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Tax breaks urged for parents of the disabled

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Parents of severely disabled children should be able to set aside up to $200,000 tax free for their care, in the same manner that parents can now create savings plans for the higher education of their children, a panel set up by the federal Finance Minister to investigate the issue has concluded.

In a report presented Tuesday to Finance Minister Jim Flaherty, the group also calls on Ottawa to provide parents of children with severe disabilities with cash grants of at least $1,000 annually over 20 years, and to double those payments to low-income families.

"What a tremendous Christmas gift this is for families," said Susan Whittaker of Vancouver, whose 34yearold daughter Stephanie suffers from severe developmental disabilities that require around-the-clock care. "Now we can plan for our daughter's future, we can put away money for her just like we do for our other children."

Ms. Whittaker urged the government to act quickly on the recommendations, saying they will lift a tremendous burden. "When you have a child with a disability, life is difficult enough. We just want Stephanie to have a normal life and this removes a tremendous barrier."

Susan, Stephanie and Ron Whittaker of Vancouver celebrate Tuesday night and believe they can now plan for a secure financial future. (Rafal Gerszak for *The Globe and Mail*)

The money would be in addition to the welfare payments and social assistance programs that most people with such disabilities now receive, which the panel deemed inadequate.

"Today, the cold reality for many born with a significant disability is that they will live a life of poverty," the panel, led by Toronto tax lawyer Jim Love, said in its report.

Mr. Flaherty, who has not yet responded formally to the report, has made it clear in the past that he is enthusiastic about the idea of a Disability Savings Plan.

He is familiar with the issues faced by the parents because one of his triplet sons, John, has a severe learning disability as a result of contracting encephalitis as a baby.

While efforts have been made to reduce poverty among senior citizens and children, no substantive efforts have been made to address the chronic marginalization and gnawing poverty that afflicts those with disabilities, the panel said. “For far too many Canadians with disabilities, social assistance has become their sole possible source of income. This means that many live their entire lives on an income of less than $10,000 annually,” it said. “As a nation, Canada can and must do better.”

The first step in doing so, the panel concluded, is a three-part plan that includes creation of a Disability Savings Plan, a Disability Savings Grant and a Disability Bond. Such a plan would cost the treasury up to $112million

a year, according to the 82-page report, entitled *A New Beginning.*

There are approximately 3.6 million Canadians living with disabilities, but the new programs would be aimed at those with severe disabilities — those eligible for the disability tax credit and usually unable to work. The best approximation of that number is the 500,000 who now claim the disability tax credit.

Al Etmanski, president and co-founder of the Planned Lifetime Advocacy Network, a Vancouver-based group that promotes the independence of people with disabilities, praised the report.

“The impact on individuals and their families will be profound if it’s implemented,” he said.

“Those of us with children with disabilities want to be active participants in their lives. This new approach allows us to be partners with government and the private sector, not merely dependants of the welfare system,” he said.

Mr. Etmanski said that what he appreciates most about the report is that it makes is clear that the creation of a Disability Savings Plan, supplemented by grants to individuals and families, is only the beginning of what needs to be done to improve the lot of those living with disabilities.

“The architecture it puts in place will help right now, but it’s also architecture that can and should be built upon,” he said.

Mr. Etmanski said the only serious concern he had was that the provinces not claw back the new money provided by parents and by Ottawa — something most of them do now.

Mr. Love, the chair of the panel that produced the report, agreed. “If the provinces do not drop their clawback provisions, it would simply result in a transfer of federal money to the provinces, not to individuals with disabilities who need the help.

“That would be a tragedy,” he said in an interview. Mr. Love said the mandate of the panel was to come up with a savings program and it did so.

“But we also hope that we can push the federal and provincial governments to come to grips with some larger issues.”

Mr. Love said the panel used the Registered Education Savings Plan as a model because it did not want to create a new bureaucracy, and it was looking for an approach that was easy to integrate into current tax laws. He said they also set out to target measures at those with low incomes “because they need the most help.”

He said he is “confident these measures will be included in the spring budget” of the federal government and that they will be front and centre at a meeting of finance ministers next week.