

AGING WITH A DEVELOPMENTAL DISABILITY PLANNING FOR SUCCESS

AGING and FINANCIAL PLANNING

Contents

| | |
|--|----|
| AGING and FINANCIAL PLANNING | 5 |
| Government Programs/ Income | 5 |
| Old Age Security Pensions and Benefits..... | 5 |
| Old Age Security Pension | 5 |
| Disability Tax Credit (DTC)..... | 7 |
| Help with the RDSP – Plan Institute..... | 10 |
| Canada Pension Plan | 10 |
| Ontario Disability Support Program..... | 11 |
| Acting as A Third-Party Administrator | 13 |
| Passport Funding..... | 14 |
| Ontario Tax Credits/Rebates | 14 |
| Caregiver Tax Credit | 14 |
| Canada's Worker's Benefit (Formerly titled Working Income Tax Benefit)..... | 15 |
| Carbon Tax Rebate..... | 15 |
| Senior and/or Disabled Property Tax Relief | 16 |
| Property Tax Relief for Low-Income Seniors and Low-Income Persons with a Developmental Delay | 16 |
| Provincial Land Tax Deferral Program for Low-Income Seniors and Low-Income Persons with a Developmental Delay..... | 16 |
| Estate Planning – Plan Early for the Future..... | 17 |
| Self-Assessment Screening Tool (Adopted from Plan Institute, 2019)..... | 17 |
| Components of Estate Planning | 18 |
| Recommended Trusts for Persons with a Developmental Delay | 20 |
| Other Estate Planning | 21 |
| Summary..... | 24 |
| Resources | 25 |
| Social Assistance: Links for Helpful Resources | 25 |
| Canada Federal Program Services | 25 |
| Ontario Provincial Program Services..... | 26 |
| Other Resources..... | 30 |
| Appendix..... | 30 |
| Questions and Answers About Trust Funds for Persons with a Developmental Delay | 30 |
| References | 32 |

AGING and FINANCIAL PLANNING

Income changes for most people when they reach older adulthood. For example, person's retiring from employment may receive a drop in income despite receiving a pension or other sources of income. Person's receiving a "fixed" income on a government support program may also experience a change in income level as they may become ineligible for one program and must move to other programs/benefits (e.g. Moving from receiving Ontario Disability Support Program(ODSP) income at the age of 65 to a mix of Federal, Provincial and possibly Municipal income support programs).



A smooth transition in income can be achieved by early planning! This is important for persons aging with a Developmental Disability (DD) because a majority are receiving ODSP and living on a lower income than the rest of the population.

In this section, various sources of Federal, Provincial and Municipal levels of government funding/benefits will be highlighted in that order, to present a coordinated and easily accessible format to assist persons aging with a DD, their caregivers and families and anyone assisting with financial planning to know what is available. Estate planning, including creating Trusts, Wills, and recommendations for establishing savings and funeral plans will complete the section.

Note: The information provided here is not exhaustive and there may be other funding/benefits and supports available from other levels of government, community agencies, and charities. It is recommended to seek additional information online or inquire with local community and region agencies about resources in order to access all that may be available.

Government Programs/ Income

Old Age Security Pensions and Benefits

Old Age Security Pension

The Old Age Security (OAS) is a monthly payment program for seniors aged 65 and over and administered by the Government of Canada.

The program is funded from federal tax revenue. You will likely need to apply to the Government of Canada to receive it.

In order to qualify for the basic OAS pension, you must:

- be 65 years of age or over, and
- be a Canadian citizen or a legal resident of Canada on the day before the application is approved, and
- have lived in Canada at least ten years after reaching the age of 18, even if you have

never worked in Canada.

If you don't live in Canada, you must have been a Canadian citizen or legal resident of Canada on the day before the date you left Canada at least 20 years after age 18.

The OAS basic pension is considered taxable income. The pension is subject to a recovery tax if your individual net annual income is higher than the net world income threshold set for the year. The payment amount for the OAS pension is determined by how long you have lived in Canada after the age of 18.

If you are a low-income senior, you may be eligible for other benefits as early as 60 years of age.

There are three types of OAS benefits:

Guaranteed Income Supplement (GIS)

- If you live in Canada and you have a low income, this monthly non-taxable benefit can be added to your OAS pension.

Allowance

If you are 60 to 64 years of age and your spouse or common-law partner is receiving the OAS pension and is eligible for the Guaranteed Income Supplement (GIS), you might be eligible to receive this benefit allowance.

Allowance for the Survivor

- If you are 60 to 64 years of age and you are widowed, you might be eligible to receive this benefit.

Note: Eligibility for the GIS is reviewed every year in July and is based on the applicant's net income in the previous calendar year, or the combined net income in the case of a couple. Therefore, from year to year, payments can increase, decrease or even stop according to reported changes in annual net income.

Guaranteed Annual Income System

Guaranteed Annual Income System (GAINS) provides a monthly, non-taxable benefit to low-income Ontario seniors.

GAINS payments are provided on top of the Old Age Security (OAS) pension and the Guaranteed Income Supplement (GIS) payments you may receive from the federal government.

Together, the total maximum benefits from OAS, GIS and GAINS is the guaranteed income level. The Province guarantees that eligible Ontario seniors will have at least this minimum

level of income.

You qualify for GAINS payments if you:

- are 65 years or older
- have lived in Ontario for the past 12 months or for a total of 20 years since turning age 18
- have been a Canadian resident for ten years or more
- receive the federal OAS pension and provincial GIS payments
- have an annual private income of up to \$1,992 if you are a single senior or up to \$3,984 if you are a senior couple (as of March 2019). The guaranteed income level is updated every three months to reflect inflation.

Note: Private income may include money from a private pension, the Canada Pension Plan, bank interest, etc.

Note: If you are 65 years old or older and not eligible for Old Age Security (OAS), you do not have to complete the disability adjudication process when applying for the Ontario Disability Support Program (ODSP) if you are financially eligible. You should be able to continue to receive ODSP income. See “prescribed class” in the ODSP section below.

Disability Tax Credit (DTC)

The Disability Tax Credit (DTC) is a non-refundable tax credit from the Government of Canada that helps persons with physical or mental disabilities, or their caregivers/family reduce the amount of income tax they may have to pay. An individual may claim the disability amount once they are eligible for the DTC. This amount includes a supplement for persons under 18 years of age at the end of the year.

The purpose of the DTC is to provide for tax equity by allowing relief for disability costs (e.g. diapers, equipment, etc.), since there are additional expenses that other taxpayers don't have to face.

To be eligible for the DTC, the person must meet one of the following criteria:

- be blind
- be markedly restricted in at least one of the basic activities of daily living
- eligible for services under Developmental Services Ontario (DSO)
- have a developmental disability
- be significantly restricted in two or more of the basic activities of daily living (can include a vision impairment)
- need life-sustaining therapy

In addition, the person's impairment must meet all of the following criteria:

- be prolonged, which means the impairment has lasted, or is expected to last for a continuous period of at least 12 months

- be present all or substantially all the time (at least 90% of the time)

There is a three-step process to apply for DTC:

1. Complete Part A of the form T2201
2. Have your physician complete Part B
3. Sign and Mail the T2201 form to the Canadian Revenue Agency (CRA).



For more information see the following links:

Canadian Revenue Agency Video Series:

<https://www.canada.ca/en/revenue-agency/services/tax/individuals/segments/tax-credits-deductions-persons-disabilities/disability-tax-credit.html>

For additional information about any benefits under the OAS and GAIN programs see the following links and contact information:

1. Overview of OAS Pension and Benefits and Eligibility

- <https://www.canada.ca/en/services/benefits/publicpensions.html>
- <https://www.canada.ca/en/services/benefits/publicpensions/cpp/old-age-security/eligibility.html>

2. Applying for OAS Pension and Benefits and Information to get started and GAINS

- <https://www.canada.ca/en/services/benefits/publicpensions/cpp/old-age-security/before-applying.html>
- <https://www.ontario.ca/page/guaranteed-annual-income-system-payments-seniors>

3. **Telephone:** 1 800 O-Canada (1-800-622-6232)

TTY: 1-800-926-9105

Monday to Friday 8:00 am to 5:00 pm (your local time)

4. You can also call Canada Revenue Agency at 1-877-627-6645 for more information.

Benefits Finder



The Government of Canada has created a customized list of benefits for which you may be eligible. The Benefits Finder may suggest benefits from federal, provincial, or territorial governments, and does not collect or track your information. The more questions you answer, the more customized your results will be. Use the link below to complete a profile.

<https://srv138.services.gc.ca/daf/q?id=010ad710-2d87-4bc0-b4a7-7a3abcdd360f&GoCTemplateCulture=en-CA>

My Service Canada Account

- If you have authorized someone to act as power of attorney (POA) on your behalf, that person cannot use your **My Service Canada Account**.

If you have notified the Government of Canada that a registered trustee, guardian or other legal representative is taking care of your financial affairs, neither you nor your representative can use a **My Service Canada Account**.

Registered Disability Savings Plan (RDSP) – Start Saving Now for the Future!



The Registered Disability Savings Plan (RDSP) is a long-term savings plan to help Canadians with disabilities and their families save for the future. An RDSP can earn interest tax-free until it is taken out of the plan. Consider the following benefits for early planning and contributing:

For every \$1 put in an RDSP account, the federal government can (if your family income is below \$95,259) match with up to \$3. This is the Canada Disability Savings Grant.

- For people living on a low-income (less than \$31,120), the federal government will put in \$1000 each year for 20 years! This is the Canada Disability Savings Bond.
- For people living on an income between \$31,120 – \$47,630 they can still receive a partial bond.
- Anyone can contribute to an RDSP- family, friends, neighbours with permission from the person who owns the RDSP ... it gives people who want to help a way to do so!
- The money can be invested to grow. It is considered the best “Return on Investment” available. Depending on someone’s income, any money saved immediately triples in value. Once investment decisions are made, the savings start to grow!
- The RDSP is exempt from provincial disability and income assistance benefits. Both monies held in an RDSP (asset) and money taken out of an RDSP (income) are fully exempt from determining eligibility for Disability Benefits
- You may contribute any amount to your RDSP each year, up to the lifetime contribution limit of \$200,000
- Persons with a DD can choose what to do with the money when it comes out, and there are no restrictions on how the money can be spent!

You may be eligible if you are:

- eligible for the Disability Tax Credit
- under the age of 60 (if you are 59, you must apply before the end of the calendar year

in which you turned 59)

- a Canadian resident with a Social Insurance Number (SIN).

Use the following links for additional information and various tutorials.



[https://www.canada.ca/en/employment-social-development/programs/disability/s`](https://www.canada.ca/en/employment-social-development/programs/disability/s)

<https://www.rdsp.com/rdsp-tutorial/>

Help with the RDSP – Plan Institute

For information regarding the RDSP or disability planning:

- Call Plan Institute’s information helpline at 1-844-311-7526

Interested in how you can receive a \$150 gift to start growing your RDSP, email e150@planinstitute.ca, or call the Plan Institute office at 604-439-9566.

Canada Pension Plan

The Canada Pension Plan (CPP) is a contributory, earnings-related social insurance program. The purpose of CPP is to provide protection to the person who contributed against the loss of income due to:

- Retirement
- Disability
- Death

Retirement Pension

CPP retirement pension is to replace about 25% of the earnings, which you paid in the plan. The actual amount you receive is based upon how much and how long you contributed, as well as the age you choose to begin receiving the pension: age 60 is the earliest that you can begin receiving the pension and age 70 is the latest.

Post-retirement Benefit

If you continue to work while receiving your CPP retirement pension, and are under age 70, you can continue to contribute to the CPP. Your CPP contributions will go toward post-retirement benefits, which will increase your retirement income.

Disability Benefits

If you are under age 65 and become severely disabled to the extent that you cannot work at any job on a regular basis, you may receive a monthly benefit.

Survivor's Pension

When you die, a pension may be paid to your surviving spouse or common-law partner.

Death Benefit

If you die and are a CPP contributor, the death benefit provides a one-time payment to (or on behalf of) your estate.

Children's Benefits

If you die or become severely disabled and made sufficient CPP contributions, the CPP Children's benefits provides monthly payments to your dependent children.

Ontario Disability Support Program

If you have a disability and need help with your living expenses, you may be eligible for the Ontario Disability Support Program (ODSP). The ODSP defines a person with a disability as follows:

- a. A person has a substantial physical or mental impairment that is continuous or recurrent and expected to last one year or more;
- b. The direct and cumulative effect of the impairment on the person's ability to attend to his or her personal care, function in the community and function in a workplace, results in a substantial restriction in one or more of these activities of daily living; and
- c. A person with the prescribed qualifications has verified the impairment and its likely duration and the restriction in the person's activities of daily living.

(ODSP ACT, 1997, c. 25, Schedule. B, s. 4 (1))

ODSP offers:

- financial assistance to help you and your family with essential living expenses,
- benefits, for you and your family, including prescription drugs and vision care, and
- help finding and keeping a job and advancing your career.



To qualify for ODSP income support, you must:

- be at least 18 years old
- be an Ontario resident
- be in financial need, and
- meet the program's definition of a person with a disability, or be a member of a [Prescribed Class](#).

To apply to ODSP, you must complete a two - part application process.

- Part one focuses on your financial eligibility.
- Part two focuses on determining if you meet the program's definition of a person

with a disability (See ODSP Act definition).

Note: If you are eligible for Developmental Services Ontario (DSO), you must still apply and meet all other ODSP eligibility requirements to be found eligible for ODSP Income Support.

Contacting the ODSP office



There are two ways to find the ODSP office that serves your address.

You can:

- Use the Social Assistance Office Finder to locate your local office at: <http://www.officelocator.mcsc.gov.on.ca/?lang=en>
- Contact the Ontario Government website info – line at: INFO-GO HELP

Acting as A Third-Party Administrator

Qualified individuals (such as a family member, friend, lawyer, social worker), agencies, non-profit and registered charitable organizations, and municipalities can request to act as administrators of CPP, OAS, and/or GIS benefits on behalf of individuals who are incapable of managing their own affairs, when there is no authorized person or agency already appointed under a federal law or provincial law to manage their affairs. This includes administering CPP, OAS and/or GIS benefits on behalf of vulnerable and homeless seniors, as well as other eligible recipients.

It is important that everyone receives the CPP, OAS and/or GIS benefits they are eligible for, particularly the most vulnerable in our communities, such as seniors who are homeless or at risk of becoming homeless. While the vast majority of eligible individuals already receive their benefits, individuals and qualified organizations can apply to administer CPP, OAS and/or GIS benefits on behalf of those who are incapable of managing their own affairs.

In order to apply to administer benefits on someone's behalf, the following forms must be completed and can be found at:

- <https://www.canada.ca/en/services/benefits/publicpensions/cpp/cpp-homeless-seniors-third-party-admin.html>
- [Certificate of Incapability \(ISP-3505\);](#)

Whichever of the following applies:

- For administration by an individual, complete the [Agreement to administer benefits under the Old Age Security Act and/or the Canada Pension Plan by a Private Trustee \(ISP-3506\)](#)
- For administration by an agency, a charitable organization or municipality, complete the [Agreement to administer benefits under the Old Age Security Act and/or the](#)

[Canada Pension Plan by an Agency or Institution \(ISP-3507\)](#)



If you have questions about the application process, contact by phone:

Canada and the United States Toll-free: 1-800-277-9914

Canada and the United States TTY: 1-800-255-4786

Hours of operation are 8:30 a.m. to 4:30 p.m. local time, Monday to Friday.

Outside Canada and the United States: 1-613-957-1954 (Call collect)

Hours of operation are 8:30 a.m. to 4:30 p.m. EST, Monday to Friday

Passport Funding

“ ... as a Caregiver, one of the biggest barriers I have encountered is covering costs for respite care, transportation, and spending money on myself”.
Transition Guide Caregiver Survey (2018)

Passport provides funding for services and supports so adults with a developmental disability (DD), 18 years and older can:

- participate in the community, take part in classes or recreational programs and activities,
- develop work, volunteer, and daily life skills,
- hire a support worker,
- get help with activities of daily living,
- create their own life plans (this is called **person-directed planning**) to reach their goals, and
- get respite for their caregivers.

Individuals who are eligible for adult developmental services may receive \$5,000 a year through the program and could get up to \$40,250 depending on their assessed need.



Note: Passport is a reimbursement program for supports, activities, and expenses that are admissible under the program. Passport funding is not considered to be income and does not affect ODSP or Social Security.

For more information about Passport, the program guidelines are available on the Ministry website at:

https://www.mcsc.gov.on.ca/documents/en/mcsc/publications/developmental/passport/Passport_Program_Guidelines-en.pdf.

Passport is funded by the Ontario Government, Ministry of Children, Community and Social Services (MCCSS) and administered by local Passport agencies. Developmental Services Ontario (DSO) manages the application process for all provincially-funded developmental services and supports for adults with a DD in Ontario. To understand more about the DSO and

the application process for adult developmental services and supports, including Passport funding, go to:

- https://www.dsontario.ca/assets/documents/Webinar_Powerpoint_EN.pdf
- <https://www.mcass.gov.on.ca/en/mcass/programs/developmental/serviceSupport/passport.aspx>

Call 2-1-1 (toll-free 1-877-330-3213) or visit dsontario.ca to find contact information for your area DSO



Ontario Tax Credits/Rebates

Caregiver Tax Credit

The Caregiver Tax Credit allows caregivers to claim an additional amount for dependents who have impairment in physical or mental functions. Those dependents can be your spouse, common-law partner, child or another relative

Additional information can be found at the following link:

<https://turbotax.intuit.ca/tips/family-caregiver-tax-credit-5148>

Canada Worker's Benefit (Formally Working Income Tax Benefit)

The Canada Workers Benefit (CWB) is a refundable tax credit that provides tax relief for eligible low-income persons and families who are in the workforce. The CWB consists of a basic amount and a disability supplement.

You may be eligible if you:

- were a resident of Canada throughout the year
- earned income from employment or business (min. \$3000)
- at the end of the year, you were 19 years of age or older and resided with your child, spouse or common-law partner.

Additional information can be found at the following link:

<https://www.canada.ca/en/revenue-agency/services/tax/individuals/topics/about-your-tax-return/tax-return/completing-a-tax-return/deductions-credits-expenses/line-453-working-income-tax-benefit-witb.html>

Carbon Tax Rebate

The Government of Canada has introduced the new climate action incentive (CAI) payment. If you are a resident of Saskatchewan, Manitoba, Ontario, or New Brunswick, you can claim it when you file your income tax and benefit return beginning in the 2018 Tax Return Year.

It is meant to offset the increased costs of gasoline, natural gas, and propane as a result of the federally imposed carbon tax, which was effective April 1st, 2019.

Additional information can be found at the following link:

<https://www.canada.ca/en/revenue-agency/campaigns/cai-payment.html>

Senior and/or Disabled Property Tax Relief

Property owners, who build or modify a residence for a senior or a person with a DD, may be eligible for property tax relief. Examples of alterations and additions include building a ramp or an additional room.

Additional information can be found by contacting your local office of the Municipal Property Assessment Corporation:

Municipal Property Assessment Corporation

1-866-296-MPAC (1-866-296-6722)

TTY: 1-877-TTY-MPAC (6722)

<https://www.mpac.ca/PropertyTypes/PropertyAssessmentProcedures/AssessmentProcedureSeniorandPersonsDisabledPropertyTaxExemption>

Property Tax Relief for Low-Income Seniors and Low-Income Persons with a DD

Low-income seniors and low-income persons with a DD who own residential property may be eligible to receive relief from property tax increases that result from assessment reform.

Additional information can be found by contacting your local municipality office.

Provincial Land Tax Deferral Program for Low-Income Seniors and Low-Income Persons with a DD

Under this program, low-income seniors and low-income persons with a DD may apply for an annual deferral of part of the Provincial Land Tax and Education Tax increases. All deferred taxes must be repaid in full upon the sale or transfer of the title or property. This program is for those who pay property taxes directly to the government of Ontario (non-municipal principal residence – e.g., a farm).

Additional information can be found by contacting:

Ministry of Finance

1-866-400-2122

TTY – 1- 888-321-6744

<https://www.fin.gov.on.ca/en/refund/plt/seniors.html>



Plan Early

Estate Planning – Plan Early for the Future

An important way to ensure a person with a DD is personally and financially secure while aging is for the caregiver/family to become well informed and make an early and effective estate plan. This includes:

- establishing a Last Will and Testament, which deals with all of the family assets (e.g., property, bank accounts etc.),
- using Trusts to manage assets,
- arranging insurance,
- securing the Disability Tax Credit Certificate,
- opening a Registered Disability Savings Plan (RDSP),
- using a Discretionary Trust,
- taking advantage of disability-specific tax strategies and other strategies to avoid maximum taxation, and
- applying for and maintaining eligibility for the Ontario Disability Support Program.

To assist in guiding you with estate planning, you may wish to take the following self-assessment tool below.

Self-Assessment Screening Tool (Adopted from Plan Institute, 2019)



Checklist

Have you or your family set up a Last Will and Testament and has it been reviewed in the last six months?

Has your family set up a Trust to benefit you?

Do you have a RDSP?

Do you have any other savings plans set up for the future?

Are your income taxes up to date?

Note: Income tax should be completed annually. This is particularly important with a person aging with a DD as before planning can take place for affordable housing, placement etc., a government “*Notice of Assessment*” is required. Not having this document creates significant delays in planning especially when there are multiple years of taxes to be completed.

Are you on provincial disability and benefits programs (e.g. ODSP)?

Components of Estate Planning

**Do you know*

Last Will and Testament – What is a Last Will?

A Last Will and Testament is a legal declaration of a person's wishes regarding the disposal of his or her property or estate after death. It is a written document that tells people what to do with your estate (<https://www.merriam-webster.com/dictionary/will>). A valid Last Will and Testament must be signed by the person making it and two witnesses who do not benefit under the Will. Most individuals consult a lawyer and due to the complexity of supporting persons with a DD, it is recommended that you seek legal counsel.

A Last Will and Testament is the key document used to ensure that the estate is settled in the manner desired and it is used to guide the process of settling an estate. A Will and Last Testament instructs the court in assigning all assets, including who is to receive them and in what amount.

If you die without a Last Will and Testament, you will have no control over how your estate is divided, and you will not be able to protect the inheritance you may want to leave to the person with a DD and other family members.

that over 50 per cent of Canadians die without a Last Will and Testament!

Many others die with a Last Will and Testament that is outdated (Plan Institute, 2019).

Trusts – What is a Trust?

A Trust is a legal arrangement or an “agreement that describes how assets will be managed and held for the benefit of another person (Pareto, 2019)”. Different types of assets can be held in a Trust: for instance, the property in the Trust could be a bank account, investments and/or a house. A Trust is set up using only private assets.

Three key people are involved in a Trust – the grantor (who sets up the Trust and assists in identifying what private assets will be used for the Trust), the beneficiary (the person chosen to receive the Trust assets), and the trustee (who is charged with managing the assets in the Trust).

The primary reason to establish a Trust is to create terms and conditions for the way assets are to be held, gathered, or distributed in the future. This is the key feature that differentiates a Trust from other estate planning tools. Generally, the person creating the Trust, is creating an arrangement for the person with a DD, which will be carried out after he or she is no longer mentally competent or alive.

Trusts can be complex. Choosing and creating, the right type of Trust is critical, so seeking professional advice, in this area, is strongly recommended.

Types of Trusts

One type of Trust is the **Testamentary** Trust, which is set up by someone (the grantor) in his

or her Last Will and Testament. Parents often choose this method to ensure that an adult living with a DD will have funds to live on after the parents are gone. A **Testamentary Trust** does not exist until the person setting up the Trust dies.

Another type of Trust is the **Inter Vivos** Trust, which is established while the person setting up the Trust is still alive. The name means “among living people” in Latin. An **Inter Vivos** Trust is set up by means of legal documents other than a Last Will and Testament and takes effect right away.

In an **Inter Vivos** Trust, the person setting up the Trust and the beneficiary can be the same person. In other words, it is possible for you to take property you own and put it into a Trust of which you are the beneficiary.

Benefits of Trust Funds

1. Funds in a Trust are protected because the trustee will not give them to anyone but the person with a DD (beneficiary). Limits can be placed on the amounts paid to the person with a DD by the person who has set up the Trust.
2. A qualified trustee may have specialized knowledge of investing thereby maximizing the growth of the Trust.
3. A carefully planned Trust can prevent a reduction/claw back in ODSP benefits.
4. Holding assets in a Trust may help to minimize taxes.

Recommended Trusts for Persons with a DD

Ontario Disability Support Program (ODSP) and Trusts

Certain types of trusts are exempt under ODSP. The type of Trust set up using money that the person with a DD has inherited or from the proceeds of a life insurance policy. The maximum amount in the Trust that is exempt as an asset under ODSP is \$100,000. The advantage of this type of Trust is that the Trust property does not count towards ODSP’s asset limit. This means the ODSP benefits are not impacted by this Trust.

Note: If you want to set up an ODSP Trust, do it as soon as possible so the tax benefit from the asset exemption is realized. In some cases, ODSP will allow up to six months to accomplish this.



Additional information can be found at the following link:

https://www.mcass.gov.on.ca/en/mcass/programs/social/directives/odsp/is/4_7_ODSP_ISDirectives.aspx

Henson Trust (Also known as a Discretionary Trust)

The Henson Trust established through the terms of a Will can be used by parents and guardians of persons with a DD, allowing them to leave an inheritance (in any amount) and not disqualify the person with a DD from receiving disability benefits from the government due to assets.

A Henson Trust places estate assets in the care and control of a trustee to be administered for the benefit of a person with a DD. Inheritances placed in a properly prepared “Absolute Discretionary Trust” are not the asset of the child and will not affect ODSP based on assets.

Note: The trustee of a Henson Trust can decide how much money (if any) from the Trust to give and when to do so. If you are a person with a DD, you are not guaranteed a certain amount of money from the Trust each year, and you can never demand that the trustee give you money.

Additional information can be found at the following link:

<https://retirehappy.ca/henson-trusts-the-ontario-disability/>

Lifetime Benefit Trust (LBT)

The Lifetime Benefit Trust (LBT) involves rolling over the proceeds of a Registered Retirement Savings Plan (RRSP) or Registered Retirement Income Fund (RRIF) into a Trust. This way the value of the RRSP or RRIF is not income of the estate for tax purposes.

To be the beneficiary of an LBT, you must be “mentally infirm”, and this condition must make you financially dependent on the person setting up the Trust and must be a spouse, parent or grandparent. There are certain rules about how the funds may be used, and other technical requirements from the tax perspective such as:

- No one besides the person with a DD may receive income from the Trust
- The trustee has the power to distribute funds although there is no requirement that to do so, and
- The trustee will consider the needs of the person with DD when they determine whether and when to distribute funds from the trust.

Qualified Disability Trust (QDT)

The advantage of the Qualified Disability Trust (QDT) is that it pays lower tax rates. There are certain conditions that a Trust must fulfill in order to qualify as a QDT. For instance, at least one beneficiary must be eligible for the Disability Tax Credit (DTC).

Many Henson Trusts will qualify as QDTs, but this is not a given. For instance, there may be problems for individuals whose eligibility for the DTC fluctuates because of the nature of their disability. For such individuals, it may be difficult to benefit from the tax advantages of a QDT.

Other Estate Planning

In addition to preparing early for the future with Wills and Trusts, other estate planning resources are available. In particular, Financial Planners, pre-planning funeral arrangements

and investing in the Registered Disability Support Plan (RDSP) are among the best ways to financially support persons with a DD and aging.

Financial Planner (Private)

A Financial Planner typically helps clients identify and meet major goals as opposed to a Financial Advisor, who help manage investments. Financial Planners are qualified for advice in investing, tax, estate planning and insurance among other services. The recent 2019 Ontario budget introduced a proposal to formally regulate the terms Financial Planner and Financial Adviser in order to establish a clear framework and qualifications for Financial Planners and Advisors.

For more information on local Financial Planners in your community, contact the local DSO office or DSO Housing Navigators.

Pre-Planning Funeral Arrangements (Final Arrangements)

The benefits of pre-planning funeral arrangements include:

- avoiding having others struggle to make decisions at a difficult time
- providing an opportunity for the person aging with a DD to make choices,
- offers the time for discussion and giving written instructions about the wishes to be included in the Last Will and Testament, and
- designating a specific amount of money for funeral arrangements (e.g. prepay or save funds in a Trust).

There are two options to pre-plan funeral arrangements; without prepaying or prepay. Most funeral providers will keep a record of funeral plans without cost. Prepaying funeral arrangements will require a contract to be signed with the funeral provider. There are two ways to prepay:

- prepay the funeral provider and have the money held “In Trust” by a bank, trust company or independent trustee (the money will earn income over the years until it is needed and can then be used to offset any future costs).
- buy insurance from an insurance provider to cover the costs of the funeral arrangements upon death.

When prepaying funeral arrangements, in order to ensure that the money is held safely, consider the following:

- the funeral provider must provide a contract that states the total amount of money paid and the terms of the payment for any balance owed,
- if using a licensed funeral home, the money is protected by the Prepaid Funeral Services Compensation Fund administered by the Board of Funeral Services (this fund is used to give back money to consumers if the prepaid money is not available when it is needed),
- if the money is placed “In Trust” for prepaid services or supplies, the funeral provider is required by law to only have it in very safe investments. An inquiry once each year can be made as to where and how the money is invested and how much money is in the “Trust” account,

- if an insurance policy is purchased to fund a contract and the insurance company is paid directly, the money is protected under the Insurance Act, and
- there are inspections from time-to-time to make sure that funeral providers comply with the law.



To access a “Future Planning Tool” and additional information use the following link:

<http://futureplanningtool.ca/home>

Starting the Conversation...:

Dying Matters: My Funeral Wishes

To help plan a head for funeral arrangements, a simple checklist (adopted by Dying Matters), is included below to initiate a conversation. Developing a plan will help your friends and family to make important decisions at a time of great distress and grief. See the checklist below and consider some of the critical questions to discuss with family and friends.

1. My funeral will be:

- A celebration of my life
- A reflection on the way I lived
- Modest and respectful
- Simple and basic
- A grand send off
- Something else _____

2. My funeral will follow a theme (e.g. my favourite music, hobby or something that meant a lot to me).

3. My funeral will take place at: _____

4. My funeral will include: (e.g. favourite songs, hymns, poems and readings) _____

5. I would like the following people to attend/speak:

6. I want to be dressed in the following clothes with an/a:

- Open casket
- Closed casket

7. After the funeral, I want to be:

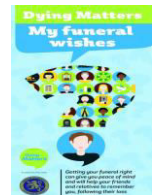
- Buried at the following location_____
- Cremated and stored or scattering of my ashes at the following location:_____

8. My funeral will be funded by:

- Savings
- Government funding (e.g. Social Assistance through Ontario Works for an ODSP recipient for discretionary funding to cover funeral and burial expenses)
- Next of Kin/Family
- Insurance Policy
- Estate
- Funeral Plan with Funeral agency
- Other

For more information and planning support, please see the link below:

<https://www.dyingmatters.org>



The Final Act of Kindness – Plan Institute has additional resources including:

A planning e-resource to guide for persons with a DD and their caregiver/families to pre-plan funeral arrangements. See the attached link to download the Resource Guide:

<https://planinstitute.ca/faok/>

For more information related to pre-planning funeral arrangements contact:

Bereavement Authority of Ontario

Toll-free: 1-844-493-6356

Toronto: 647-483-2645

Email: info@thebao.ca

Website: www.bereavementauthorityontario.ca

For more information related to finding a lawyer, contact this free service:

Law Society of Upper Canada

Law Society Referral Service

Toll-free: 1-800-268-8326

Local: 416-947-3330

Online: www.lsuc.on.ca



Registered Disability Savings Plan (RDSP) for Estate Planning

As previously mentioned above, investing in the RDSP is an excellent support for estate planning. Taking advantage of contributing early, reinvesting tax savings from the DTC to the RDSP, and purchasing life insurance can maximize the security of a person aging with a DD.

- The maximum annual payment is limited by a formula that depends on the contributions made, and
- With an RDSP, the capital and any income earned on it are exempt as assets and amounts distributed to the beneficiary are exempt as income for ODSP purposes, meaning they will not affect benefits. Please note: if funds are withdrawn from an RDSP and kept they may count toward the person's asset limit.

Note: If the beneficiary of an RDSP does not have legal capacity to draft a Last Will and Testament upon the beneficiary's death, a family member can apply to the court to be appointed as administrator of the estate, or The Office of the Public Guardian and Trustee (OPGT) will identify inheritors according to the provincial formula set out in law. For additional information see the link below:

<https://planinstitute.ca/learning-centre/will-trust-estate-planning/>

Summary

Competent professional advice should always be considered to assist in making comprehensive and thorough financial plans.

There are many factors to consider when planning financially for a person aging with a DD. In particular, the needs and preferences of the person with a DD, the amount of money in the estate now and anticipated in the future, and the tax implications of the proposed plan (e.g. impact on ODSP benefits) are all important considerations. The decisions are not always simple. An early and comprehensive plan is essential to ensure that the person with a DD's interests are protected and to avoid a loss of benefits or adverse tax consequences.

SEEK PROFESSIONAL ADVICE...ASK QUESTIONS...PLAN EARLY...

Use the RDSP Calculator link below to see the advantages of investing early and planning for the future with a person aging with a DD. See the savings grow!!

<https://www.rdsp.com/calculator/>

Case Study

Jennifer, a widow and ailing mother was worried about who would care for her disabled daughter, Susan, following her death. Jennifer decided to establish an RDSP for Susan with an initial contribution of \$50,000. Jennifer then consulted her lawyer and revised her will to ensure an additional \$150,000 would be contributed to the plan upon her death (provided Susan was age-eligible at that time, e.g., under 60). After Jennifer's death, \$150,000 was contributed to the RDSP, thereby maximizing the amount available to Susan.

Resources

You will find resources here that were referenced in the above, as well as additional resources, which may be of interest.

Social Assistance: Links for Helpful Resources

| Program/ Services/ Resource/ Information | Description | Contact Information |
|---|---|---|
| Canadian Benefits Finder | Connects you to a range of Federal benefits such as: <ul style="list-style-type: none"> • Employment Insurance (EI) • Education and Training • Housing • Health • Business | Benefits Finder https://srv138.services.gc.ca/daf/q?id=a622b7f5-b438-442f-80c2-587322ffd8f7&GoCTemplateCulture=en-CA |
| Health Canada | Health Canada helps you maintain and improve your health, while respecting your individual choices and circumstances. | https://www.canada.ca/en/health-canada.html |
| Service Canada | Offers you single window access to a wide range of Canadian government programs and services. | https://www.canada.ca/en/employment-social-development/corporate/portfolio/service-canada.html |
| Canada Child Care Benefit | Provides Canadian families with children under the age of 6 with financial support to help with the cost of childcare. | https://www.canada.ca/en/revenue-agency/programs/about-canada-revenue-agency-cra/federal-government-budgets/budget-2016-growing-middle-class/canada-child-benefit.html |

| Program/ Services/ Resource/ Information | Description | Contact Information |
|---|---|---|
| Service Ontario | Offers you single window access to a wide range of information, services and resources offered by the government of Ontario. | https://www.ontario.ca/page/serviceontario |
| Developmental Services Ontario | Access point for adult development services | https://www.dsontario.ca/ |
| Employment Ontario | Ontario's employment and training network with services for: <ul style="list-style-type: none"> • Apprenticeships • Job Seekers • Employers • Employees | https://www.ontario.ca/page/employment-ontario |
| Healthy Smiles Ontario | <p>Healthy Smiles Ontario can help cover the cost of children's dental services and is available to all low-income families in Ontario. Any family with income below the program's income thresholds can apply each year to receive children's dental coverage.</p> <p>Making an application is not always necessary. Children are automatically eligible for Healthy Smiles Ontario if they or their family receive:</p> <ul style="list-style-type: none"> • Ontario Works, including Extended Health Benefits and Extended Employment Health Benefits • Temporary Care Assistance (recipient child only) • Ontario Disability Support Program, including Extended Health Benefits and Transitional Health Benefits • Assistance for Children with Severe Disabilities (recipient child only) | https://www.ontario.ca/page/get-dental-care |
| Ontario Seniors Dental Care | The new Ontario Seniors Dental Care Program is a government-funded dental care program. It provides free, routine dental services for low- | https://www.ontario.ca/page/dental-care-low-income-seniors or contact your local Public |

| Program/ Services/ Resource/ Information | Description | Contact Information |
|---|---|---|
| Program (New) | <p>income seniors who are 65 years of age or older.</p> <p>Coverage includes:</p> <ul style="list-style-type: none"> • check-ups, including scaling, fluoride and polishing • repairing broken teeth and cavities • x-rays • removing teeth or abnormal tissue (oral surgery) • anesthesia • treating infection and pain (endodontic services) • treating gum conditions and diseases (periodontal services) • dental prosthetics (prosthodontic services), including dentures, will be partially covered if eligible <p>You can apply for the program if you:</p> <ul style="list-style-type: none"> • are 65 years of age or older • are a resident of Ontario • meet the income requirements: <ul style="list-style-type: none"> ○ an annual net income of \$19,300 or less for a single senior ○ a combined annual net income of \$32,300 or less for a couple • have no other form of dental benefits, including private insurance or dental coverage under another government program such as Ontario Works, Ontario Disability Support Program or Non-Insured Health Benefits | Health Department for more information. |
| Ontario Tax/Credits & Benefits by Topics | The Ontario Tax/Credits & Benefits by Topic Website is a simple, easy and convenient point of access to many provincial benefit and tax credit programs. | https://www.ontario.ca/page/tax-credits-and-benefits-topic |
| 211 Ontario | Your connection to information about community, social, health and related | https://211ontario.ca/ |

| Program/ Services/ Resource/ Information | Description | Contact Information |
|---|---|---|
| | government services. | |
| Assistive Devices Program | Provides personalized devices or equipment to Ontarians who have long-term physical disabilities. | https://www.ontario.ca/page/assistive-devices-program |
| Landlord and Tenant Board (Formerly Ontario Rental Housing Tribunal) | Learn how to resolve disputes between most residential landlords and tenants. | http://www.sjto.gov.on.ca/lrb/ |
| Legal Aid Ontario | <p>Provides legal aid services to low-income individuals for:</p> <ul style="list-style-type: none"> • Criminal and family matters • Immigration and refugee hearings • Poverty law issues <p>Legal aid certificates</p> | http://www.legalaid.on.ca/en/ |
| Ministry of Children, Community and Social Services | The programs of the Ministry of Children, Community and Social Services help to build communities that are resilient, inclusive and sustained by the economic and civic contributions of all Ontarians. | https://www.mcscs.gov.on.ca/en/mcscs/ |
| Ministry of Health | The official website of the ministry responsible for Ontario's health programs. | https://www.ontario.ca/page/ministry-health |
| Ministry of Long-Term Care | The official website of the ministry responsible for Ontario's Long-Term Care | https://www.ontario.ca/page/ministry-long-term-care |
| The Office of the Public | Delivers a range of services to protect your legal, personal and financial interests, as well as | http://www.attorneygeneral.jus.gov.on.ca/english/family/pgt |

| Program/ Services/ Resource/ Information | Description | Contact Information |
|---|--|---|
| Guardian and Trustee | monitors the activities of Ontario charities. | / |
| Ontario Child Benefit | <p>The Ontario Child Benefit (OCB) combines many Ontario based child benefits into one benefit that serves low to moderate income families with children under 18 years old.</p> <p>The maximum annual OCB benefit changes annually. In 2019 the maximum per child is \$1403</p> | http://www.children.gov.on.ca/htdocs/English/financialhelp/ocb/index.aspx |
| Ontario Health Insurance Plan (OHIP) | <p>As a resident of Ontario, you must have a valid Ontario Health Card to show that you are entitled to health care services paid for by OHIP.</p> <p>OHIP covers most of your Ontario health benefits across Canada.</p> | http://www.health.gov.on.ca/en/public/programs/ohip/ohipfaq_mn.aspx |
| Ontario Student Assistance Program (OSAP) | OSAP provides eligible Ontario students with financial assistance to help pay for tuition, books, mandatory fees, living costs and transportation. | https://www.ontario.ca/page/osap-ontario-student-assistance-program?gclid=CjwKCAjwMnmBRAoEiwAPRRWW9z8HIA_FZDIqQGbiV_ZWPYv4e1BiC8eu6CZjyFgz6H7daHW-x4hHBoCiw4QAvD_BwE |
| Social Benefits Tribunal | Hears appeals about social assistance decisions that people receive under the Ontario Works Act, 1997 and the Ontario Disability Support Program Act, 1997. | http://www.sjto.gov.on.ca/sbt/ |
| Trillium Drug Program | If you are spending about 4% or more after –tax household income on prescription drug costs (2019) and have a valid Ontario Health Card, the Trillium Drug Program may help cover some of the cost. | https://www.ontario.ca/page/get-help-high-prescription-drug-costs |
| Home and | If you have a disability that restricts your | https://www.mcass.gov.on.ca/e |

| Program/ Services/ Resource/ Information | Description | Contact Information |
|---|---|---|
| Vehicle Modification Program | <p>mobility, you may be eligible for help from the Home and Vehicle Modification Program.</p> <p>The program provides funding for eligible adults and children to make modifications to their homes and vehicles in order to help them:</p> <ul style="list-style-type: none"> • continue living in their homes • avoid job loss, • participate in their communities | n/mcss/programs/social/hvmp.aspx |
| Health Gateway | <p>Health Gateway is an online resource for people living with complex chronic illnesses and episodic disabilities.</p> <p>(Episodic disabilities may include: arthritis, multiple sclerosis, diabetes, HIV/AIDS, some forms of mental illness, and cancer).</p> | http://resources.healthgateway.ca/elibrary.aspx?id=1105 |
| Community Living Inspiring Possibilities | <p>The Anne Stafford Bursary for persons with DD who wish to apply for educational grants/bursary for post-secondary school. Use the following link for additional information.</p> | https://communitylivingontario.ca/en/ |

Other Resources



ODSP Health Care Professional Guide – A guide to assisting in the ODSP application process:

https://www.mcss.gov.n.ca/documents/en/mcss/social/publications/HCP_Guide.pdf

Appendix

Questions and Answers About Trust Funds for Persons with DD

Q What prevents a trustee from using the trust money inappropriately?

A Legal principles going back hundreds of years establish that the trustee must always put the interests of the beneficiary ahead of his or her own interests. The trustee may not use, or even borrow, trust property for his or her own purposes. A trustee must keep good financial records, and you as the beneficiary have the right to see those records. If the trustee is uncooperative, you can apply to court to make the trustee produce the records for inspection by the court.

Q Who should I choose as a trustee?

A It can be a good idea to have more than one trustee, as different people may have different skills

You can also name one or more alternate trustees in case, when the time comes, one of your original choices is deceased or unable or unwilling to act. Anyone you choose needs to be able to serve the interests of the beneficiary and should not have any conflict of interest. He or she should be willing to undertake the work and should have enough time to devote to it. In choosing a trustee, specialized knowledge might be a consideration. It is often a good idea to have one trustee who knows you well, such as a friend or family member, and another trustee with expertise in finances or investing.

Sometimes a professional trust company can be one of the trustees, although their fees may be too high for small trusts.

Q Do trustees get paid for their work?

A Yes, trustees typically receive compensation for the work they do in connection with the trust. The amount they can receive may be stated in the will (for a testamentary trust) or in the trust documents (for an inter vivos trust). If these documents do not say how much the trustee should receive, then fees can be determined according to guidelines that have developed in the courts over time. The fees usually depend on the amount of money in the trust and the amount of time, effort and skill required to act as trustee. A trustee overseeing a large trust with complex investments will usually be paid more than one managing a small and simple trust.

- Q** How might a trustee invest the trust assets?
- A** If the will or trust documents do not say how a trustee might invest assets, the law states that trustees must obey the “prudent investor” rule. This means that the trustee must use the same care, skill, diligence and judgment that a prudent investor would use in making investments. The settlor may choose to grant trustees broader investment powers, but he or she should discuss the details with a lawyer first.
- Q** What happens to the money left in the trust when the beneficiary dies?
- A** The remaining money will go to one or more “residual beneficiaries” chosen by the settlor when the trust was set up. Often, the residual beneficiaries will include the beneficiary’s spouse, children or siblings. However, the settlor may also choose more distant family members, friends, charities, or other people or organizations. If there are several residual beneficiaries, the remaining amount can be divided among them in any way the settlor decides.

References

Canada Revenue Agency (CRA):

<https://www.canada.ca/en/revenue-agency>

Dying Matters: My Funeral Wishes (2017):

<https://dyingmatters.org>

Merrick, P. Henson Trusts, The Ontario Disability Support Program (ODSP) Benefits and Tax Credits:

<https://retirehappy.ca/henson-trusts-the-ontario-disability/>

Ontario Government:

<https://www.ontario.ca/page/government>

Pareto, C. (2019). What is a trust?

<https://www.investopedia.com/terms/t/trust-fund.asp>

Plan Institute:

www.planinstitute.ca

Van de Kamen, H. (2017). The pitfalls of disability planning.

<https://www.millerthomson.com/en/publications/communiques-and-updates/wealth-matters/june-2017-wealthmatters/pitfalls-disability-planning/>

Turbo Tax – Claim Carbon Tax:

<https://turbotax.intuit.ca/>