

Saturday, December 16, 2006

## **B.C. supportive of tax break on savings salted away for disabled**

Don Cayo

There are two common strategies for successful giftgetting.

One is shoot high. Ask for a Hummer when all you really hope for is a Hyundai.

The other is lowball your request. Ask for something so plain and simple, so modest and sensible, that the gift-giver feels moved to offer something more.

I'm guessing that Al Etmanski, Jack Styran and some of their colleagues at the Vancouver-based Planned Lifetime Advocacy Network (PLAN) cottoned onto the second approach a long time ago, probably when they were kids looking forward to Christmas.

Last year about this time I wrote about their simple and sensible little wish list a federal tax policy to help families who want to set aside a nest egg for a disabled loved one.

This year, just in time for Christmas, Finance Minister Jim Flaherty is hinting strongly that not only will they get what they asked for, but he'll come across early in the New Year with a little more than that.

What they asked for is an RRSP-like savings plan that would exempt parents from taxes on money they salt away for a disabled child's future care.

What a panel of experts assembled by Flaherty has recommended is not just the idea pitched by PLAN, but also some worthy additions. They include:

The ability for anyone grandparents, siblings, aunts and uncles or just friends to get a tax deduction by contributing to a registered savings fund that can total as much as \$200,000.

Annual grants of up to \$1,000 that would match, dollar for dollar, contributions made by families with less than \$72,756 in annual income, and at a 1 to 3 ratio for families who make more than that.

Grants to low-income families of at least \$2,000 a year, which would not have to be matched.

These proposals have yet to be formally adopted by the federal government, and if they are put forward in the next budget they will have to win the endorsement of Parliament.

But Flaherty has been quoted as saying he expects to see at least the provisions for setting aside tax-free money to be part of his next budget. And, since this proposal is along the lines of a solution proposed by the Liberals before they were voted out of office, it seems likely the measure will win the support of at least one opposition party.

The report made clear that when the time comes for payouts from the savings funds, the money must be treated as being in addition to government funding, mostly welfare, that many disabled people receive.

In other words, it can't be clawed back.

This means the provinces must be on board if the savings plan is to do anything more than shift costs from province to parents.

So here's some more cheery Christmas news the province, in B.C.'s case, seems inclined to get on board.

B.C. has had for years an innovative trust fund structure that has been useful to about 5,000 families about 10 per cent of those with a member who qualifies under the Disability Tax Credit of the Income Tax Act. It allows the reasonably well off to set up longterm support for a disabled family member.

The problem is, such a trust is not much use to people of modest means. The savingsplan model suits them much better.

Finance Minister Carole Taylor is, quite rightly, not making any promises until she sees details of what Flaherty is proposing, and her numbercrunchers have a chance to go over the figures.

But, "On the surface it looks like a really good idea," she told me on Thursday.

She also suspects it will be an affordable addition to an already long list of provincial spending priorities.

If, as it appears, the policy merely requires the province to refrain from clawing back benefits to people who draw income from their savings accounts of \$200,000 or less, "My instinct is that there won't be very much money involved."

Her instinct, I think, is sound. So is her impulse to like this idea.

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