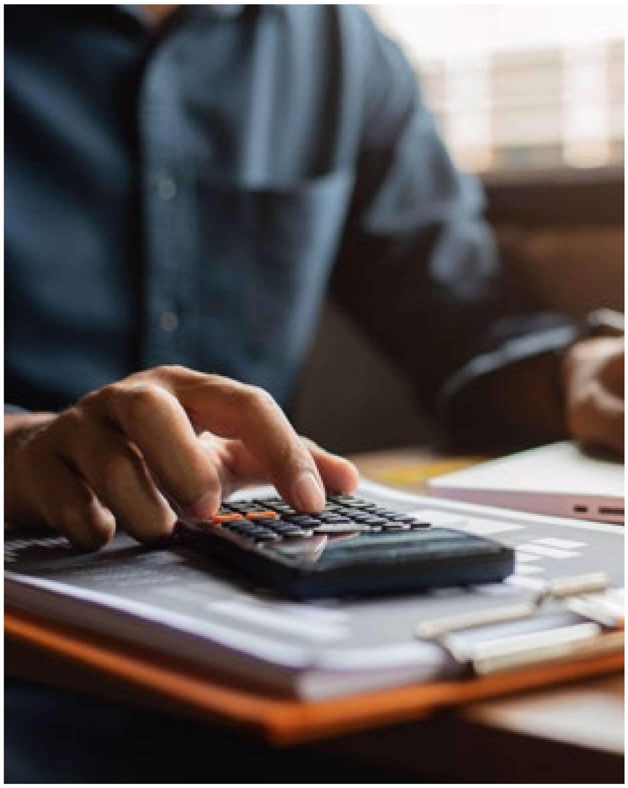
Exploring Federal & Provincial Benefits for Retirement Living Clients

By | Kelley Keehn, Canadian Financial Educator, Author & Media Personality

As a financial professional, you know that nearly half of Canadians don't have a financial plan. This means that critical decisions like affording aging care or the lifestyle in a retirement residence can come at an alarming surprise—but with planning and your support, you can ensure this doesn't happen to your clients.

No doubt you're aware of the myriad of ways your clients can afford to support their aging care needs—from the proceeds of selling their home, RRIF payments, liquidating other assets, CPP, OAS and more. But are you aware of the not-so-obvious federal and provincial benefits that can help them offset those costs?

There are several federal and provincial benefits for seniors related to caregiving costs, health needs and long-term care. In this video, we'll explore the Disability Tax Credit, the Canada Caregiver Credit, eligible medical expenses, long term care insurance and other federal and provincial programs, all of which can benefit your clients.



Disability Tax Credit

The Disability Tax Credit (DTC) is available to taxpayers with a severe and prolonged physical or mental impairment, and potentially to someone who supports that qualifying person. Examples of a taxpayer who may qualify include someone with difficulty seeing, hearing, speaking, walking, feeding, dressing, going to the washroom or with other cognitive impairments that impact their daily lives.

A medical practitioner must complete a Form T2201 Disability Tax Credit Certificate that is submitted to and approved by the Canada Revenue Agency to qualify.

Tax savings in 2021 are up to $1,299 federally and between $420 and $1,494 depending on your client's province or territory of residence.

The DTC is not tied to actual expenses or based upon whether someone lives in their home independently or in a retirement or long term care home. In fact, many retirement living clients may qualify without knowing it, which is why the eligibility for the DTC is often overlooked! If someone has qualified in previous years, they can even request an adjustment to their past tax returns that could result in thousands of dollars of tax refunds.

Canada Caregiver Credit

The Canada Caregiver Credit (CCC) is available to taxpayers who support a spouse, common-law partner or a dependent who has a physical or cognitive impairment. It can be claimed on a tax return. Those living in a retirement home or in their own home could qualify.

Beyond a spouse, this tax credit can be claimed by a child, grandchild, sister, brother, niece or nephew. A qualifying caregiver must be providing shelter, clothing or food to their family member on an ongoing basis.

The annual tax savings for a spouse are up to $1,446 federally. Some provinces, including British Columbia, Alberta, Ontario and Quebec provide additional tax savings that may vary depending on a taxpayer's relationship to the individual and their income.

Eligible Medical Expenses

There is a long list of medical expenses that can be claimed for a tax credit on a tax return. Some of the more significant expenses beyond prescriptions and dental care include attendant care.

Attendant care expenses are paid to someone to do tasks that someone cannot do themselves. Amounts paid to a spouse are not eligible, but payments made to any other person over the age of 18, regardless of their relationship, can be claimed. This is a tax credit that people receiving care in a retirement residence setting can take full advantage of!

The tax refund is generally about 20% of the expenses that exceed 3% of net income, up to a maximum income threshold of around $2,000 that varies by province.

Other Federal and Provincial programs

Most programs for low-income seniors are administered based on income tax filings.
These include the **Guaranteed Income Supplement (GIS),** the **Allowance,** and other federal programs.

Alberta

One province that requires additional applications is Alberta. There is an Alberta Seniors Benefit, as well as several others related to long-term care accommodations, dental and optical assistance, medical supplies and services, property tax deferrals, and home repairs and adaptations. Alberta residents should receive a package in the mail six months prior to their 65th birthday, but there may be seniors who did not apply in the past.

Quebec

Available since 2000 in Quebec is the Tax Credit for Home-Support Services for seniors. According to the provincial website, revenuequebe.ca, the tax credit for home-support services for seniors is equal to 35% of your eligible expenses. For people living alone, the annual limit on the amount of eligible expenses is $19,500, for a maximum tax credit of $6,825 per year. If you had a spouse on December 31, 2020, and you were both 70 or older, only one of you can claim the credit for your couple. The tax credit is equal to 35% of your eligible expenses. The annual limit on the amount of eligible expenses is $39,000, for a maximum tax credit of $13,650 per year.

If your Quebec client lives in a certified private seniors' residence (including a private institution not under agreement that operates a residential and long-term care centre [CHSLD]), they can claim the tax credit for home-support services for seniors too!

Long-Term Care Insurance

Last but not least, long-term care insurance is one way to mitigate the risk of costs for care later in life. Few Canadians buy long-term care insurance, despite the rising costs and demand.

There are two types of long-term care insurance:

1) A policy that reimburses you for eligible expenses up to a pre-determined maximum.

2) A policy that pays a monthly benefit that can be used in any way the policyholder wishes.

Premiums for long-term care are lower when you apply at a younger age and paying for a policy can become part of a long-term retirement plan well ahead of time.

You know it's important for your clients to plan ahead and for you to help them to understand their financial options. We hope this article inspires you and your clients to be proactive in taking advantage of these tax credits.

About Kelley Keehn

Kelley is a Personal Finance Educator, author, speaker and media personality with over 20 years of experience in the Canadian finance industry. She recently released her 10th book, ***Talk Money to Me,*** and has two audio courses. She serves on many prominent financial committees and has conducted thousands of television, radio and print interviews on a variety of financial literacy topics for a global audience. Her mission is to help Canadians feel good about their money.

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