

Parents of disabled kids welcome Ottawa's plan disabilities savings plan

Jeff Lee, Vancouver Sun

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Like the parents of any autistic child, Stewart and Cindy Maltman live with the constant worry of how to ensure their daughter Casey is looked after should something happen to them.

As Burnaby firefighters with jobs higher on the danger scale and lower in life expectancy than average, they are acutely aware they need to plan for Casey's future.



Stewart and Cindy Maltman like the new Registered Disability Savings Plan announced in the federal budget. Their daughter, four-year-old Casey, is autistic, and the Maltmans want to start making financial plans for her future

Ian Smith,
Vancouver Sun

So the announcement in Monday's federal budget that they can create a registered disability savings plan that will protect future income for Casey is welcome relief.

Less than a day after Finance Minister Jim Flaherty announced the plan in the House of Commons, Maltman was on the phone to the family's financial adviser, looking for information on how he and Cindy can begin investing for their daughter.

The proposal will allow the Maltmans to protect up to \$200,000 in contributions to Casey's fund. The money in the fund is not taxed, either as it grows or when it is removed.

The proposal also includes grant and savings bond programs -- tailored to low and middle-income families -- that will help accelerate the growth of the fund.

And unlike other registered savings plans, this one allows anyone -- from family members to neighbours -- to contribute.

Advocates for people with disabilities and the main lobby group for the proposed legislation say that while the plan is a good start, they want assurances the income will be protected from

clawbacks by provincial government disability programs.

“We’re facing right now the first generation of people with disabilities that are going to outlive their parents,” says Jack Styan, executive director of the Planned Lifetime Advocacy Network.

The Vancouver-based organization of parents and guardians of people with disabilities led a four-year fight for the creation of the savings plan.

“Fifty years ago it wasn’t likely to happen,” Styan said. “Today it is, so families are now in the situation that they have to plan for the future financial security of their daughter or son when they are not around.”

Styan said adults with disabilities face great difficulties being financially independent because current government disability pension policies penalize people if they have more than \$3,000 in assets.

“For many people with severe disabilities, their long-term financial prognosis is not particularly good. Statistics show that people with disabilities live disproportionately in poverty,” he said. “So this will create an ability for them to add on to their income.”

Provincial governments have yet to sign onto the federal plan.

“The catch is that the disability income system is set up such that adults with severe disability benefits today would have this money clawed back. So the next step for us is to get the provinces to say they will exempt the disability savings plan as an asset and allow the person to receive it without clawing it back,” Styan said.

B.C. Ministry of Employment and Income Assistance spokeswoman Barbara Stewart said the province is studying the announcement.

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HOW IT WORKS

A family contributing to the Registered Disability Savings Plan could generate annual payments of between \$5,500 and \$7,000 for their disabled child after 25 years, depending on the rate of return.

Family Income of parents

Annual contribution

Assets after 25 years

Annual payment after 25 years

\$20,000 \$500 \$130,000 \$5,500*

\$40,000 \$1,000 \$170,000 \$7,000

\$80,000 \$1,500 \$170,000 \$7,000

*Assumes an annual nominal rate of return of 5.6 per cent. The payment represents an indexed lifetime payment.