



The “Special Needs” Planner

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Henson Trust Tax

Update:

As reported in our last edition of The Special Needs Planner, the Federal budget has introduced some changes that have the potential to affect how Henson Trusts are taxed. The legislation states that all trusts, inter-vivos or testamentary, will be taxed at the highest marginal tax rates effective in 2016. All trusts that is, except for Qualified Disability Trusts (QDT). In order for a trust to qualify as a QDT the trust must be a testamentary trust where at least one of the beneficiaries must qualify for the Disability Tax Credit. The beneficiary with the disability and the trustee must annually elect with Canada Revenue Agency that the trust be a QDT and the beneficiary with the disability can only have one QDT.

These new rules have created problems for some people with disabilities. Many Henson Trusts have been established for people who may not qualify for the Disability Tax Credit. People who have cyclical conditions may not meet the strict definitions required for the DTC and so the income in their Henson Trusts will be taxed at the highest rates. In addition, when parents divorce the parties will often create

their own Henson Trusts and now only one of these trusts will be able to take advantage of the graduated tax rates. These concerns have been presented to government and we await their response. We will keep you posted.

Elimination of \$100

Bonus Postponed:

The removal of the \$100 Employment bonus was originally to come into being on April 1, 2015 under the new Employment-Related Benefit. It appears that the government has been unable to complete the implementation of the plans due in part to the failure of their new computer system nicknamed SAMS. The front line staff are making significant efforts to support the transition and as such are unable to work toward the new Employment-Related Benefit. Also, groups like the ODSP Action Coalition have held protests at Queens park demanding that the bonus not be eliminated. The end result is a postponement of the implementation of the new system until October 1, 2015. Hopefully the Liberal Government will reconsider the removal of the \$100 Employment Bonus.

We are adding a new feature to the “Special Needs” Planner. The “Did You Know” column will highlight some of the lesser known features of the Ontario Disability Support Program and other tools that can be used by people with disabilities and their families. If you have suggestions for upcoming “Did You Know” topics, please send them along.

Did You Know...That ODSP Covers Medical Transportation Costs?

If your actual transportation costs for medical appointments for a given month exceed \$15 then the excess may be reimbursed by the ODSP. To receive reimbursement, contact your case worker to request the Mandatory Special Necessities Benefit Request Form (#2957) This form is to be completed by the doctor and then returned to the ODSP office. If they approve of the benefit, you can be reimbursed for your actual expenses.

The amount to be reimbursed must be based on the most economical mode of transportation that the doctor indicates a person’s condition enables them to use. It can be public transit, a private car (at 18 cents per km) or a Taxi. Parking and appropriate meals, within limits, can be reimbursed. I would suggest that you refer to the ODSP Income Policy Directive 9.12 for further information on this topic. The link can be found at:

www.mcsc.gov.on.ca/documents/en/mcsc/social/directives/odsp/income_Support/9_12.pdf

The “Special Needs” Plan:

The “Special Needs” Planning Group was established with the sole purpose of assisting families in the provision of a secure financial future for their sons and daughters with disabilities. This is typically accomplished through the use of the Ontario Disability Support Program, Henson Trusts funded with low cost Life Insurance, Registered Disability Savings Plans, The Trustee Support Program and a whole host of other tools. The “Special Needs” Plan helps to provide the resources and expertise necessary for an enhanced quality of life for the person with the disability.

For further information or comments,

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Life is not about waiting for the storms to pass...it's about learning how to dance in the rain!

