what type of RVer you want to be. That will help you choose what type of RV is best for you. Whichever direction you choose to go in, be sure to test drive the model you want to buy or rent first. Driving an RV can have its challenges so you need to be comfortable driving inside the RV or in the heavy-duty vehicle pulling a trailer.

Tips for full-timers:

- Check your insurance and make sure you're covered for long-term occupation of the vehicle. Not all plans cover full-time living.
- Ensure you are covered for the contents of your RV and not just the vehicle itself.
- Get a full mechanical inspection before setting off and get roadside coverage. RV breakdowns can be costly and some insurance policies require proof of mechanical inspection annually.
- Purchase health coverage for travel outside of Canada but also for interprovincial travel. Most provincial healthcare plans cover out-of-province care but they may reimburse for medical transport rather than pay directly.
- Make sure you have COVID coverage. Some policies also have clauses on pre-existing conditions. Discuss with your insurance provider.
- Check government travel advisories and cross-check with your insurance coverage to ensure your policy is valid under current travel advisories.

Action Item

Check to make sure your current drivers licence allows you to operate your RV. Some provinces require a class 1 or class 3 licence to operate RV's greater than 10,000 lbs.

There are lots of resources available to help people who have decided to take up the nomad way of life. Here are some links:

<https://www.northernontario.travel/rv-canada/rving-for-beginners>

<https://www.thervmentor.com/>

Another popular alternative to renting a hotel or house for a vacation is cruising. An estimated 30 million passengers are transported on 272 cruise ships worldwide each year, according to the CDC. Cruising is very popular with seniors. Again, there are many different types of cruises from 3000 people on a giant ship to 100 people on a River cruise down the Rhine river. You need to decide what type of cruise you want.

However, the Canadian government is currently recommending Canadians avoid all travel on cruise ships until further notice. Cruise ships are often settings for outbreaks of infectious

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diseases because of their closed environment and contact between travelers from many countries. COVID hit cruise ships hard before the industry was shut down. It has slowly been reopening but again, many COVID infections and deaths have occurred since the reopening.

Think About It



The Canadian government says If an outbreak of COVID-19 were to occur on a cruise ship while you are outside of Canada:

- you could be subject to quarantine procedures onboard ship or in a foreign country
- the range of consular services available to those on cruise ships may be significantly restricted by local authorities, especially in situations of quarantine
- it is unlikely that there would be a government-organized repatriation flight to return to Canada

Action Item

Be advised to check with Public Health Authorities in Canada and abroad concerning any restrictions that may affect international travel of all types due to changing pandemic conditions and outbreaks or world political events.

Tips on Living Outside the Country

Consequences of Snowbirding

Whether you are RVing in the US, living half the year in Mexico or have bought a winter home in Florida or Arizona, there is a lot to consider when you spend that much time out of Canada. A recent report from Statistics Canada suggests that at least 375,000 typically go to the United States and Mexico each year, not counting other popular destinations. For Canadians that spend extended time away from Canada there are a number of issues you need to consider and plan for. A general rule of thumb is to only be away from Canada for less than six months as there are a number of consequences if you stay longer.

Health Insurance:

Getting appropriate travel health insurance for your situation for an extended stay out of the country can be very expensive. Be sure to investigate how much this cost will add to your travel budget.



Action Item

Every traveller needs to have out of country travel health insurance appropriate for their needs to pay for the balance of the medical costs not covered by their provincial health care program. Many Canadians who have travelled without health insurance have gone bankrupt due to the high costs of health care in the US. Check out the details of Canadian health care coverage well before you leave; as well as what is covered under private medical insurance

Tax Issues:

The amount of time you stay outside of Canada affects how you file your taxes. It also changes how much tax you have to pay. The amount of tax you'll pay depend on your residency status. If you are planning to be outside Canada for an extended period of time, you should inform the Canada Revenue Agency (CRA) before you go to ask for a determination of your residency

Money Tip

Check to see what your provincial health program covers when you are out of country and how long you can be out away before the insurance plan no longer covers you. For example, the Ontario Health Insurance Plan (OHIP) will only cover a very limited amount of the costs if you receive emergency health services while you're travelling outside Canada and the treatment or service must meet all of the following criteria. It must be:

- medically necessary
- provided at a licensed hospital or licensed health facility
- for an illness, disease, condition or injury that is acute and unexpected and not pre-existing (you developed it outside of Canada)
- requires immediate treatment

OHIP may cover the following OOC emergency services:

- doctor services (e.g. medical assessments, emergency surgery)
- emergency outpatient services (e.g. MRIs, CT scans)
- emergency inpatient services (e.g. hospital stays, nursing services)

If you plan to be outside Canada for more than seven months in any 12-month period you can keep your OHIP coverage for up to two years if you:

- have a valid health card
- make Ontario your primary home
- will be in Ontario for at least 153 days a year in each of the two years immediately before you leave the country

Before you leave, take the following items to the nearest ServiceOntario centre to make sure your OHIP coverage stays active:

- your health card
- proof of residency (e.g. mortgage, lease or rental agreement, property tax bill, valid driver's license)

OHIP only pays for part of the costs you will incur. For example, OHIP will pay up to \$50 for an emergency room visit. However according to Consumer Health Ratings the average cost of an ER visit was \$1,010 in 2018 and if you add medical inflation to 2021, the ER cost estimate would be about \$1,091.

OHIP covers up to \$400 (Canadian) per day for services provided in:

- an operating room
- a coronary care unit
- an intensive care unit
- a neonatal or pediatric special care unit

Depending on how long your stay is, those costs could be thousands of dollars. Here are some examples from Florida in 2018. Medical inflation has been about 8% to 2021.

- \$10,506 adults for abdominal pain visit to the ER;
- \$6,215 for back pain;
- \$5,167 for a sprain;
- \$5,450 for a superficial injury/contusion;
- \$2,772 for upper respiratory infection visit;
- \$5,287 for adult pregnancy complication;
- \$7,598 for adult urinary tract infection

status. Your residency status depends on whether you are leaving Canada permanently or only temporarily and the residential ties you keep with Canada and establish in another country.

Canadians are only allowed to be in the U.S. for a maximum 182 days a year in order to remain a Canadian citizen for tax purposes. In fact, there is a formula snowbirds need to pay attention to in order to remain a Canadian for tax purposes. More specifically, the Internal Revenue Service says you are considered a U.S. resident if you meet the substantial presence test. You may be considered a United States resident for tax purposes if you are physically present in the United States (U.S.) on at least:

- 31 days during the current year, and
- 183 days during the 3-year period that includes the current year and the 2 years immediately before that, counting:
 - All the days you were present in the current year, and
 - 1/3 of the days you were present in the first year before the current year, and
 - 1/6 of the days you were present in the second year before the current year.

If you spend even one day outside of the allowed period, you might be considered a U.S. resident for taxation purposes. Generally, resident aliens are taxed in the U.S. on income from all sources inside and outside the U.S., and non-resident aliens are taxed in the U.S. only on income from U.S. sources. Therefore, it is important for you to determine if you are a resident alien or a non-resident alien, and a professional cross border tax specialist can assist with these determinations.

Even if you met the substantial presence test you can still be treated as a Canadian tax payer (non-resident alien) if you qualify for the Closer Connection Exemption to the Substantial Presence Test. This would include showing that you have closer ties to Canada than the U.S. due to the location of the following:

- Your permanent home,
- Your family,
- Your personal belongings, such as cars, furniture, clothing, and jewelry,
- Your current social, political, cultural, or religious affiliations,
- Your business activities (other than those that constitute your tax home),

- The jurisdiction in which you hold a driver's license,
- The jurisdiction in which you vote, and
- Charitable organizations to which you contribute.

Selling your US Property

If you decide to sell your US property, there will be tax consequences as well. If you are not a U.S. taxpayer, there's a federal withholding tax of 10 to 15 per cent of the proceeds of any sale of more than US\$300,000. If the sale is under that amount, there are no withholding taxes unless the buyer intends to rent the property. It's always recommended to seek professional tax advice when buying or selling property in another country.

Tax Tip

Even if the withholding tax does not apply, you will be required to report the disposition on a U.S tax return as a non-resident and pay resulting tax. The same disposition (converted into Canadian dollars) would need to be reported on your Canadian return but a foreign tax credit could be claimed for the U.S. tax paid.

Old Age Security

You can qualify to receive Old Age Security pension payments while living outside of Canada if one of these reasons applies to you:

- you lived in Canada for at least 20 years after turning 18
- you lived and worked in a country that has a social security agreement with Canada. The time you lived or worked in that country and Canada must be at least 20 years

If you do not qualify to receive your Old Age Security pension while outside of Canada, your payments will stop if you are out of the country for more than 6 months after the month you left.

You cannot collect the Guaranteed Income Supplement if you are outside Canada for more than 6 months.

Tax Tip

If you are considered a non-resident for Canadian income tax purposes, you will be required to complete an annual tax form reporting your world income with the result that the OAS is partially or fully clawed back if net world income exceeds just over \$81,000 Canadian for 2022.

Who takes care of your home while away?

One issue that many Snowbirds may forget to consider when they plan on spending an extended time away from home is who is going to look after your Canadian home when you are away. Most insurance policies require someone to be occupying the home or checking on it frequently to keep the policy valid. Unexpected home issues including electrical, plumbing, heating or mechanical problems, can occur at any time and your house needs to be checked to ensure none of these potentially costly issues occur while you are away. In addition, if snow isn't shovelled, lawns not mowed, mailboxes not emptied, it makes your home a target for theft.

Other than asking friends, family or neighbours to regularly check in on your house, there are also private companies that offer house sitting services. For example, While Away provides Metro Toronto residents with services such as home checks, watering plants, pet sitting, clearing mailboxes, lawn mowing etc. Of course, there is a cost to this service so be sure to put it in your travel budget.

With respect to security, you might want to explore a security system for

your home. Here is an article exploring the best home security systems for seniors: <https://www.security.org/home-security-systems/best/seniors/>

Emigration: Consequences of Moving Out of Country

If you decide to move away from Canada full-time and become a non-resident, there are a number of impacts you need to take into consideration.

Health Insurance:

You will no longer be covered by your provincial health insurance plan so research the health care available – including costs – in your new home country.

Taxes:

When you leave Canada permanently you may have to pay certain taxes including:

Departure Tax: When you leave Canada, you are considered to have sold certain types of property (even if you have not sold them) at their fair market value (FMV) and to have

immediately reacquired them for the same amount. This is called a deemed disposition and you may have to report a capital gain (also known as departure tax). Your property could include the following: shares, jewelry, paintings, or a collection.

Income Tax: When considered a resident of Canada for Income tax purposes, you are required to report your worldwide income. Once becoming a non-resident you pay Canadian income tax only on your Canadian source income. However, only certain types of Canadian source income should be reported on your return while others are subject to non-resident withholding tax at source. You can determine your tax obligations as a non-resident here.

Action Item

If you're planning on leaving Canada you should discuss this with an experienced accountant, well in advance of leaving, to determine any departure taxes that may apply to you.

OAS and CPP: You may qualify to continue your OAS payments if you live outside of Canada. The Guaranteed Income Supplement will not be paid if you leave Canada for more than six months. Your CPP payments can continue anywhere you live because it was a member contributed plan. CRA will automatically deduct a withholding tax of 25% from your CPP & OAS payments.

Tax Free Savings Account: If you hold a TFSA when you leave Canada, you can keep it and continue to benefit from the exemption from Canadian tax on investment income and withdrawals. However, you cannot contribute to your TFSA while you are a non-resident of Canada, and your contribution room will not increase.

Holding RRSP/RRIF and Pension Plans¹: Although these retirement plans are tax-deferred plans in Canada, this is not automatically the case for U.S. purposes. For U.S. purposes, these are foreign pension plans, which means that a tax deduction is not available for contributions made to the

¹ excerpted from Knowledge Bureau's certificate course, Cross Border Taxation. Used with Permission.

plan and they are not automatically treated as tax-deferred plans in the U.S. either.

The Canada-U.S. Tax Convention (1980), however, allows an election to be made in the U.S. to have these plans treated as “qualified retirement plans” in the U.S. in the same manner that they are treated in Canada. Although the election is automatic, the taxpayer now needs to file Tax Form 8833 declaring that he or she is the beneficiary of such retirement plans and the section of the treaty the election falls under. These pension funds also now need to be reported on Form 8938 in the “Other foreign assets” section.

Note that RRSPs and RRIFs are considered foreign trusts for U.S. tax purposes; however, the Internal Revenue Service specifically exempts these plans from the separate reporting requirements relating to foreign trusts. It is important to work with a Canada-U.S. Cross border specialist before leaving Canada in order to determine your rights and after-tax income once you have departed Canada.

Benefits and Credits: It's important that you tell the Canada Revenue Agency (CRA) the date you leave

Canada. Generally, as a non-resident, you are not eligible to receive the goods and services tax/harmonized sales tax (GST/HST) credit.

Source: <https://travel.gc.ca/travelling/living-abroad>

Consequences of Coming Back To Canada

If you decide to come back to Canada and become a resident again, there are a number of steps you need to take.

Duty: Before you leave for Canada, you should prepare two copies of a list of all the goods you intend to bring into Canada as part of your personal effects. The list should indicate the value, make, model and serial number (where applicable) of all the goods.

Divide the list into two sections. In the first section, list the goods you are bringing with you; in the second, list the goods to follow. Goods that arrive later will only qualify for duty- and tax-free importation under your entitlement if they are on your original list.

In the case of former residents returning, you must have owned, possessed and used the goods abroad

for at least six months before returning to resume residence. The six-month stipulation will be waived if you have resided abroad for five years or more.

Action Item

If you have bills of sale and registration documents, they can help you prove that you meet these requirements. Leased goods are subject to duty and taxes because the CBSA does not consider you to own them.

Source: <https://www.cbsa-asfc.gc.ca/travel-voyage/mrc-drc-eng.html>



Consult with an experienced cross border tax specialist to assist you in your filings upon returning to Canada.

Tax Consequences. There will also be some tax consequences when you come back to Canada, including:

- valuation of your assets
- declaration of income after arrival in Canada
- proration of certain tax credits in some cases
- unwinding of previous departure taxes paid. Check out the rules here: <https://www.canada.ca/en/revenue-agency/services/tax/international-non-residents/individuals-leaving-entering-canada-non-residents/dispositions-property.html>

OAS and CPP

On your return to Canada, you can apply to have your OAS reinstated if you didn't qualify to have it continue while you lived out of Canada. It is possible to have your CPP or OAS pension "direct deposited" into your bank account in your new country of residence in the local currency.

Action Item

You can get a list of the countries where this direct deposit is available, from the government of Canada website.

SUMMARY CHECK LIST:

What You Have Learned

- Consider alternatives to buying a new vehicle when you are older, and your retirement income sources change
- Plan your travel carefully accounting for all potential costs
- Always have appropriate travel health insurance for out of country travel
- Monitor your time in the US to ensure you are not considered an alien resident for tax purposes
- Seek out professional tax advice if you are a snowbird – spending an extended time outside of Canada – or decide to become a non-resident.

Action Plan

Transportation at Home:

- Keep track and evaluate all costs of owning a vehicle – is it worth it?
- Investigate alternatives to buying an expensive new (or used) vehicle

Travel away from home:

- Decide where you want to travel to and what you want to do when you are there

- Do your research on how you could save money travelling
- Shop around for adequate travel health insurance
- Seek professional tax advice if you are staying out of Canada for an extended stay or permanently

Money Tips

- Consider all the costs and risks of continued vehicle ownership and consider alternatives as capability changes
- Do your research when it comes to travel
- Ensure you have enough travel health insurance coverage that suits your needs
- Know the financial and health risks and consequences of extended stays out of country

Discussion Items

- Is it necessary for you to own a vehicle or are their alternatives that might work for you?
- Do you have enough travel health insurance? Have you been forthcoming on your application form and included all health issues?
- Do you know the health and financial consequences of an extended stay – or permanent move outside of Canada?

Glossary of Terms

Zero Emission Vehicles: A ZEV is a vehicle that has the potential to produce no tailpipe emissions. They can still have a conventional internal combustion engine but must also be able to operate without using it. The Canadian government considers the following vehicles to be ZEVs:

- battery-electric
- plug-in hybrid electric
- hydrogen fuel cell

Conventional Public Transit: Conventional transportation includes many types of transportation, such as: Buses. Streetcars. Subways. Conventional public transit systems serve the general public and operate mainly fixed routes and schedules.

Specialized Public Transit: Specialized public transit services provide door-to-door transportation services to individuals with disabilities who meet eligibility requirements created by the municipality.

Out of country travel health insurance: This is insurance that Canadians buy to pay for any unexpected emergency travel costs that their provincial or private plans will not pay for. You can buy travel health insurance from a number of suppliers including your travel agent, an insurance

broker, your employer's insurance provider or your credit card may provide some coverage. It is important to read all the details to ensure you have adequate coverage for your personal situation.

Snowbird: A snowbird is generally defined as someone who spends up to six months out of the country. They typically leave during the winter to locations with warmer climates and return to Canada during warmer seasons.

Substantial Presence Test: You will be considered a United States resident for tax purposes if you meet the substantial presence test for the calendar year. To meet this test, you must be physically present in the United States (U.S.) on at least:

1. 31 days during the current year, and
2. 183 days during the 3-year period that includes the current year and the 2 years immediately before that, counting:
 - All the days you were present in the current year, and
 - 1/3 of the days you were present in the first year before the current year, and
 - 1/6 of the days you were present in the second year before the current year.

Resource Appendix

Accessible Transportation

<https://nationalseniorsstrategy.ca/the-four-pillars/pillar-1/accessible-transportation/>

Alberta Motor Vehicle Industry Council

<https://www.amvic.org/>

CAA – Driving Alternatives

<https://www.caa.ca/driving-safely/senior-drivers/alternatives-to-driving/>

CAA – How Aging Can Affect Driving

<https://www.caa.ca/driving-safely/senior-drivers/how-aging-can-affect-driving/>

Closer Connection Exemption to the Substantial Presence-Test

<https://www.irs.gov/individuals/international-taxpayers/closer-connection-exception-to-the-substantial-presence-test>

Consumer Health Ratings

https://consumerhealthratings.com/healthcare_category/emergency-room-typical-average-cost-of-hospital-ed-visit/

Dispositions of Property

<https://www.canada.ca/en/revenue-agency/services/tax/international-non-residents/individuals-leaving-entering-canada-non-residents/dispositions-property.html>

Electric Vehicle Charging

<http://www.mto.gov.on.ca/english/vehicles/electric/charging-electric-vehicle.shtml>

Electric Vehicle Rebates by Province

<https://www.canadadrives.ca/blog/news/government-fuels-electric-vehicle-demand-with-electric-car-rebates-in-canada-and-top-affordable-electric-vehicles>

Government of Canada - Travel Insurance

<https://travel.gc.ca/travelling/documents/travel-insurance>

Internal Revenue Service

<https://www.irs.gov/individuals/international-taxpayers>

Living Abroad

<https://travel.gc.ca/travelling/living-abroad>

Moving or returning to Canada

<https://www.cbsa-asfc.gc.ca/travel-voyage/mrc-drc-eng.html>

Non-resident Tax Obligations

<https://www.canada.ca/en/revenue-agency/services/tax/international-non-residents/individuals-leaving-entering-canada-non-residents/non-residents-canada.html>

Ontario Health Insurance Plan

https://www.ontario.ca/page/ohip-coverage-while-outside-canada?_ga=2.252163393.937075121.1632674534-732336718.1632674534

Ontario RVing for Beginners

<https://www.northernontario.travel/rv-canada/rving-for-beginners>

Ontario RVing for Seniors

<https://www.destinationontario.com/en-ca/things-to-do/outdoor-adventures/rv-touring/rving-ontario-seniors>

Ontario - Seniors Public Transit Tax Credit

<https://www.ontario.ca/page/ontario-seniors-public-transit-tax-credit>

Ontario - Specialized Transportation

<https://aoda.ca/specialized-transportation-in-ontario/>

Ontario's Vehicle Sales Regulator

<https://www.omvic.on.ca/portal/Consumers/ConsumerProtection/KnowYourRights.aspx>

Seniors – Travel Insurance

https://www.travelinsurance.ca/en_CA/travel-experiences/travel-tips-and-advice/what-seniors-should-know-about-travel-insurance.html

Shopping for Travel Medical Insurance

https://www.fsc.gov.on.ca/en/insurance/brochures/pages/brochure_shopfortravel.aspx

Security Systems for Seniors

<https://www.security.org/home-security-systems/best/seniors/>

Solo Travel

<https://journeywoman.com/>
<https://travel.gc.ca/travelling/publications/her-own-way>

Star Canada – Carsharing

<https://star-canada.squarespace.com/carsharing>

Star Canada – Transportation Options for Seniors

<https://star-canada.squarespace.com/transportation-options-for-seniors-metro-vancouver>

Substantial Presence Test

https://www.irs.gov/individuals/international-taxpayers/substantial-presence-test?_ga=2.143530802.681495115.1632676436-1684737153.1632235185

The RV Mentor

<https://www.thervmentor.com/>

Toronto Ride Partners

<https://www.torontoride.ca/our-partners/>

Travel Advisories

<https://travel.gc.ca/travelling/advisories>

Travel Insurance for Seniors

<https://www.ratelab.ca/insurance/travel/for-canadian-seniors/>

Travel Insurance Quotes

https://rates.ca/travel-insurance-quotes?utm_source=Google&utm_medium=search&utm_term=%2Btravel%20%2Bmedical%20%2Binsurance%20canada&utm_campaign=10965319400&gclid=Cj0KCQjw18WKBhCUARIsAFiW7JyiBEw761Bc2NVOI2IjMZ4cyEfxald-T6BB0bFR2LGQB4LxYwc3EYoaAv__EALw_wcB

Travel Tips for Seniors

<https://www.travelguard.ca/customer-service/travel-tips/tips-for-travelling-seniors>

Vehicle Sales Authority of BC

<https://www.mvsabc.com/>

Visit CAA to use their Car Cost Calculator

<https://carcosts.caa.ca/>

***Money and You: Seniors Edition** was written by award-winning financial educator and best-selling tax author **Evelyn Jacks**. Evelyn is the principal of the, **Knowledge Bureau™** a widely respected financial education institute and publisher, which provides world-class continuing professional development to advisors in the tax, accounting, bookkeeping and financial services. It has welcomed tens of thousands of students to its virtual campus to earn new credentials and enhance career opportunities, and also provides customized learning solutions for large and small enterprises and associations. For more information visit www.knowledgebureau.com or call 1-866-953-4769.*