

Kenora Association for Community Living (KACL)

Financial Security File

February 14th 2012

This file is prepared to assist the Board, Members, Staff of KACL and the Public to understand the issues of Financial Security for persons with disabilities. An updated copy may be found on the Association's web site at <http://www.kacl.ca/financialsecurityfile.pdf>

Background

Canadians have a different view of disability than they did a few decades ago and a different view of the kind of society in which they want to live. Today we recognize the right of all to participate fully in the social, economic, and civic life of our communities. Such rights have been extended to persons with disabilities. Such rights are protected by the Ontario and Canadian Human Rights Act, The Accessibility for Ontario with Disabilities Act, The Canadian Charter of Rights and Freedoms and we now proudly proclaim to have endorsed the United Nations Convention on the Rights of Persons with Disabilities.

In September 2010, the Board of the Kenora Association for Community Living adopted 4 Fundamentally Important Goals relating to Social Inclusion, Social Justice, Membership Development and its Permanent Endowment. The 2nd of the Fundamental Goal grew out of a concern for the increasing poverty experienced by persons with special needs in the Kenora Area,

The goal of social justice is full and equal participation of all groups in a society that is mutually shaped to meet their needs. Social justice includes a vision of society in which the distribution of resources is equitable and all members are physically and psychologically safe and secure. We envision a society in which individuals are both self-determining (able to develop their full capacities and interdependent (capable of interacting democratically with others). Social justice involves social actors who have a sense of their own agency as well as a sense of social responsibility toward and with others, their society, and the broader world in which we live. These are conditions we wish not only for our own society but also for every society in our interdependent global community. (Adams, Bell, Griffin, Teaching for Diversity and Social Justice)

An Adequate Standard of Living

The above goal of full and equal participation requires more than the absence of material poverty or financial insecurity. To have access to full and equal participation requires material possessions, some degree of financial security, some degree of power or the ability to influence others to do as you want, some degree of prestige or respectful treatment by others and personal and enduring relationships to others. However, when people think of social inequality, the first thing that comes to mind is inequity based on money. Poverty has very real and consequential impacts on full and equal participation.

Article 28 of the United Nations Convention on the Rights of Persons with Disabilities, ratified by Canada on March 11 2010, requires signatories to recognize the right of persons with disabilities to an adequate standard of living for themselves and their families. What is an adequate standard of Living?

Article 3 of the UN Convention compels states to demonstrate “[r]espect for inherent dignity, individual autonomy including the freedom to make one’s own choices, and independence of persons”.

It would appear obvious that an adequate standard of living must mean more than biological survival. It must mean living life to some degree of fullness, experiencing some of the same activities that give life meaning and sharing to some degree of participation in community.

Inequality: The Rich get Richer... the poor endure.

Among the 24.6 million Canadian taxpayers in 2007, the richest 1% made more than \$169,000 and had an average income of \$404, 000. They took almost 32% of all growth in income in the fastest growing decade in this generation, 1997 to 2007 and by 2007 held 13.8 % of the income in Canada. The richest 0.1 made more than \$621,000 and had an average of \$1.49 million, The richest .01 made more than \$1.85 million and had an average income of \$3.83 million. In 1948, the top marginal tax rate was 80%, on taxable income over \$250,000 which would be \$2.37 million in 2010 dollars. The top rate in 2009 averaged across Canada was 42.9% above \$126, 264.¹

In 2009, the financial research institute Investor Economics identifies 544,000 “high-net-worth” households in Canada as of December 31 2009 which they said represented 3.8% of all households. That 3.8% controlled 67% of the total financial wealth in Canada²

Persons with Disabilities and Poverty

People with disabilities are among the poorest in the land. People with disabilities have a lower average income than those without a disability (\$28,506 compared to \$37,309 in 2006).³ People with special needs tend to have a lower average income than the entire class of persons with disabilities.

Poverty for Those Served by KACL - The Basic Problem

While there exists no statistics for those served by KACL, it is estimated by staff of KACL that almost all adults with a developmental handicap served by KACL, except those who reside and are heavily subsidized by family, live in a state of poverty.

Those who are successful in receiving ODSP and maximum shelter allowance receive \$12768 together with Ontario Tax credits and Other Federal Tax Credits.. Those not successful in receiving ODSP get Ontario Works of \$7188, Ontario Tax Credits and Other Federal Tax Credits .

The largest number of persons with special needs living in Kenora survive on Ontario Disability Support Pension (ODSP) which provides a monthly Shelter Allowance of \$474 as of January 2012, and a basic monthly living allowance of \$590 for a total of \$1064. The average cost of single dwelling apartments and utilities in Kenora is about \$670⁴, Many consumers have to take up to \$200 from their basic living allowance to cover the costs of shelter.

1. Yalnizyan, Armine (December 2010) The Rise of Canada’s Richest 1%, Canadian Centre for Policy Alternatives, <http://www.policyalternatives.ca/publications/reports/rise-canadas-richest-1>

2. All statements and their sources were taken from Yalnizyan 2010 See previous footnote.

3. FPRP page 32

4. CMHC gives the average as 618 (with or without utilities).

Additional Problems - Board and Lodging

Staff of the Ministry of Community and Social Services on several occasions, during the last 5 years have attempted to change the amount received for rent and basic allowance to a \$736 Board and Lodging rate. (http://www.accesson.ca/en/mcss/programs/social/directives/directives/ODSPDirectives/income_support/6_3_ODSP_ISDirectives.aspx)

The basis upon which one gets the higher or lower rate appears to be based on the criteria as to whether the individual can “independently purchase his groceries and cook his meals”. Effectively the Ministry discriminates not on the basis of need but rather on the basis of handicap, the more severely handicapped individual being penalized. It is a bit ambiguous as to whether MCSS continues this practice to day based on having lost 8 consecutive cases taken to the Social Services Tribunal all of which were decided in favour of the consumer.

Additional Problems- Dentures

ODSP staff have refused to provide funds for dentures indicating such are not medical expenses. While a letter from a dentist should make the dentures eligible for ODSP coverage many individuals are not covered by ODSP.

Government Poverty Reduction Strategies

All levels of government appear to be concerned with ever increasing levels of public debt and deficits. Unfortunately most generally discussed solutions appear to target those who can least afford reduced levels of support. During the good times, the rich get richer. During less than good times, the poor and the disabled are most vulnerable to reduction of supports and services.

Ontario

Ontario’s poverty reduction strategy program, Breaking the Cycle⁵, was released in December 2008. Under the Ontario Poverty Reduction Plan, the Province of Ontario has set a target to reduce the number of children living in poverty by 25% within 5 years of the Plans release. The main areas of intervention include emphasis on Stronger, healthier children and families; Stronger, healthier communities; Opportunity for all; Smarter government⁶.

Excerpt from “Breaking the Cycle, Ontario Poverty Reduction Plan”

This is a poverty Reduction Strategy that, for the first time in Ontario’s history, sets out a target for reducing poverty in the province...

This strategy outlines the initiative Ontario will undertake to meet this target. However, we cannot meet this goal without a strong federal partner and a growing economy.⁷

We must also begin to recognize the enormous costs of poverty. Poverty costs this province more than just lost potential. It costs us in our health care system, our justice system, our child protection system, and our

5. Government of Ontario, Breaking the Cycle, Ontario’s Poverty Reduction Strategy, December 2008; The Poverty Reduction Act 2009; http://www.e-laws.gov.on.ca/html/statutes/english/elaws_statutes_09p10_e.htm

6. Breaking the Cycle, Page 7,19,21 and 29

7. Breaking the Cycle, Page 4 (Liberal Majority Government in Ontario

social assistance system. It costs our economy and our society as a whole suffers.⁸

In June 2011 the Commission for the Review of Social Assistance in Ontario published A Discussion Paper: Issues and Ideas. Its vision:

A 21st century income security system that enables all Ontarians to live with dignity, participate in their communities, and contribute to a prospering economy. Time will tell whether reforms will succeed in achieving such a vision.

Canada

The Standing Senate Committee on Social Affairs, Science and Technology, Subcommittee on Cities released its report, In From the Margins: A Call to Action on Poverty, Housing and Homelessness in December 2009.

On November 17th 2010, the House of Commons committee on Human Resources, Skills and Social Development released a report, Federal Poverty Reduction Plan: Working in Partnership Towards Reducing Poverty in Canada (FPRP) report which recommended the development of a comprehensive Federal Poverty Reduction Plan:

3.11 The committee recommends that the federal government immediately commit to a federal action plan to reduce poverty in Canada that would see, during its first phase, the implementation of the recommendations in this report.

This action plan should incorporate a human rights framework and provide consultations with the provincial and territorial governments, Aboriginal governments and organizations, the public and private sector, and the people living in poverty, as needed, to ensure an improvement in lives of impoverished people.

KACL Policy Positions Recommendations⁹

In February 2012 the Board of Kenora Association for Community Living adopted the following social positions;

That the combined amounts of Canadian Child Tax Benefit and National Child Benefit Supplement be increased to \$6000 from the current \$3436 by January 1 2016.

Child Disability Benefit limits should not be reduced before 80,000 or capped before \$100,000 (In December 2010 began to be capped at \$40,970 and capped for family Incomes above \$60,000.)

Assistance for children with Severe Disabilities (ACSD) should not be reduced before \$80,000 or capped before \$100,000

Federal Disability Tax credit should be made refundable.

As a result of the severe lack of income security and lack of dignity for those served by KACL, KACL calls on all levels of government to work to immediately provide a guaranteed annual income at least equal to the levels provide by Old Age Security (OAS) and Guaranteed Income Supplement (GIS) (\$15269 in 2012) to persons

8. Breaking the Cycle, Page 5

9. Policy Positions originated or were confirmed at KACL Board Meeting February 2, 2012

with disabilities.

ODSP rates should immediately and prior to the enactment of an Annual Guaranteed Income be substantially increased to provide a decent standard of living sufficient to meet Canada's obligations under Article 28 of the Convention of the Rights of Persons with Disabilities Canada to provide persons with disabilities to an adequate standard of living for themselves and their families, including adequate food, clothing and housing and continuous improvement of living conditions and under Article 19th to recognize the equal right of all persons with disabilities to live in the community, with choices equal to others, and shall take effective and appropriate measures to facilitate full enjoyment by persons with disabilities of this right and their full inclusion and participation in the community. This income should be equal to the minimum floor set for seniors

MCSS should cease practice of converting life sharer's Rent plus Basic Living rate to Board and Lodging Rate

The whole culture of ODSP administration must be examined and new collaborative, problem solving, support service orientation must replace the current system which focuses on minimizing budgets and policing.

Common decency requires that the basic necessities of life, health and sustenance should be provided to all persons with low- income, such supports to include,

1. Dentures
2. Dentist work to Dentists Provincial Fee Guide
3. Cost of tube feeding and special diets above and beyond normal dietary costs
4. Required physical prosthesis
5. Walkers, mobility devices and ancillary supports
6. Medical transportation

That a tax free roll over of funds in a RESP be permitted into a RDSP.

KACL Staff shall provide an education to all persons served by the Association in regards to Registered Disability Savings Plan.

That the Ontario government introduce a \$500 exemption for income from employment and only then, should the 50% claw back apply to pension support dollars.

The Association is on an ongoing basis reviewing its social policy positions .

Appendices

Glossary

LICO Low Income Cut-Off Lines a measure provided by Statistic Canada . The LICO s provide a relative measure of low income by calculating the income level at which households spend at least 20 percentage points more on their income than the average household on food, clothing and shelter, which for Kenora in 2008 would be \$13754.

FPRP House of Commons, Federal Poverty Reduction Plan: Working in Partnership Towards Reducing Poverty in Canada, Report of the Standing Committee on Human Resources, Skills and Social Development and the Status of Persons with Disabilities, (In this report abbreviated FPRP)

In From the Margins Senate Canada, In from the Margins: A call to Action on Poverty, Housing and Homeless-

Programs to Alleviate Child Poverty

Canada

Canada Child Tax Benefit (CCTB)¹⁰, National Child Benefit Supplement (NCBS) and Child Disability Benefit (CDB)

The Canada Child Tax Benefit (CCTB) is a non-taxable amount paid monthly to help eligible families with the cost of raising children under 18 years of age. The CCTB includes a base benefit which is available to a large majority of families and may include the National Child Benefit Supplement which provides additional support to low and modest income families. The Child Disability Benefit (CDB), is available for families caring for children with mental and physical impairment.

The base benefit of CCTB is \$1367 per year in Jan- Mar 2012 and the NCBS has a maximum annual value of \$2118.

The FPRP is recommending that the combined amounts of CCTB and NCBS be increased to \$5000 over the next 5 years.¹¹

The Child Disability Benefit is a tax free benefit that is meant to offset disability -related costs by providing parents with severe disabilities up to \$208.66 monthly, \$2504 annually for Jan -July 2012. The CDB starts to be reduced when the adjusted family net income is more than \$41,544 (An amount felt to be too small by many families)¹² This federal amount is increased by a corresponding Ontario Child Benefit.

Ontario

Ontario Child Benefit

The National Child Benefit Supplement (NCBS) is supplemented by the Ontario Child benefit for low income families as follows:

Ontario Child Benefit Monthly Payment Estimates for July 2011 to June 2012 (\$)*

Year	# of Children	Family Net Income		
		\$20000	\$25000	\$30,000
July 2011 to June 2012	1	\$91.67	\$8.33	\$25.00
	2	\$183.33	\$150.00	\$116.67
	3	\$275.00	\$241.67	\$208.33
	4	\$367.67	\$333.33	\$300.00

* The monthly payment values listed in the chart above are an estimate of the amount of Ontario CB you may receive. Monthly payments are determined by the Canada Revenue Agency based on your adjusted family net income as determined by your annual tax return. (<http://www.children.gov.on.ca/htdocs/English/topics/finan-10>. CRA's Information circular CCTB <http://www.cra-arc.gc.ca/E/pub/tg/t4114/t4114-10e.pdf>

11. FPRP Recommendation 4.1.1

12. For more information see <http://www.cra-arc.gc.ca/disability/>

The Assistance for Children with Severe Disabilities (ACSD) ¹³

The ACSD is a program that provides financial assistance to parents to help with the extraordinary costs related to their child's severe disability. It is a direct funding program for low and moderate income families.

Parents, family members, legal guardians and individuals 16 of years of age and over may apply for resident children under the age of 18 who have a severe disability which results in a functional loss, who live at home with their families (or legal guardian) and who have extraordinary costs which are incurred directly as a result of the disability. Extraordinary costs include:

- Transportation to and from medical appointments
- Specialized clothing
- Trained Sitters
- Caregiver Respite
- Specialized learning and development equipment
- Social Opportunities

Included in the benefits are,

- An amount of financial assistance is determined based on your yearly extraordinary expenses and your gross family income. Minimum monthly payment is no less than \$25 per month and no more than \$450 per month.
- A drug card (includes prescriptions drugs)
- A Dental card (basic coverage)
- Vision and Hearing Services
- Items related to vision and hearing services
- The consumer contribution for an Assistive Device under the Assistive Devices Program (provided through the Ministry of Health and Long-Term Care)
- The cost of an assessment for an assistive device and the cost of batteries and repairs necessary for mobility devices

KACL Children Services staff can assist families applying for this benefit in filling out an application.

Required:

- An application form – signed
- A completed Expense Report
- A medical statement or psychological assessment clearing confirming the diagnosis of your family member's disability
- Income Verification
- Verification of Birth for the qualifying child
- A copy of the child's health card

Applications are reviewed and assessed by a Special Agreements Officer who determines eligibility and the amount of money a family can receive based on:¹⁴

13 <http://www.children.gov.on.ca/htdocs/English/topics/specialneeds/disabilities/index.aspx>

14 <http://www.hollandbloorview.ca/resourcecentre/familyresources/documents/ACSDtipsheet.pdf>

Family Size (Including parents)	Full basic entitlement paid to Gross Family Income	Some entitlement up to Gross Family Income)
Up to 4	\$42000	\$61,201
Up to 5	\$43000	\$62,201
Up to 6	\$44000	\$63,201
Up to 7	\$45000	\$64,201
The income levels will be raised by \$18,000 for each additional child with a disability to calculate the net entitlement		

Breaking the Cycle indicates that the Government will be increasing these amounts to up to \$1310 per child by 2011-2012

Income Security for Adults with Disabilities

Income from Employment and Employment Supports

ODSP Employment Supports

MCSS contracts with service providers who are responsible for ensuring that quality services are provided to Employment Supports clients. Service providers are required to develop individual employment plans with clients. These plans identify the competitive employment goal of the client, as well as the barriers to employment and the key supports and services that will be provided to place and retain the client in employment. In recent years funding models have been changed and many former Service providers such as KACL got out of the arena due to the risks of failure in meeting job placement and retention targets as outlined in the funding agreement negotiated with the MCSS.

Canada

CPP

Government information on Canada Pension plan may be found at <http://www.servicecanada.gc.ca/eng/isp/cpp/cpptoc.shtml>

Canada Pension Plan Disability Benefits

Canada Pension Plan Disability (CPPD) provides financial assistance to CPP contributors who are unable to work because of a severe and prolonged disability. It provides workers who have contributed to the Canada Pension Plan with access to benefits should they have a severe and prolonged disability which prevents them from working. The average payment, as of Jan - Mar 2012, was \$986.67 per month.

The Canada Pension Plan Disability Adjudication Framework was developed to improve the clarity and transparency of the policy used to determine medical eligibility to the Canada Pension Plan Disability program. It consolidates the policy elements of disability adjudication into one comprehensive framework.

The government web site on the CPP Disability Benefit may be found at http://www.hrsdc.gc.ca/eng/oas-cpp/cpp_disability/index.shtml. A Physician's Guide to Canada Pension Plan Disability Benefits helps physicians

provide information that is useful in determining their patients' eligibility for CPP disability benefits. Also on the site is the Government of Canada Response to 'Listening to Canadians: A First View of the Future of the Canada Pension Plan Disability Program' and Government of Canada Response to Accessibility for All

There have been some complaints that this plan is geared to persons with physical disabilities and that it does not serve those who have been absent from work due to mental illness.

The Working Income Tax Benefit (WITB) another program is intended to offset work disincentives for those participating in vocational rehabilitation for those who may return to work. Individuals are allowed only to earn \$4600 before taxes in 2009 before they lose benefits

Employment Insurance Benefits

Employment Insurance benefits, while not targeted to persons with disabilities, have been considered as a benefit for persons who lose employment due to prolonged or serious illness.

While CPP Disability serve some of those we serve, most are not eligible because they were never in the labour force sufficiently long enough to benefit.

Old Age Security (OAS)

The Old Age Security System includes OAS Pension (OAS), Guaranteed Income Supplement (GIS) and Spouse Allowance (SA) . At the beginning of 2012, the Maximum OAS was \$540.12 a month. In 2009 you have 15% of every dollar earned over \$66335.

GIS

At the beginning of 2012 the maximum GIS benefit paid to individual was \$732.36 a month paid to individuals with an annual income of \$17576.64.

The combined maximum annual Old Age Security and GIS achieved at income below 17576 is \$15270.

Ontario

The last major review of Ontario Social Assistance system resulted in numerous recommendations contained in the 1988 Transitions Report. In a paper published by the Commission in June 2011 entitled *A Discussion Paper: Issues and Ideas* the Commission stated,

Our policy framework needs todeliver a benefit structure that provides an adequate level of support, without creating barriers to work -barriers that discourage people from seeking work because it may not pay enough in income and benefits. We have not achieved this yet. Today, we are faced with the dilemma that, for many, in some benefits classes, the overall benefit levels of social assistance are not adequate, while others find that moving from social assistance to employment is too costly if it means losing some benefits that they need.

KACL recognizes the difficulty of the trade off between the benefits and not creating barriers to work. While KACL could live with an approach that provides benefits to all low-income people, in the absence of an acceptance of such a approach KACL believes that the trade offs require a maintenance of existing benefits besides income from employment and letting the person keep a larger share of income earned from work. (See Claw-back of Earnings from Employment below)

Clawback of Earnings from Employment

Prior to 2006, a consumer could earn up to \$160 limit before a claw back of 75% of earnings came into effect. The current system provides a \$100 employment payment but a clawback of 50% commences on the first dollar earned. Our current policy refers to the total elimination of the clawback, the Board rejecting the return of merely the \$160 exemption. The Association recommends a flat rate earnings exemption of \$500 and only then the 50% clawback.

The Ontario government's vision for the Social Assistance Review is to create "a 21st century income security system that enables all Ontarians to live with dignity, participate in their communities, and contribute to a prospering economy".¹⁵

Ontario Disability Support Program

In Ontario that program is called the Ontario Disability Support Program.¹⁶ Under the plan an individual who qualifies receives \$590 under 6.1 of the Income Support Directives¹⁷. He or she receives up to \$474 shelter allowance under 6.2 of the Directives for a grand total of \$1064 a month or 12768 a year. This is well below the Income support recommended by the Canadian Senate's December 2009 recommendation of at or above Low Income Cut-Off lines (LICO) or about \$20,000 in 2010¹⁸

Chargeable income is determined by applying exemptions and deductions to gross monthly earnings from employment and training programs.

ODSP payments are reduced by income earned or received by the persons unless exempt. Employment earnings or income from training is reduced by the following:

Deductions required by law or by the terms of employment;

A flat rate exemption of 50%; (The other 50% is often referred to as the claw back)

Child care expenses, if applicable; and

Disability related employment expenses, if applicable.¹⁹

Up to \$6000 may be received as gifts or from a trust.

Assets that affect ODSP

There are limits to the amount of non-exempt assets you can have and still remain eligible for ODSP:

For a single person, the limit is \$5,000

For a person with a spouse, the limit is \$7,500

The limit increases by \$500 for each child.

In some cases, you can get approval to save money over and above the asset limit. For example, you may save

15. Commission for the Review of Social Assistance in Ontario, A Discussion Paper: Issues and Ideas, June 2011

16. <http://www.accesson.ca/en/mcss/programs/social/odsp/index.aspx>

17. ODSP Income Support Directives: http://www.accesson.ca/en/mcss/programs/social/directives/ODSP_income_support.aspx

18. In From the margins, recommendation 53

19. See explanations at http://www.accesson.ca/en/mcss/programs/social/directives/directives/ODSPDirectives/income_support/5_3_ODSP_ISDirectives.aspx

money to buy an item or service that you need for your health or for your disability.

Examples of non exempt assets (Unless exempt)

Cash, money you have in bank accounts, stocks and bonds , Registered Retirement Savings Plans (RRSP), vehicles, property (for example, land or a house), trust funds (except as described below)

Exempt Assets

Exempt assets that do not affect your eligibility for Income Support include:

House you own and live in, primary vehicle (the one you use the most, if you have more than one) trust funds derived from an inheritance or life insurance policy, up to allowable limits, the cash surrender value of life insurance policies, up to allowable limits, pre-paid funerals, Registered Education Savings Plans (RESP), Registered Disability Savings Plans (RDSP), necessary household and personal items, such as furniture and clothing.

Discretionary Trusts (Before funds are distributed to beneficiaries) and Disability Trusts²⁰ up to \$100,000 are also exempt. Gifts up to \$6000 are exempts on an annual basis.

Health benefits Covered under ODSP

Persons receiving Ontario Disability Support Program Income Support get coverage for prescription drugs that are, (1) prescription drug coverage listed in the Ontario Drug Formulary, and prescribed by an approved health care professional. A drug card is mailed to each month with ODSP cheque or statement. This card for prescription drugs can be used in the following month. The card must be presented to the pharmacist when you give them your prescription. Some pharmacists may charge a fee (co-payment) of up to \$2 per prescription.

A doctor can ask the Ministry of Health and Long-Term Care to cover the cost of the prescription drug.

The ministry will review the request and let your doctor know its decision.

Dental Coverage under ODSP

Basic dental services and additional services if one's disability, prescribed medications or prescribed treatment affects the person's oral health. A dental card is mailed each month with your monthly cheque or statement. You can use this card for dental care services in the following month. Dental services under the Ministry of Community and Social Services Dental Care Plan may be provided by dentists and, in some cases, by independently operating dental hygienists. The dental card should be presented to the dentist or dental hygienist before treatment. Dentist or dental hygienist is participating in the ministry's Dental Care Plan.

If you get a letter from your Dentist one would think that dentures would also be covered. This is the case in some cities but has been denied to some individuals in Kenora.

Basic Income Program

Meeting International Obligations of Dignity and Adequacy

Article 28 of the United Nations Convention on the Rights of Persons with Disabilities, ratified by Canada on

²⁰ Discretionary trusts and Endowments will be later

March 11 2010, requires signatories to recognize the right of persons with disabilities to an adequate standard of living for themselves and their families.

Article 3 of the UN Convention compels states to demonstrate “[r]espect for inherent dignity, individual autonomy including the freedom to make one’s own choices, and independence of persons”.

The creation of a basic income program could eliminate the stigmatizing affects of welfare oriented, last resort, rule bound, complicated and hard to understand programs.

Recommendation 4.2.5 of the FPRP

The Committee recommends that the federal government create a federal basic income program for persons with disabilities and support a disability-related support program to be delivered by the province and territories.

Recommendation 4 of In From the Margins

The committee recommends that the federal government establish with the province a goal that individuals and families, regardless of the reasons for their need, receive income at least after-tax LICOs

This amount in Kenora in 2009 would be about \$14000²¹

Recommendation 4.2.5 of the FPRP

The Committee recommends that the federal government create a federal basic income program for persons with disabilities and support a disability-related support program to be delivered by the province and territories.

Benefits of a Guaranteed Annual Income over

The Ontario government’s own vision for the Social Assistance Review is to create “a 21st century income security system that enables all Ontarians to live with dignity, participate in their communities, and contribute to a prospering economy”. Respect for ODSP applicants and recipients and enhancing their dignity should be a fundamental purpose of ODSP.

Disability Tax Credit (DTC)

The DTC aims to promote equality among those who pay income tax and reduce the extra costs incurred by people with disabilities as a result of their illness or condition²². Persons with severe and prolonged disabilities, 18 years and older can claim \$7196 on their 2009 income tax which is the equivalent of federal tax savings of \$1079. Because the DTC is non refundable tax credit it benefits only individuals and family members with taxable income.

FPRP Recommendation 4.2.6

As a first step in addressing the needs of the poorest of Canadians with severe disabilities, the Committee recommends that the federal government amend the Income Tax Act to make the Disability Tax Credit a

21. FPRP page 10

22. FPRP Page 144

refundable credit and ensure that the new federal benefits for persons with disabilities are not clawed back from those receiving social assistance payments.

Material Capital and Possessions

Canada

Registered Disability Savings Plan

A Registered Savings plan intended to assist Canadians with Disabilities to save for long terms security. Once registered the plan may be eligible (and for most of KACL served adult consumers between the ages of 18 and 49 will be eligible) for Canada Disability Savings Bonds which pay up to \$1000 annually until the beneficiary turns 49 (\$20,000 Lifetime Limit). In addition the plan may be eligible for Canada Disability Savings Grants which provide matching contributions of up to \$3500 annually(\$70,000 Lifetime Limit). There is no annual contribution limit but a lifetime limit of \$200,000.

It is hard to understand why individuals turning 19 who have not opened a plan should not be encouraged to do so immediately to get the benefit of \$20,000 by age 39 and thereafter to the extent that contributions to the plan to gain matching grants will be dependent on individuals health, life expectancy and current financial needs.

Funds withdrawn from the plan do not affect ODSP but are taxable if recipient has enough income to be taxable (Not a major problem for those served by KACL).

This program was allocated \$115 for planned spending in 2008-2009 with increases to 165 in 2009-2010 and \$210 in 2010-2011 but only \$3.3 million was expected to be spent on grants and \$1.9 million on bonds²³. Clearly, greater conscious raising of this plan is required.

The Executive Director is proposing that KACL engage in an aggressive education campaign for every new individual coming into service. Commencing in January 1, 2011, it is proposed that every consumer coming into service from KACL will be strongly encouraged to open up a plan at least for the purposes of securing the annual Canada Disability Savings Bond (CDSB). By the end of the year every consumer who has not yet reached their 30th birthday will be encouraged to open a Registered Disability Savings Plan for similar purposes. A record will be kept for the year to monitor the progress.

Web sites for valuable information on RDSP:

<http://www.cra-arc.gc.ca/tx/ndvdl/tpcs/rdsp-reei/menu-eng.html> Canadian Revenue Agency
<http://www.cra-arc.gc.ca/E/pub/tg/rc4460/rc4460-10e.pdf> pdf Printout

<http://www.rbcroyalbank.com/products/rdsp/what-is-rdsp.html> Royal Bank Summary

Discretionary Trusts

The problem with most existing schemes at poverty reduction support is that they do not aim to get people out of poverty but rather to manage within poverty. Long ago private trusts were used to support those who but for such support, would otherwise live in poverty, a dependent on the state. In order to raise the income level and standard of living of a loved one, but still take advantage of a state's social assistance programs, increasingly during the 20th century discretionary trusts were set up. These have been successfully defended in several Cana-

23. FPRD page 140

dian court cases. In Ontario the name of one such Court cases has lent its name to such trusts: "Henson Trusts".

Such trusts may be set up to take effect immediately but are more often set up in a will. The basic nature of the trust is a transfer of assets to a trustee who holds the assets in trust for the benefit of beneficiaries in amounts which will remain uncertain until a determining event -generally the death of the primary intended beneficiary:

I give all my property both real and personal of whatever kind and wherever situate, including any property over which I may have a general power of appointment, to my Trustees upon the following trusts:

I direct my Trustees to set aside and keep invested the residue of my estate for my child x and during the lifetime of my said child x my Trustees shall keep such residue invested and pay the amount or amounts or the whole of the annual net income therefrom together with any amount or amounts or the whole of the capital thereof to or for the benefit of such child as my trustees shall, in the exercise of an absolute and unfettered discretion, consider advisable from time to time. Without in any way binding the discretion of my Trustees I further declare, that it is my wish that in exercising their discretion, my trustees shall take account of and, insofar as they consider advisable, take such steps as will maximize the benefits my said children would receive from other sources including governmental sources if payments from the income and capital of my estate were not paid to or for the benefit of my said children.

Without in any way restricting the exercise by the Trustees of the discretion herein given to them, and without imposing any legal obligation upon them, I declare, that it is my wish in making payments to or on behalf of child x that the trustees consult and be guided by the recommendations of an Advisory Board consisting of my trustees and such of the following persons who shall be living from time to time: ABC, DEF, GHI, JKL and such other person or persons appointed to the Advisory Board by the Advisory Board.

Upon the death of my child x I direct my Trustees to pay the funeral expenses of child x and thereafter to transfer as a gift to Kenora Association for Community Living Permanent Endowment the remaining balance of all income and capital remaining undistributed at the death of my child x.

If the Trustees distributed no more as a gift to x as is then currently permitted as an exempt asset under the ODSP currently in 20100 \$6000 annually, X will continue to get ODSP. By this judiciously management of the fund X's standard of living may be increased by \$6000 annually.

Endowments

In addition to financial insecurity, KACL has considered other forms of impoverishment identified by Jerome M. Segal 1999²⁴ as often experienced by persons with special needs:

Material impoverishment, meaning inadequacies of goods and services such that the individual experiences (or is exposed to) disease, hunger, starvation. This could be caused by inadequacies of monetary income, inadequacies of public investment, inadequacies of human support systems, or even simply bad luck.

Intellectual impoverishment, meaning an inadequacy of education and/or absence of interaction with others so that the individual does not partake in a life of the mind. This can be brought about through lack of schooling leading to illiteracy, or more commonly a culture of intellectual isolation.

Spiritual impoverishment, meaning the absence of any transcendent meaning in the experiences or activities of the individual. This might include, but certainly should not be limited to or defined in terms of, religious experience.

²⁴. Jerome M. Segal, *Graceful Simplicity* New York Henry Holt and Company page 21

Aesthetic impoverishment, meaning the absence of beauty within the person's life, whether it be the beauty of material possessions, the natural environment, the urban world, or the absence of ceremony.

Social impoverishment, meaning an absence of central relationships, of friends and loved ones.

Persons with special needs are often excluded from such areas due to failure of others to accept their personhood, social exclusion or they simply can not afford to participate in opportunities because of lack of financial resources.

Non profit organizations have played a significant role in providing growth and development opportunities in all such areas and has been recognized from time to time by both levels of government. Government has also recognized that the costs of providing such innovative programs has become increasingly burdensome²⁵

One excellent resource for understanding endowments is Harry van Bommel's, *On Our Own.. Together*²⁶. In that book mention is made of the Deohaeko Support Network that employed an endowment to support almost the entire needs of a small group of 7 persons with special needs. Another excellent resource is our own KACL Association and endowment where only a small portion of many individual's needs are met by the endowment and other non government funded programs such as Community Picnic, Community Wellness Program, Art Partners, Fitness Friends, In the Key of Community (multi-talent level sing group), Rise to the Rhythm (a drumming group) and other diverse inclusive activities. In an endowment, a number of donators make contributions to the endowment trustees who invest such proceeds and then distributed the income or (and capital if permitted) according to the terms of the endowment agreement. By the use of such gifts, poverty may be reduced by assisting individuals to enjoy activities or programs that would otherwise not be available for lack of income.

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25. See for example FPRP Section 3.4 and recommendations 3.4.1, 3.4.2, 3.4.3 and 3.4.4

26. See References Section

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