



GOVERNMENT SUBSIDIES FOR THOSE WITH A SEVERE DISABILITY

Experiencing a severe and prolonged injury can cause distress in many aspects of an injured worker's life. This can include health, family and financial changes.

This fact sheet is intended to educate and inform you about some benefits and entitlements that you (or your family) may be eligible for as a result of government programs. These programs were created to help a severely injured person with a disability as well as their families.

Please note: this fact sheet is to serve primarily as an introduction to these programs. The WCB encourages you to contact them directly regarding your specific circumstances. The contact information is noted throughout this document.

The benefits and entitlements that will be referenced include:

- The Disability Tax Credit
- The Registered Disability Savings Plan (RDSP), which includes grants and bonds.

DISABILITY TAX CREDIT

You or your spouse (on your behalf) can claim this benefit through Revenue Canada when you file your taxes each year, if you meet the eligibility criteria. Your injury must have created a "severe and prolonged" impairment. Impairment can relate to physical, visual or mental health issues. "Prolonged" impairment means the impairment has extended for a continuous period of at least 12 months.

The impairment also has to markedly restrict you in performing basic activities of daily living. For example, you may be considered markedly restricted if you no longer have the ability to dress or feed yourself or perform mental functions necessary for everyday life.

The application process involves both you and your doctor (or other suitable medical practitioner, such as a psychologist or optometrist). In order to begin the application, you first will need to fill out the applicable section on Revenue Canada Form T2201. Your chosen doctor/medical practitioner will then need to complete the portion of the form that applies to them.

These forms can be accessed from Revenue Canada or on their website at www.cra-arc.gc.ca. To access it, just enter T2201 in the search box at the top of the website and it will display the necessary documents. They can also be obtained by calling 1-800-959-8281, TTY 1-800-665-0354.



The Disability Tax Credit can be claimed as far back as 10 years as long as there is medical evidence to support that you had a "severe and prolonged" impairment during these years and meet the "markedly restricted" criteria. There are both federal as well as provincial disability tax credits. The federal amount for 2016 was approximately \$8,001. The provincial amount was approximately \$6,180. These amounts may vary from year to year.

There is no impact on your WCB wage loss benefit if you qualify for the Disability Tax Credit.

It is important that your doctor or medical practitioner fill in their questionnaire accurately. Applications can be turned down because of incomplete or inaccurate information. Revenue Canada will not pay any fees that the practitioner may charge to complete the form. You will have to pay this cost. You may also be able to claim any expense in this regard on your income tax return.

The WCB has a working relationship with the Community Financial Counselling Services (CFCS). They can be reached at (204) 989-1900 or toll-free 1-888-573-2383. They may be able to assist with the application process at no cost to you.

When you call, please identify yourself as a WCB client. Under normal circumstances, they should usually be able to see you within one to two weeks. They are also able to review your complete financial circumstances and offer suggestions or guidance regarding creditors and money management.

THE REGISTERED DISABILITY SAVINGS PLAN (RDSP)

If you are eligible for the Disability Tax Credit, you may be eligible to contribute to a RDSP. You need to be a Canadian Citizen or resident to be eligible. You also need to have a valid Social Insurance Number, an active bank account, have filed income taxes for the past two years and be under the age of 60.

The RDSP is administered through your bank with Revenue Canada. Revenue Canada can be reached at 1-800-959-8281 or TTY 1-800-665-0354. For a list of participating banks, credit unions or other financial organizations, visit www.disabilitysavings.gc.ca.

Once registered for the RDSP, there are other government subsidies in the form of a **Canada Disability Savings Grant (CDSG)** and a **Canada Disability Savings Bond (CDSB)** that are administered through the Minister of Employment and Social Development (ESDC). ESDC can be reached at 1-800-622-6232.

Please also note that if you are eligible, the receipt of these monies does not impact your WCB wage loss benefit.



Your eligibility for these subsidies is affected by overall family income. For example, relative to the **CDSG** entitlement, if your total net family annual income is less than \$90,563 in 2016 (this threshold is subject to yearly adjustments), the Government of Canada will contribute \$3 for every \$1 of the first \$500 contributed to your fund privately. The government will also contribute \$2 for every \$1 of the next \$1000 contributed privately.

Therefore, if the person or family contributes \$1500 annually to this fund, the government will contribute \$3500 for a total of \$5000.

The maximum yearly government contributions are \$3500. The lifetime maximum government contribution is \$70,000.

Earnings accumulate tax-free until money is taken out of the RDSP.

Please note that the government contributions will only be made up to December 31st of the year in which the beneficiary turns 49 years old. You can still put money into an RDSP after you turn 49, but the government will no longer contribute a percentage of what you put in.

It is also important to note that the beneficiary is not the only person who can put money into their fund. As an example, RDSPs can be set up by parents for their children (as long as children meet the eligibility criteria). There may also be tax benefits (for the parents) by doing so.

The government contributions cannot be accessed for at least 10 years from the date of the last contribution (this is called "the ten year rule"). The idea of the fund is to create long term financial growth, so there is a penalty if the money is accessed before the 10 year point. The normal penalty is repayment of the government contributed amount received in the years preceding the withdrawal.

Money paid out of an RDSP will not affect your eligibility for federal benefits, such as the Canada Child Tax Benefit, the Goods and Services Tax Credit, Old Age Security or Employment Insurance benefits. RDSP's will have little or no impact on provincial and territorial social assistance payments.

The Canada Disability Savings Bond (CDSB) is primarily for lower income families (with an annual net family income between \$0 and \$44,701) and is available for individuals with disabilities.

Unlike the CDSG, the beneficiary does not have to contribute any money to the RDSP to be eligible for the bond. If you meet this income test, and other criteria (like residency), the Government of Canada may put up to \$1000 annually (for those



under the \$26,364 threshold) into a bond for the beneficiary. The maximum lifetime contribution by the government is \$20,000.

If your net family income is higher than \$26,364 and below \$44,701, you may still qualify for a percentage of the maximum annual/lifetime bond. You may wish to review this with your bank.

As noted earlier, the beneficiary cannot access the money (without penalty) until 10 years after the last government contribution is made. At the 10-year point, the government will set the maximum value of how much you can withdraw from the fund on an annual basis. They have a formula to calculate this and consider such variables as the overall fund balance and the age of the beneficiary.

For more details, please call 1-800-622-6232.

This publication is provided for general information. It is not intended to be legal advice, and should not be relied on as such. For more specific information, see *The Workers Compensation Act and Regulations and WCB Policies*. These documents are available on the WCB website at wcb.mb.ca.