

Tax proposal would benefit severely disabled adults

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It's a frustrating time to try to pitch federal politicians on the merits of sensible public policy -- as opposed to measures pandering to mindless populism.

But a Vancouver-based non-profit is nonetheless making a solidly researched call for tax measures that would modestly boost Canada's savings rate, but could profoundly improve the lives of hundreds of thousands of severely disabled adults.

The Planned Lifetime Advocacy Network (PLAN) is promoting an RRSP-style program to provide for the severely disabled who are financially dependent. In other words, they want the taxman to encourage savings for the care of disabled children after the parents die.

PLAN has done its homework and makes a solid case. It has commissioned in-depth studies from both Keith Horner, a former tax policy expert in the federal Department of Finance, and Richard Shillington, an Ontario-based consultant with broad experience in tax and social policy issues.

Among other things, they've parsed the spending habits of families who support a severely disabled child and found that, although they tend to earn less than other Canadians, they tend to save more.

Thus, the research suggests, if Ottawa agrees to grant these tax breaks, care-giver families can be expected to salt away a total of about \$240 million a year. This would cost the federal government about \$47 million a year in forgone income tax revenue, and would in time provide benefits to about 400,000 disabled people.

A small percentage of the severely disabled -- perhaps 5,000 in B.C. -- can look forward to a more secure financial future, thanks to trust funds set up by their families. The cumulative value of these funds is estimated in excess of \$500 million.

But, says Jack Styan, PLAN's executive director, although trust funds work for well-heeled families, the cost and complexity of setting them up means they don't do the job for those a little lower down on the income spectrum.

And the need for long-term help -- something more than the meagre social assistance benefits most jurisdictions provide -- has never been more urgent.

Medical advances have hugely changed the demographics of disability in Canada. For the first time ever, large numbers of severely disabled people can be realistically expected to outlive their parents. It's estimated that within a decade nearly six million North American families will be caring for an aging disabled relative, and the number of people over 60 with mental disabilities is expected to double by 2030.

For this tax measure to succeed, however, will take more than an act of the federal government. The provinces and territories will also have to play ball, agreeing not to claw back the proceeds of Disability Savings Plans from the government cheques that support the disabled.

If they don't, then saving for the support of a dependent will become a mug's game. It will mean family resources are drained during the parents' lifetime, only to have all of the effective benefit go to the government and none of it to the loved one.

Styan, who says federal bureaucrats and politicians alike have expressed support for the proposal, has no specific progress to report on the provincial front.

But, he says, he's heartened by a recent precedent where provincial and territorial governments agreed not to penalize welfare recipients who managed to accumulate modest assets under a federal program to foster savings for post-secondary education. If they can agree on that sensible measure, he says, there's reason to hope they can agree on this one, too.

If the proposal's accepted, of course, there will be many details to work out -- how much can be saved tax free, if withdrawals can be made at any time or only after the parents' death, and so on.

But the principle, although not yet widely promoted, has already met with some significant public support. PLAN has done some private polling in both Ontario and British Columbia and found endorsement for the idea from 75 and 71 per cent respectively.

Concerning the B.C. results, I can only ask, What are the other 29 per cent thinking?

This is a good idea, one that should appeal equally to

the right and to the left, and I think all of the party leaders should race to endorse it. Even if an election campaign is an odd time to be discussing serious policy issues.

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