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PRESIDENT'S MESSAGE



I think of InBrief as a continuing dialogue on things that matter to you and your family. Imagine my surprise to realize we've been having that discussion for just over 4 years now!

We've covered a lot of territory in that time - from selling the family cottage and buying a first home, to private medical coverage, identity theft and planning ahead for retirement living. I know you find balanced information useful in staying informed, and keeping up-to-date on new developments, such as the RDSP legislation featured this month, is also a plus.

As InBrief moves toward its fifth anniversary, I'd be pleased to include more topics of interest, so by all means let me know what you'd like to explore in our upcoming 'conversations'.

Have an amazing summer,

Barb

Barbara L. Garbens
MBA, RFP, CFP

Update on the Registered Disability Savings Plan

If, like many Canadians, you're concerned about the financial wellbeing of a disabled family member, you'll want to know about the status of the Registered Disability Savings Plan (RDSP). Introduced as part of the 2007 federal budget, the RDSP concept has been slowly working its way past legislative and administrative hurdles, and is now expected to become a reality early in 2009.

Briefly, the RDSP is a registered savings plan designed along the lines of the Registered Education Savings Plan (RESP). Parents and other family members can contribute up to \$200,000 to an RDSP for a disabled beneficiary, up to the end of the year the beneficiary reaches age 59. There is no annual limit on contributions.

Contributions are not tax-deductible, and they aren't included in the beneficiary's income when paid out of the plan.

The Canada Disability Savings Grant (CDSG) and the Canada Disability Savings Bond (CDSB) have been designed as a way of directing government funds to the RDSP. The CDSG provides matching contributions from the government, depending on net family income, and the amount contributed into the RDSP. CDSB payments of up to \$1,000 per year will be made to RDSPs of lower-income beneficiaries and are not linked to contributions to the RDSP.

It's worth noting that the definition of family income changes according to the age of the beneficiary. For those under 18, family income is based on that of the parents, while, for beneficiaries over age 18, "family" is defined as the disabled person and his or her spouse or partner.



This means that many disabled individuals may be considered to be "lower-income" even if their parents would not fit into that category.

While RDSP contributions are not included in the beneficiary's income when paid out of the plan, investment income, CDSGs and CDSBs will be taxable.

The RDSP is an important step towards securing the financial future for disabled Canadians; however, there are still some glitches to be smoothed out. One of the administrative hurdles has been the fact that, unlike other types of registered plans, a beneficiary can have only one RDSP. If a parent were to open up an RDSP with one mutual fund company, they would be restricted to investing in the products sold by that firm. Various industry representatives are working together to create a structure to address this concern. Another issue is that not all jurisdictions have determined how the receipt of RDSP income will impact beneficiaries who qualify for provincial disability support programs. In Ontario, for example, that decision has not yet been made. We hope that the province will honour the spirit of the RDSP program, and allow beneficiaries to maintain their entitlements to provincial support. Stay tuned.



Is There a Nursing Home in Your Future?

Statistics Canada tells us that, at age 65, about 40% of us will require a long-term care facility at some point in the future. While some of this group may need it on a temporary basis during a period of convalescence, for others, it will be a permanent home. What do we need to know about long-term care facilities when the time comes, either for our parents or ourselves?

First, it's important to understand the distinction between a retirement home and a nursing home. Retirement homes are designed for seniors who are quite independent. While some facilities provide on-site nursing care for residents whose condition has deteriorated, most will not accept a new applicant who currently requires a substantial amount of care. Nursing homes, or long-term care facilities, are operated by private companies or non-profit organizations, and are licensed, regulated and funded by the Ministry of Health and Long-Term Care. They offer more care than is available at a retirement home, including 24 hour/day supervision and assistance with personal care, eating, bathing, and taking medications. Basic room furnishings are usually provided, as are linens, meals, laundry services, hygiene and medical supplies. In general, all long-term care homes have a dining room, lounge/common areas and activities/programs for the residents. Usually there is a doctor on-site with regular office hours.

The cost of long-term care is shared between the government and the residents, with residents paying a standard rate across the province. Current monthly fees range from \$1,500 for standard accommodation to \$2,100 for preferred accommodation in a private room. There may be an extra charge for services such as cable TV, telephone and hairdressing depending on the residence.

In Ontario, application for nursing homes is centralized through the local Community Care Access Centre (CCAC). The CCAC has lists of facilities throughout Ontario and on-line tools to help you make a selection. Applicants may choose to go on a waiting list for up to three locations, but they must be prepared to accept the first of these locations to become available. Waiting times vary depending on the locations chosen, but waits of up to three years are not uncommon.

The resources listed in the sidebar give some useful tips for finding and selecting an appropriate nursing home. However, nothing beats a personal visit for determining if the fit is right for you or your parent. While visiting, make sure you talk to the residents and their families to hear their feedback. Don't just drop in for a quick tour – try to stay for lunch or dinner, or join in on a planned activity. Sample menus, newsletters, and activity calendars help to give you a flavour of everyday life.

As with any other move, it pays to take your time and research your options thoroughly.

Resources for Long-Term Care

The website for the Ministry of Health and Long-Term Care (www.health.gov.on.ca) is the place to start for information on long-term care in Ontario. Follow the link to "Seniors' Care: Home, Community and Residential Care Services for Seniors".

There are 14 CCACs throughout Ontario, and they can be found at www.ccac-ont.ca. The Toronto-area CCAC publishes a directory of the long-term care homes in the GTA. The website www.gtalongtermcarehomes.ca has links to Toronto-area homes, further information about the application process, as well as tips for making the actual move. The Long-Term Care Planning Network (www.ltcplanningnetwork.com) is a comprehensive resource for family caregivers.

MATTERS OF INTEREST

Good News for Low Income Seniors

On March 25, 2008 the Ontario Budget presented two items of interest for low income seniors:

- Beginning in 2009, a new grant for low and moderate income seniors is proposed to help offset property taxes. The maximum grant is \$250 in 2009 and rises to \$500 for 2010. Single seniors with incomes below \$35,000 will receive the full grant as well as senior couples with a combined income of less than \$45,000; and
- In addition, the income threshold at which the Ontario Property and Sales Tax Credits for senior couples are reduced will be increased in 2008 to reflect inflation.



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