

Consumer/Survivor Info Workshop: Disability Tax Credit & Registered Disability Savings Plan

Presented by: Financial Empowerment Team,
WoodGreen Community Services

Information effective as of August 30, 2017



Opportunity made here.



PLEASE KEEP IN MIND

- **Information provided by participants will be confidential. Feel free to discuss and share your experiences.**
- **Please respect other's viewpoints.**



Opportunity made here.

DISCLAIMER

- The information provided are tips, suggestions and options that can be utilized by individuals in order to enhance financial literacy skills.
- WoodGreen is not responsible for any repercussions that may come about from an individual acting upon the information presented.
- This information can be accessed by the general public and can be found on various validated websites.



Opportunity made here.

Agenda

- Disability Tax Credit
- Registered Disability Savings Plan
- Resources
- How WoodGreen can help



WOODGREEN

Opportunity made here.

Disability Tax Credit (DTC)

Disability Tax Credit (DTC) is a non-refundable tax credit that can help people living with disabilities or their supporting persons to ***reduce*** the amount of taxes they may owe.

DTC is also a “gatekeeper” credit that may initiate access to other programs and benefits.



Opportunity made here.

Benefits of the DTC

- Can reduce the amount of taxes you owe
- Can be transferred to an eligible family member
- Can be applied retroactively for 10 years
- May qualify for the Working Income Tax Benefit Disability Supplement
- May qualify for the Child Disability Benefit
- Provides opportunity to open a ***Registered Disability Savings Plan***... more on this later!



Opportunity made here.

Claiming the DTC on income taxes

You can claim the **disability amount** on your tax return once you are determined eligible for the DTC.

In 2016, the maximum disability (federal) amount is \$8,001.

- This amount is applied to the amount of tax owed by you after all deductions are made from your taxable income.
- Once the amount reaches \$0, it cannot go lower.

In terms of income taxes, DTC really helps people with higher incomes more than to does those with low-incomes.

- However, you can transfer all or part of the credit to a caregiver (spouse/common-law partner or someone else who is your caregiver and would claim you as a dependant).



WOODGREEN
Opportunity made here.

DTC & the Working Income Tax Benefit Disability Supplement

The **Working Income Tax Benefit** is a refundable tax credit designed to provide tax relief for eligible working low-income individuals and families who are already in the workforce and to encourage other Canadians to enter the workforce.

- If you are eligible for the basic WITB and have a DTC, you will receive an additional WITB **disability supplement** amount in the form of a tax refund.
- The amount you receive depends on your income level and your family situation.



WOODGREEN
Opportunity made here.

DTC & the Child Disability Benefit

Child Disability Benefit (CDB) is a tax-free benefit for families who care for a child under age 18 who is eligible for the Disability Tax Credit.

- Amount is added to the Canada Child Benefit monthly payments
- If eligible, calculated automatically for the current and the 2 previous CCB benefit years
- In 2016, the CDB amount was up to \$2,730 per year (or \$227.50 per month)



Opportunity made here.

Eligibility for the DTC

To be eligible for the DTC, a medical practitioner must certify that you have a **severe** and **prolonged** impairment in physical or mental functions (or both).

- Compared to someone of similar age with no impairment.

The medical practitioner also needs to describe the **effects of the person's impairment.**



Eligibility for the DTC

- 8 different categories of disability
 - Vision, eliminating (bowel or bladder functions), speaking, feeding, hearing, dressing, walking, mental functions necessary for everyday life, life-sustaining therapy
- You only need to meet the requirements of **one** of those categories OR
- You may qualify under the “**Cumulative effect of significant restrictions**”
 - Significant restriction that does not quite fit the definition of a “marked restriction” in either:
 - (a) 2 or more basic activities of daily living OR
 - (b) vision and one or more basic activities of daily living



Who qualifies as a “medical practitioner”?

	Medical practitioner	Nurse practitioner	Optometrist	Speech-language pathologist	Audiologist	Occupational therapist	Physiotherapist	Psychologist
Vision	X	X	X					
Speaking	X	X		X				
Hearing	X	X			X			
Walking	X	X				X	X	
Eliminating	X	X						
Feeding	X	X				X		
Dressing	X	X				X		
Mental functions necessary for everyday life	X	X						X
Life-sustaining therapy	X	X						

Effects of impairment

- Very important part of the application
- Focuses on how your disability(ies) impact your daily functioning within at least one of the categories

Effects of impairment – Mandatory

The effects of your patient's impairment must be those which, even with therapy and the use of appropriate devices and medication, cause your patient to be restricted **all or substantially all of the time** (at least 90% of the time).

Note

Working, housekeeping, managing a bank account, and social or recreational activities are **not** considered basic activities of daily living. Basic activities of daily living are limited to walking, speaking, hearing, dressing, feeding, eliminating (bowel or bladder functions), and mental functions necessary for everyday life.


It is **mandatory** that you describe the effects of your patient's impairment on his or her ability to do **each** of the basic activities of daily living that you indicated are or were markedly or significantly restricted. If you need more space, use a separate sheet of paper, sign it and attach it to this form. You may include copies of medical reports, diagnostic tests, and any other medical information, if needed.



Opportunity made here.

Applying for the DTC

To apply for the DTC, you have to complete and send **Form T2201 Disability Tax Credit Certificate** to the Canada Revenue Agency.

	Canada Revenue Agency Agence du revenu du Canada	6729 Protected B when completed
Disability Tax Credit Certificate		
Use this form to apply for the disability tax credit (DTC). The CRA will use this information to make a decision on eligibility for the DTC. See the "General information" on page 6 for more information.		
Step 1 – Fill out and sign the sections of Part A that apply to you.		
Step 2 – Ask a medical practitioner to fill out and certify Part B.		
Step 3 – Send the form to the Canada Revenue Agency (CRA).		

Available on CRA's website or you can call to request a copy by mail.

<https://www.canada.ca/en/revenue-agency/services/forms-publications/forms/t2201-disability-tax-credit-certificate.html>



WOODGREEN
Opportunity made here.

Understanding the DTC form: Part A

The person with the disability is responsible for completing all sections in Part A.

Part A – To be filled out by the taxpayer

Section 1 – Information about the person with the disability

First name and initial	Last name	Social insurance number			
<div></div>					
Mailing address (Apt No – Street No Street name, PO Box, RR)					
City		Province or territory	Postal code	Date of birth:	Year Month Day
<div></div>		<div></div>	<div></div>	<div></div>	<div></div>

Section 2 – Information about the person claiming the disability amount (if different from above)

First name and initial	Last name	Social insurance number
<div></div>	<div></div>	<div></div>

The person with the disability is: ☐ my spouse/common-law partner ☐ my dependant (specify): _____

Answer the following questions for **all** of the years that you are claiming the disability amount for the person with the disability.

1. Does the person with the disability live with you? Yes ☐ No ☐

If **yes**, for which year(s)? _____

2. If you answered **no** to Question 1, does the person with the disability regularly and consistently depend on you for one or more of the basic necessities of life such as food, shelter, or clothing? Yes ☐ No ☐

If **yes**, for which year(s)? _____

Give details about the **regular** and **consistent** support you provide for food, shelter or clothing to the person with the disability (if you need more space, attach a separate sheet of paper). We may ask you to provide receipts or other documents to support your request.



Opportunity made here.

Understanding the DTC form: Part A

The person with the disability is responsible for completing all sections in Part A.

Section 3 – Adjust your income tax and benefit return

Once eligibility is approved, the CRA can adjust your returns for all applicable years to include the disability amount for **yourself** or your **dependant under the age of 18**. For more information, see Guide RC4064, *Disability-Related Information*.

☐ Yes, I want the CRA to adjust my returns, if possible. ☐ No, I do not want an adjustment.

Section 4 – Authorization

As the **person with the disability** or their **legal representative**, I authorize the following actions:

- Medical practitioner(s) can give information to the CRA from their medical records or discuss the information on this form.
- The CRA can adjust my returns, as applicable, if the "Yes" box has been ticked in section 3.

Sign here: _____

Telephone _____

Year _____

Month _____

Day _____



Opportunity made here.

Understanding the DTC form: Part B

Part B must be filled out by the medical practitioner who can certify the disability, effects of impairment and duration.

- Set up a separate appointment with your medical practitioner to discuss the form
- Be prepared to advise your medical practitioner which categories you think might apply to you
- Ask whether or not they will charge a fee
- Let them know that you will send in the application yourself (this will give you a chance to review)

If possible, attend the appointment with a friend, relative or support person who can help you explain the impact of your disability



Opportunity made here.

Preparing for your appointment



Prepare some notes to discuss with your medical practitioner about **HOW your disability effects your day-to-day life.**

- Think about all of these things you do each day. Does your disability make it challenging or require more effort for you to accomplish these activities?
- May be helpful to keep a journal and share this information with your practitioner
- Be as **descriptive** as you can



Opportunity made here.

DTC & Medical Practitioner's Fees

CRA does not provide medical practitioners with any compensation for filling out the DTC form.

If your medical practitioner charges a fee, consider the following:

- Politely ask if they would consider waiving or reducing their regular fee
- Let them know you are on a tight budget
- Ask for help from someone in your support system or a patient advocate



Opportunity made here.

Caution! DTC “promoters”

There are companies who advertise that they can “guarantee DTC approval”

- Also called “tax credit consultants”
- Claim they can guarantee large refunds
- Charge service fees
- Service agreements may entitle company to a portion of any refund/benefit you receive as a result of claiming the DTC for a certain period of time



Review DTC before submitting to CRA

- ✓ Always double-check your forms before you leave the medical practitioner's office
 - Is enough information included? Anything missing? Are there supporting documents that might be valuable to include?
- ✓ Check the spelling of your name (and make sure it's listed on the top of every page), confirm all signatures are completed
- ✓ Confirm the year
 - For each category of disability that your medical practitioner selects, they are required to indicate the year when the restriction became a marked or significant restriction.
 - Not necessarily the year of the diagnosis
- ✓ Make a copy of the form for your records



Submit the DTC application

Mail the completed DTC application and any supporting documents to your CRA tax centre.

You do not have to submit the DTC application at the same time as your income taxes.



WOODGREEN

Opportunity made here.

What happens after you apply



Application is reviewed

- CRA's Disability Tax Credit Unit will assess your application to determine if you are eligible based on the information provided by your medical practitioner.
- If they need more information, they may contact you OR your medical practitioner directly.
- On average, it takes 6-8 weeks to receive a response.

CRA makes a decision, and you receive a “notice of determination”

- If approved, will identify which year(s) you are eligible to claim DTC.
- If denied, will explain reason(s) why.



Opportunity made here.

DTC application *denied*, now what?

If you disagree with CRA's decision and you **have additional information from a medical practitioner that was not included in the initial review**, send it to the DTC Unit at your tax centre.

CRA is obligated to review your file again using the new information.



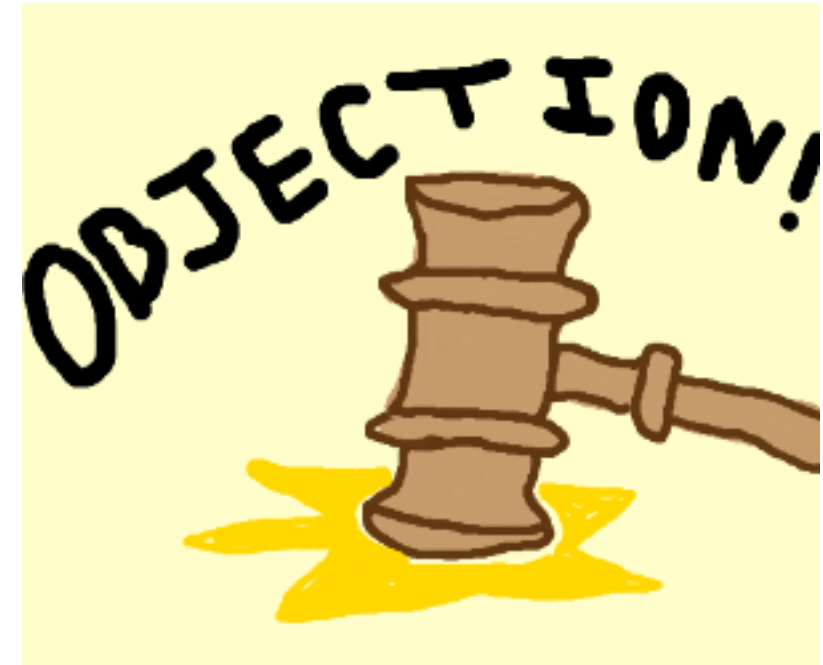
WOODGREEN

Opportunity made here.

DTC application *denied*, now what?

If you disagree with CRA's decision or your denied for a second time, you also have the right to file a **formal objection** to appeal the decision.

- Must be filed within 90 days after CRA mails the notice of determination
- Be prepared to wait... turnaround time for processing appeals is lengthy



DTC application *approved*, now what?

- ✓ Take note of the eligibility period, you may need to reapply in the future
- ✓ Keep a copy of the approval notice for your records
- ✓ Have your (or your caregiver's) income taxes reassessed
- ✓ Open an RDSP...!



WOODGREEN
Opportunity made here.

Tool for saving: Registered Disability Savings Plan



Opportunity made here.

Registered disability savings plan (RDSP)

A **registered disability savings plan (RDSP)** is a plan for people who are eligible for the disability tax credit (DTC), to save money for their future needs.



Opportunity made here.

RDSP: The Basics

- ✓ For people living on a low-income (less than \$26,364), federal government will invest \$1000 each year for up to 20 years
- ✓ For every \$1 saved in RDSP, federal government will match it with up to \$3 (family income below \$91,831)
- ✓ An exempt asset from social assistance benefits (e.g.: ODSP)
- ✓ Family and friends can contribute to your RDSP
- ✓ Variety of investment options – your money will grow!
- ✓ Must begin receiving annual withdrawals at age 60
- ✓ There are no restrictions on how RDSP withdrawals are spent



Why is an RDSP valuable?

- ✓ Encourages people living with disabilities to save for future... asset building!
- ✓ Generous government contributions, even if you cannot invest any money yourself
- ✓ Greater independence and improved quality of life for people living with disabilities
- ✓ Helps families plan for the future needs of their loved ones
- ✓ Exempt asset under social assistance



Opportunity made here.

RDSPs and income support programs

RDSPs **do not** affect eligibility for:

- Social assistance programs (OW or ODSP)
- Canada Pension Plan – Disability benefits
- Employment Insurance
- Guaranteed Income Supplement (GIS)
- Tax related benefits (GST, Ontario Trillium Benefit, Canada Child Benefit)

Individuals receiving social assistance, GIS, tax benefits **can** take money out of an RDSP without affecting their benefit entitlements.



WOODGREEN

Opportunity made here.

RDSP contributions

- Anyone can make contributions (with written consent of the account holder)
- \$200,000 lifetime contribution limit
- No annual contribution or minimum balance required
- Contributions are **not** tax deductible
- Contributions can be made up to December 31st of the year the beneficiary turns 59



Opportunity made here.

Canada Disability Savings Bond

Canada Disability Savings Bond is money the government contributes to the RDSPs of low-income individuals depending on family income.

- Bonds of up to \$1,000 a year
- Lifetime bond limit is \$20,000
- Not necessary to make **any** contributions
- Paid into the RDSP until the end of the year the beneficiary turns 49 years old



Opportunity made here.

Canada Disability Savings Bond

Annual Family Net Income	Canada Disability Savings Bond (Annually)
\$26,364 or less	\$1,000
Between \$26,364 and less than \$45,282	Prorated amount of \$1,000
More than \$45,282	No bond is paid



WOODGREEN

Opportunity made here.

Canada Disability Savings Grant (CDSG)

Canada Disability Savings Grant is a program where the government matches contributions you (or your family or friends) deposit into the RDSP.

- Must make contribution to receive grant
- Matching grants up to \$3,500 a year, depending on contribution and family net income
- Lifetime grant limit is \$70,000
- Paid into the RDSP until the end of the year the beneficiary turns 49 years old



Opportunity made here.

Canada Disability Savings Grant

Annual Family Net Income	Canada Disability Savings Grant (Annually)
\$90,563 or less	<ul style="list-style-type: none">• on the first \$500 contribution—\$3 grant for every dollar contributed, up to \$1,500 a year.• on the next \$1,000 contribution—\$2 grant for every dollar contributed, up to \$2,000 a year.
More than \$90,563	Prorated amount of \$1,000



Opportunity made here.

Retroactive bonds and grants

Opportunity to catch up! “The carry-forward measure”

- Until December 31st of the year you turn 49, you are eligible to receive retroactive bonds and grants over a 10-year period, if you qualified for the DTC during that period.
- You will need to file your income taxes for the period in which you wish to receive bonds/grants



Opportunity made here.

RDSP

Plan Institute
a free online tool
potential of
RDSP.

Run various scenarios
affect the

<http://www.woodgreen.ca>

Getting started

You are...	An individual, family member or personal representative ▼	
Current age of RDSP beneficiary	<input type="text"/>	?
Year RDSP was opened	2017	?
Qualified yet for the Disability Tax Credit (DTC)?	<input checked="" type="radio"/> No, or not sure <input type="radio"/> Yes	
Annual Income (before 18)	<input type="text"/>	
Annual Income (18 and after)	<input type="text"/>	

Contributions

Annual contribution	<input type="text"/>	?
Contribute until (age)	49	
Investment strategy before withdrawals begin	Moderate (5%) ▼	?
Investment strategy after withdrawals begin	Conservative (3%) ▼	?
Will there be any lump-sum contributions?	<input checked="" type="radio"/> No <input type="radio"/> Yes	

Withdrawal options

Ideal age to start making withdrawals	60	?
---------------------------------------	----	---



Opportunity made here.

How to qualify for an RDSP

- ✓ Live in Canada
- ✓ Have a social insurance number
- ✓ Be 59 years or younger
- ✓ Eligible for the Disability Tax Credit

To receive the Canada Disability Savings Bond or Savings Grant, you also need to **file your income taxes** for the previous two years.



Opportunity made here.

Who can set up a plan

RDSP accounts have a “holder” and a “beneficiary”:

- **Holder**: the person who manages the plan, makes decisions around investments and payment options.
- **Beneficiary**: the person with the disability, who receives money from the plan in the future.

Holder and beneficiary can be the same person, or they can be different.



Opportunity made here.

Choosing a financial institution to open your RDSP

You can open an RDSP through any of these financial institutions:



Consider these factors when making your decision:

- Existing relationship with a bank
- Location, hours
- Service language
- Service fees



Opportunity made here.

How to apply for the savings bond and grant

You must apply for an RDSP Savings Grant and/or Bond through the financial institution where you have your RDSP.



Employment and
Social Development Canada

Emploi et
Développement social Canada

PROTECTED WHEN COMPLETED - B
(Personal Information bank: PPU 038)

APPLICATION FOR: **Canada Disability Savings Grant and/or Canada Disability Savings Bond**

Instructions:

1. This form is to be completed by the holder of the Registered Disability Savings Plan (RDSP).
2. Read this document carefully. If you have any questions, do not hesitate to ask the RDSP issuer.
3. This form is valid only if completed, signed, dated and given to the RDSP issuer. Do NOT send directly to Employment and Social Development Canada (ESDC).
4. Keep a copy for your records.

Application is available online, if you want to complete it before going to the bank:

<https://catalogue.servicecanada.gc.ca/content/EFForms/en/Detail.html?Form=EMP5608>



Opportunity made here.

RDSP investment options

You have an opportunity to determine how the funds are invested.

Some factors to consider:

- Tolerance for investment risk
- Length of time you have to invest
- When the money in your RDSP will be needed

Money in an RDSP can be invested in various ways:

- Savings account
- Guaranteed Investment Certificates (GICs)
- Mutual funds



Opportunity made here.

Using the money in an RDSP

Payments:

- Must begin by the end of the year in which you turn age 60
- Can be used on any purpose – it's your money
- Grants and bonds need to be received more than 10 years prior to a payment being issued



2 wa

CAUTION

**Bonds and Grants need
be received more than 10
years prior to a payment
being issued.**

**1. Regular
(Life)**

- Paym
and th
- Can b
turn a

**2. Period
(Disa)**

- Availa

ctancy

ch you

28



Opportunity made here.

If you need the money earlier

If you take out money before age 60, you **may have to repay all or some of the bonds and grants** the government paid into your RDSP in the 10 years before the withdrawal.

Proportional Repayment Rule

For every \$1 withdrawn, \$3 of bond/grant repaid starting with the oldest government contributions.



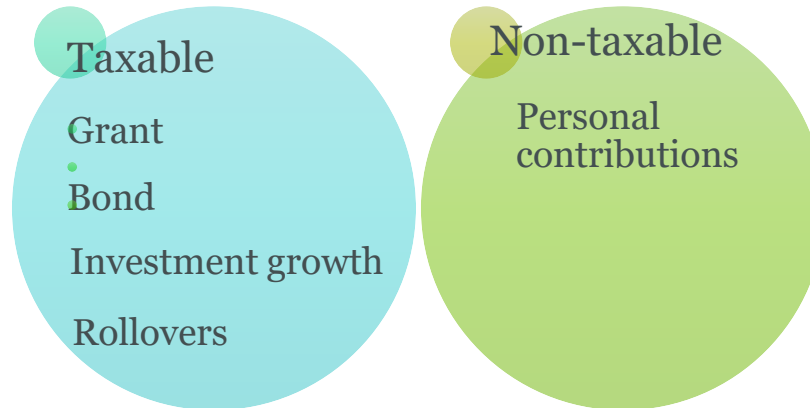
grant and bond



Opportunity made here.

RDSP and income taxes

- When your money is in an RDSP, you do not pay tax on it
- When you take money out of your RDSP, you have to pay tax on ***part*** of it



Usually, the financial institution will deduct tax at source before issuing your payment. However, depending on your financial situation, you may get some of that money back when you file your taxes at the end of the year.

DTC status

If your DTC was approved for a defined length, it's possible you could lose your DTC eligibility status in the future if you are no longer considered significantly restricted.

- Important to notify your bank that you are in the process of reapplying so they don't close your account.
- If your DTC app is denied, your RDSP would be “collapsed” and you would have to repay all CDSB and CDSG collected within the last 10 years.
- Or, you could apply for an “election” in which a medical practitioner certifies that your condition will likely return within the next 5 years to ensure that your RDSP remains active. However, no contributions can be made and you would not be eligible for bonds or grants during this period.



Managing your RDSP

- ✓ Maintain eligibility for the disability tax credit
- ✓ File your income taxes annually to ensure bonds/grants are paid
- ✓ Monitor your accounts growth to make sure the bonds/grants are being paid, and that you are comfortable with the investment options
- ✓ Determine a plan for annual withdrawal payments starting at age 60



Resources



Opportunity made here.

RDSP Resources

- **Government of Canada's RDSP info:**
www.disabilitysavings.gc.ca
- **Plan Institute's Disability Planning Helpline:** 1-844-311-PLAN (7596)
- **RDSP updates, online discussions, free tutorials and helpful materials (by Plan Institute):** www.rdsp.com
- **Partners for Planning:**
<http://www.planningnetwork.ca/>



Opportunity made here.

ARCH Disability Law Centre

ARCH provides **free, confidential legal advice** and information in the following areas of law as they relate to disability:

- Abuse of people with disabilities in certain contexts
- Accessibility laws
- Attendant services
- Legal Capacity – the right to make your own decisions
- Discrimination/human rights
- Education
- Employment

<http://www.archdisabilitylaw.ca/>

1-866-482-2724

ARCH also provides legal representation to people with disabilities who meet Legal Aid Ontario's financial eligibility guidelines.



Opportunity made here.

How WoodGreen can help

If you have any financial issues that you need help with, please contact our **Financial Empowerment Program** offering tax services, financial problem solving and coaching.

To schedule an appointment:
e-mail: fe@woodgreen.org
or call 416-645-6000, ext. 1330



Opportunity made here.