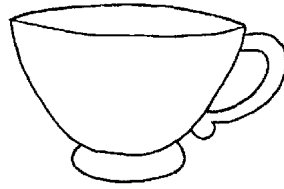


Financial and Estate Planning

With Special Emphasis on Families with a person with a Disability
A Work in Process
January 5 2011



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Introduction

For the reader - the answer is start from where you at. For purposes of this paper I have arranged thing along an individual's natural life cycle. I hope the table of contents or possible index may be helpful for specific topics of interest

Estate planning is the process of anticipating and arranging for the disposal of an estate. Estate planning typically attempts to eliminate uncertainties over the administration of a probate and maximize the value of the estate by reducing taxes and other expenses. Guardians are often designated for minor children and beneficiaries in incapacity.

Estate planning involves the will, trusts, beneficiary designations, powers of appointment, property ownership (joint tenancy with rights of survivorship), gift, and powers of attorney, specifically the durable financial power of attorney and the durable medical power of attorney.

Financial Planning with Disabled Children in Mind

Canada Child Tax Benefit (CCTB)¹, 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 \$1340 per year in 2009-2010 and the NCBS has a maximum annual value of \$2076.

The FPRP is recommending that the combined amounts of CCTB and NCBS be increased to \$5000 over the next 5 years.²

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 \$204.58 monthly, \$2455 annually. The CDB starts to be reduced when the adjusted family net income is more than \$40,970 (An amount felt to be too small by many families)³ This federal amount is increased by a corresponding Ontario Child Benefit.

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 2009 to June 2010 (\$)*

1. CRA's Information circular CCTB <http://www.cra-arc.gc.ca/E/pub/tg/t4114/t4114-10e.pdf>
2. FPRP Recommendation 4.1.1
3. For more information see <http://www.cra-arc.gc.ca/disability/>

| | | Family Net Income | | |
|------------------------|---------------|-------------------|----------|----------|
| Year | # Of Children | \$20000 | \$25000 | \$30,000 |
| July 2009 to June 2010 | 1 | \$91.67 | \$88.33 | \$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/financialhelp/ocb/howmuch.aspx>)

The Assistance for Children with Severe Disabilities (ACSD) ⁴

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 \$410.00 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

⁴ <http://www.children.gov.on.ca/htdocs/English/topics/specialneeds/disabilities/index.aspx>

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:⁵

| Family Size (Including parents) | Full basic entitlement paid to Gross Family Income | Some entitlement up to Gross Family Income) |
|---|--|---|
| Up to 4 | \$42000 | \$61201 |
| Up to 5 | \$43000 | \$62201 |
| 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

Registered Disability Savings Plan(RDSP)

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 bonds⁶. 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

⁵ <http://www.hollandbloorview.ca/resourcecentre/familyresources/documents/ACSDtipsheet.pdf>

⁶ FPRP page 140

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

Planning for Incompetency

First the defensive moves- planning for incompetency - planning for premature death and once we get that out of the way then we can get to the more optimistic view of a long and rewarding lifetime. After widespread litigation and media coverage surrounding the Terri Schiavo case, many estate planners now advise clients to have a “living will” or power of attorney for personal care.

First some basics.

Power of Attorney

A power of attorney is a legal document that gives someone the right to act on your behalf.

In Ontario there are three types of powers of Attorney:

A non continuing power of attorney for property recognized at common law whereby someone appoints an attorney to represent him or her for such period as specified and which ceases should the grantor loses capacity. Such powers of attorneys may be made to represent you and look after your financial and property transactions while you are away from home for extended periods

It may be drafted in a fashion that it continues to operate even if you lose capacity

Specific final arrangements, such as whether to be buried or cremated, are also often part of the document. Many people (and even some attorneys) confuse a living will with a durable medical power of attorney. A living will sets out directives concerning end of life decisions, whereas a durable power of attorney gives all medical decision making authority to an appointed individual upon incapacity, including end of life decisions. Some people have both a living will and a health care power of attorney. Some, who wish to give complete discretion to a loved one, including end of life decision, have only a health care power of attorney.

Will Planning

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-

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.

Problems with Discretionary Trusts

- 1. Choosing the right trustee**
- 2. Conflicts of Interest between trustee and person with disability**
- 3. Concept of an Sdvisory borad or committee**

Choosing the Trustees- Competency of Trustee - Conflicts of Interest - advisory Boards etc

Funeral Planning

Every one should plan their own funeral. That's the only way you can enjoy it. Once you're gone I doubt that you will ever find out if they followed you direction's. But that's OK as well since I believe that funerals are juts as much about those who are left behind as they are about the recently departed. I have begun to plan mine and have posted it at <http://retson.ca/jcrfuneral.htm>.

What is so sad are funerals that are prepared by almost complete strangers.

The beginning to think about what you might want someone to say about you at your funeral is also an excellent start to planning for how you are going to start living.

(More To Come)

Problems with Registered Disability Savings Approach to providing for Freedom 49

1. Requires action of Guardian for person lacking capacity
2. Requires a 10 year waiting period from last contribution

Income Security for Persons with Disabilities

One of the most important income support program for persons with disabilities is the Canada Pension Plan Disability Program (CPPD). This is a program for someone who was in the labour force but have had to stop because of a 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 July 2009, was \$803.33 per month.

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 nor eligible because they were never in the labour force sufficiently long enough to benefit.

Basic Income 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 \$14000⁷

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 condition⁸. 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 refundable credit and ensure that the new federal benefits for persons with disabilities are not clawed back from those receiving social assistance payments.

ODSP Employment Supports (A Provincial Program)

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.

Basic Income Programs: ODSP

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.

In Ontario that program is called the Ontario Disability Support Program.⁹ Under the plan an individual who qualifies receives \$584 under 6.1 of the Income Support Directives¹⁰. He or she receives up to \$469 shelter allowance under 6.2 of the Directives for a grand total of \$1053 a month or 12636 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 2010¹¹

7. FPRP page 10

8. FPRP Page 144

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

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

11. In From the margins, recommendation 53

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.¹²

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

Previously a consumer could earn up to \$160 limit before a claw back of ODSP came into effect. The current system provides a \$100 employment payment but the claw back was increased to 50%. Notwithstanding that almost every consumers is better under this revised scheme families continue to protest the claw back.

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 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 Trusts¹³ 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
12. See explanations at http://www.accesson.ca/en/mcss/programs/social/directives/directives/ODSPDirectives/income_support/5_3_ODSP_ISDirectives.aspx

13 Discretionary trusts and Endowments will be later

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.

Retirement Planning for a Person with a Disability

CPP

Government information on Canada Pension plan may be found at <http://www.servicecanada.gc.ca/eng/isp/cpp/cpptoc.shtml>. The maximum monthly income of CPP available at the beginning of 2010 was \$934.17 (Annual \$11210). The exact amount you will get is based on how long and how large your contributions were. Commencing January 1 2012 you may take your CPP out without ceasing work. You may also refrain from taking CPP out until 70 in which case you get each month you refrain from taking CPP you get a larger % (By 2013 you will get 42% more at age 70). Similarly you will get less if you take it out at age 60 or before 65. The amount of the decrease will increase each year up to 2016 at which time a 60 year old taking out CPP would get 36% less than had they waited to age 65.

Since people with disabilities tend to have a lower life expectancy than others it may not benefit such a person to wait since CPP ends with death.

Information of which can be gained from government website.

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. 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 website 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. As well 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

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 2010, the Maximum OAS was \$516.96 a month. In 2009 you have 15% of every dollar earned over \$66335. You get the entire amount if you have spent the last 40 years in Canada and a reduction for each year less than 40 spent in Canada.

GIS

At the beginning of 2010 the maximum GIS benefit paid to individual was \$652.51 a month paid to individuals with an annual income of \$15672

Retirement Income Worksheet for Persons with Disabilities

GAP Analysis Worksheet

| Income | Monthly Income | Annual Income |
|-----------------------------|-------------------|-----------------|
| OAS | \$516.96 | \$6204 |
| GIS | \$652.51 | \$7830 |
| CPP* | ----- | ----- |
| Pension* | ----- | ----- |
| Total Monthly Income | \$1169.47+ | \$14033+ |

Total Monthly Expenses **Break even at \$14033**

Monthly Income - Monthly Expense = Gap

Income from Registered Plan = Total Capital * Investment Rate (5%)=

Total Income from Registered Savings = Income from Registered Savings+Income from Non Registered Savings=

Gap to Fill = Gap - Total Income From Savings

Note: If income from savings is less than gap you will have to cut into principal. Some suggest that you can cut into principal about 4% if you are not concerned about leaving any left at your death.

Advocacy for Change

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, but the goal was stated in broader language than material poverty or financial insecurity:

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)

Inequality: The Rich get Richer... The poor get poorer

The 3rd goal of membership development also included an education or advocacy function. In order to advocate on behalf of those we serve we must ensure that those who support our Association's positions have the data to effectively advocate for change. It is easy to assume that the population in general support greater equality and poverty reduction but simply don't expend the energy to do any thing about it. There is growing evidence that the problem is much greater - Even the basic tenant of the desirability of equality is being questioned.

Lets look at how the rich are fairing:

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, 264.¹⁴

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 Canada¹⁵

Now, how about the poor? 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).¹⁶ People with special needs tend to have a lower average income than the entire class of persons with disabilities. While

14. 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>

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

16. FPRP page 32

there exists no statistics for those served by KACL, it is estimated by staff of KACL that the largest number of adults with a developmental handicap served by KACL, would have an income less than \$15,000. The largest number of persons with special needs living in Kenora survive on Ontario Disability Support Pension (ODSP) which provides a shelter Allowance of \$469 as of November 1 2010, and a basic living allowance of \$584 for a total of \$1053. The average cost of single dwelling apartments and utilities in Kenora is about \$670¹⁷, Many consumers have to take up to \$200 from their basic living allowance to cover the costs of shelter.

Government Poverty Reduction Strategies

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.¹⁸

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 social assistance system. It costs our economy and our society as a whole suffers.¹⁹

Ontario's poverty reduction strategy program, **Breaking the Cycle**²⁰, 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 government²¹.

In From the Margins: A Call to Action on Poverty, Housing and Homelessness

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.

Federal Poverty Reduction Plan: Working in Partnership Towards Reducing Poverty in Canada (FPRP)

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 recommenda-

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

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

19. Breaking the Cycle, Page 5

20. 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

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

tions in this report.

Supplemental Opinion of the Conservative Members of Parliament to the Federal Poverty Reduction Plan:

The report includes a high number of recommendations and the costs of implementing all of the recommendations would be astronomical.²²

Minority Report, Liberal Party of Canada to the Federal Poverty Reduction Plan

Limited resources cannot be an excuse for inaction. Canadians support a role for the federal government to reduce poverty in Canada, and the Liberal Party agrees²³

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.

Public Attitudes

On the Saturday following the release of the House of Commons release of its Federal Poverty Reduction Plan Report, the Toronto Globe and mail reported on some polls that had been completed during the recent past from 2004 to 2007 (2004 Canadian Election Study, 2006 World Value Survey; Angus-Reid 2007 and Environics):

In 2004, 61 % of Canadians outside Quebec agreed that “People who don’t get ahead should blame themselves, not the system”

In 2006, just over half of Canadians gave more value to the statement “We need larger income differences as incentives” over “Incomes should be made more equal”

In 2007 only 34% of Canadians polled agreed that poverty is a very serious problem”46 % said government programs to improve conditions for the poor are “having no impact either way” and

18% per cent said programs make the problem worse.

During the good times, the rich get richer. During less than good times, should the poor be expected to get poorer? We can no longer assume that the public accepts equality as a desirable goal. If you believe in equality you have to sell the idea.

Endowments - With a Little Help From My Friends

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.

22. FPRP Page 292

23. FPRP Page 293

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

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.

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.

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 Homelessness, The Standing Senate Committee on Social Affairs, Science and Technology, Report of the Subcommittee on Cities, December 2009

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

Power of Attorney - A power of attorney is a legal document that gives someone the right to act on your behalf.

References

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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>

Statutes

Substitute Decision Act, 1992 For Consolidated Act, See http://www.e-laws.gov.on.ca/html/statutes/english/elaws_statutes_92s30_e.htm

Web sites

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

Canadian government website on CPP Disability Benefit: http://www.hrsdc.gc.ca/eng/oas-cpp/cpp_disability/index.shtml.

Making Poverty History: <http://www.makepovertyhistory.ca/learn/issues/poverty-reduction-plan>

Notes

