

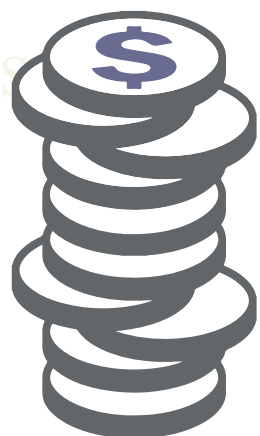
## Ensuring Caregivers are Not Unnecessarily Financially Penalized for Taking on Caregiving Roles

### Setting the Context:

Canada's unpaid caregivers play a vital role in supporting older Canadians and their desire and ability to age in their place of choice. While caregiving can be personally rewarding, it can also be stressful and expensive. As the number of older Canadians continue to increase, so too will the need for and numbers of unpaid caregivers and the demands placed on them. Statistics Canada recently estimated that **8 million Canadians over the age of 15 are serving as caregivers to family or friends**; with age-related health problems being one of the most significant drivers of caregiving needs<sup>1</sup>.



With the number of older Canadians requiring the support of unpaid caregivers projected to double over the next two decades<sup>2</sup>, it is expected individuals of all ages, genders and income levels will inevitably face the abrupt need to serve in a caregiver role. This will also result in the majority of working Canadians over the age of 45 playing caregiving roles as well.



Despite the economic importance of their continued participation in the workforce, caregivers often end up earning less and foregoing advancements in their own careers than others without these additional responsibilities. According to the Canadian Caregiving Coalition, **15%** of working caregivers reduce their work hours, **40%** miss days of work, **26%** take a leave of absence, **10%** turn down job opportunities, and **6%** eventually quit their jobs. While the cost to working caregivers includes lost wages, and decreased retirement income, **19%** further report that their physical and emotional health suffers as well.

For employers, the productivity losses to them become enormous with the loss of 18 million work days per year, due to missed days and increased employee turnover. Indeed, **it is estimated that the cost to the Canadian economy from lost productivity is 1.3 billion per year.**

**\$1.3 Billion**

in lost productivity  
per year.



Caregivers also play a vital role in ensuring the overall sustainability of our health systems by providing alternatives to costly and publicly-funded facility-based care by often supplementing the care available through our limited publicly-funded home and community care systems. **It is currently estimated that nationally, annual savings across health, social and community care systems associated with care provided by unpaid caregivers is between \$24-31 billion<sup>3</sup>.**

## What are the Issues?

### 1. Access to Existing Financial and Other Supports for Caregivers Varies Significantly Across Canada

Currently only 14% of spousal caregivers, and 5% of caregivers to their parents report receiving any government financial assistance<sup>4</sup>. These low assistance rates have been attributed to a variety of issues including a general lack of awareness of available supports and how to easily access them; the requirements to qualify for financial assistance have also been criticized as being overly restrictive when some programs disqualify spousal partners, neighbours or friends serving as caregivers or those not living with the care recipient from accessing assistance.



Meanwhile, there is growing evidence demonstrating that financial support for caregivers can reduce the probability that their dependents will be admitted to a nursing home by **56%**<sup>5</sup>. With a growing recognition of their overall importance, **93.8%** of Canadians have indicated their support for a greater federal involvement in improving financial assistance available for caregivers who support ageing relatives and friends<sup>6</sup>.

Currently, both the federal (See Table 1) as well as provincial and territorial governments (See Table 2) in Canada provide a variety of financial and other supports for caregivers, although levels of support and eligibility criteria are not standardized across Canada.



For example, Quebec is the only province where tax credits for caregivers are refundable<sup>7</sup>; while every other Canadian jurisdiction and the federal government only offer non-refundable tax credits that are treated as income<sup>8</sup>. However, to claim a non-refundable credit, individuals must be employed and/or earning a sufficient income through other sources to claim this credit as a deduction.

While new commitments to caregivers were recently made in the 2015 federal budget, there has been criticism that they have failed to target those caregivers who are most in need of support. For example, the federal government announced the creation of a new tax-free Family Caregiver Relief Benefit for family caregivers of veterans.

While this is a welcome development, veterans are among the best financially supported older adults in Canada.<sup>9</sup> It was also announced that the Compassionate Care Benefit would be extended from six weeks to six months. While this goes some way to recognizing the needs of caregivers, it remains a benefit accessible only to those with family members in “significant risk of death” and neglects acute episodic illnesses which often is a greater reason to require working caregiver to take temporary leaves from employment.

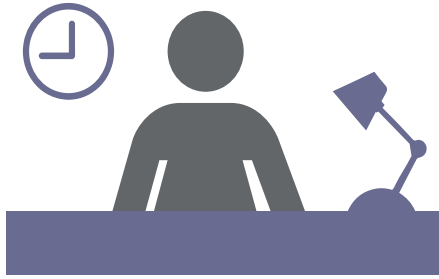
In addition to financial supports, respite services are understood to be very important to support the health and well-being of caregivers. Coverage for respite services across Canada, however, varies widely.

Many provinces use an individual’s income or income plus assets to assess eligibility of home-based respite services with a proportion of costs to be shared by families; namely: Newfoundland & Labrador, Nova Scotia, Prince Edward Island, New Brunswick, Saskatchewan, Alberta, and British Columbia. Provinces and territories where no direct costs are incurred by the user for home-based respite care include: Ontario, Manitoba, Yukon, Northwest Territories, Nunavut, as well as First Nations and Inuit Health Branch programs.<sup>10</sup>

Finally, some provinces have additionally recognized caregivers through the creation of specific legislation and granting programs, such as Manitoba and Nova Scotia respectively. Manitoba’s legislation is particularly noteworthy as it provides the most inclusive definition of a caregiver, specifically recognizing the important role that friends and neighbours often play in caring for others.

## 2. Canadian Women in Caregiving Roles are Particularly Financially Vulnerable

Certain subsets of caregivers are particularly financially vulnerable within our society. While men increasingly take on caregiving duties, women are still more likely to take on caregiving duties than men.<sup>11</sup> Women are also more likely to dedicate more time to caregiving duties and are more likely than their male counterparts to spend 20 or more hours per week on caregiving tasks such as personal care (e.g. bathing and dressing).<sup>12</sup> We now know that the subset of unpaid caregivers that end up facing the greatest level of financial hardship are older women.



One study of Canadian caregivers found that **73% where women**, while **74.9%** of them reported a personal income of **\$39,999 or less** annually.<sup>13</sup> Lower incomes, compounded with more missed work and career advancement opportunities or premature retirements, have far reaching effects for female caregivers.

For example, Canada Pension Plan (CPP) benefits are derived from workforce participation-related contributions, making inconsistent workforce participation or early retirement detrimental to accruing future long-term pension benefits through this program. Furthermore, while a current provision exists within the CPP program to alleviate the financial penalty related to time spent out of the formal labour force caring for a young child, a similar provision for unpaid caregiving for others does not exist<sup>14</sup>; although, other countries do recognize the importance of this activity in their programs.

For example, in 2009 the Swedish parliament passed a law stating, “municipalities are obligated to offer support to persons caring for people with chronic illness, elderly people, or people with functional disabilities”.<sup>15</sup> What’s more, the definition of caregiver in the Swedish statutory context includes family members, relatives, neighbors, or friends that, “provide support to someone regardless of whether they live together”.<sup>16</sup> We know that caregivers report the financial burden of caregiving as one of their greatest sources of stress, and finding ways to alleviate this issue more equitably should be considered a priority.

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## Evidence-Based Policy Options to Consider

### 1. Improving Access to Information Around Available Financial Support for Caregivers:

The low reported numbers of caregivers receiving any government financial assistance<sup>17</sup> has been partially attributed to a lack of awareness of available financial supports for Canadian caregivers. Therefore, ensuring that all Canadians can easily understand the benefits they are eligible for as caregivers, would especially benefit those who are particularly financially vulnerable within our society.

Although the federal government's [www.seniors.gc.ca](http://www.seniors.gc.ca) website serves an excellent starting point to access information for caregivers; many of its links redirect users to federal and provincial tax sites that use confusing and less accessible language to explain the eligibility criteria to access financial assistance. Therefore, enabling awareness of and access to user-friendly information and tools about available financial assistance for caregivers should be prioritized and has already been designated by the Canadian Caregiver Coalition<sup>18</sup> to be a key strategic priority to better address this issue.

### 2. Broadening the Definition of Caregivers and Family Members Eligible for Financial Assistance:

Currently, the majority of the available financial assistance and various work leave allowances for caregivers are allotted to 'family' caregivers. For example, job-protected and compassionate leave only applies to family members of individuals.

Additionally, the definition of a family member in the context of caregivers and care recipient varies by province and by benefit or work leave allowance.



Specifically, inclusion of extended family members (aunts, uncles, cousins, spousal parents or grandparents) or other dependents often require separate or alternate applications for benefits, while the recognition of friends and neighbours who are increasingly taking on caregiving roles is seldom acknowledged either.

Federal leadership around revising and standardizing the definitions of ‘caregivers’ – be they family, friends or neighbours – and ‘dependents’ be they relatives or not, would support and recognize the increasingly changing nature of caregiver and care recipient relationships in Canada. Amendments to existing policies, that could also support the streamlining of existing assistance application processes, would likely encourage more individuals to take on and feel supported in caregiving roles regardless of a direct family relationship to a care recipient.

### 3. Removing Financial Assistance Barriers for Low Income Caregivers:

Provincially, assistance for caregivers vary significantly, while we know that there are particular populations of low-income caregivers, often older women, who experience disproportionate financial hardship due to their more long-standing caregiving duties.

Most commonly, benefits for caregivers are means-tested based on the annual income of care recipients or ‘dependents’ rather than the financial means of caregivers themselves, while some tax-credits are ‘non-refundable’ meaning that if a caregiver is not employed or earning a sufficient income to qualify for these credits, then their lack of ability to access even these basic levels of financial assistance puts them at greater risk of having to give up their caregiving role.



Understanding the outcomes of more targeted methods developed to support caregivers in: Manitoba - with its broader definition of caregivers; Nova Scotia - with its targeted caregiver benefit for low income caregivers; and Quebec - with its refundable caregivers tax credit, may better inform the best Canadian strategies to ensure those most financially vulnerable in caregiving roles are adequately supported given the significant annual savings they generate for our publicly-funded health, social and community care systems.



**Table 1. Federally Available Financial Supports for Caregivers and their Eligibility Criteria**

Credit	Criteria
<p><b>Family Caregiver Tax Credit</b><sup>19</sup></p>	<p><i>Eligible Claim:</i> \$2,058 (claimed in addition to Caregiver Amount below)            Care recipient must be a dependent with impairment in physical or mental function.  <b>*Non-refundable</b></p>
<p><b>Caregiver Amount</b><sup>20</sup> (line 315)</p>	<p><i>Maximum Eligible Claim:</i> \$4,530 (or \$6,588 if eligible for Family Caregiver Tax credit above). The caregiver must dwell with dependent who must be 18 years or older and have a net income of under \$20,002. If the dependent is a spouse's or common-law partner's parent or grandparent, they must be born prior to 1949.  <b>*Non-refundable</b></p>
<p><b>Compassionate Care Benefit</b><sup>21</sup> (Employment Insurance Benefit)</p>	<p><i>Eligible Claim:</i> Maximum of 6 months of benefits payable to eligible individuals. Payable to those temporarily away from work to care for or support a family member who is gravely ill and who is at significant risk of death within 26 weeks. Must be able to demonstrate that normal weekly earnings have decreased by more than 40% and that the claimant has accumulated 600 hrs of work in the last 52 weeks (or since last claim).</p> <p>(NB: This benefit applies only to support for family members, the definition of which varies by province, and does not usually cover more episodic health care episodes where the family member could benefit from the presence of a family caregiver. Additionally, job protection regulations during leave are provincially regulated.)</p>
<p><b>Medical Expense Tax Credit</b><sup>22</sup> (line 330)</p>	<p><i>Eligible Claim:</i> expenses that exceed the lesser of either 3% or taxpayer's net income OR \$2,152</p> <p>Applicable to medical expenses for individuals, spouses or common-law partners, and dependent children born 1997 or later. (NB – Does not include dependent parents)  <b>*Non-refundable</b></p>



**Table 2. Provincially Available Supports for Caregivers and their Eligibility Criteria<sup>23</sup>:**

Province	Compassionate Care Leave (# of Weeks of Protected Leave)	Funded Respite Services Available	Specific Grant for Family Caregivers	Caregiver Specific Legislation	Caregiver Tax Credit*
BC	8	Y			\$4,318 at net income threshold of \$14,615
AB	8	Y			\$10,296 at net income threshold of \$16,371
SK	12	Y			\$9,060 at net income threshold of \$15,473
MB	8	Y		Bill 42, The Caregiver Recognition Act (2011)	\$3,605 at net income threshold of \$12,312
ON	8	Y			\$4,557 at net income threshold of \$15,593
QC	12	Y			\$775-1,131 no net income threshold defined**
NB	8	Y			\$4,473 at a net income threshold of \$15,277
NS	8	Y	\$400.00/Month		\$4,898 at a net income threshold of \$13,677
PE	8	Y			\$2,446 at a net income threshold of \$11,953
NL	8	Y			\$4,530 at a net income threshold of \$ 20,002 <sup>24</sup>
YK <sup>24</sup>	8	Y			\$4,530 at a net income threshold of \$ 20,002 <sup>26</sup>
NWT <sup>27</sup>	8	Y			\$4,530 at a net income threshold of \$ 20,002 <sup>28</sup>

\* Indicates Net Income of Dependent not Caregiver

\*\* Indicates Credit is Refundable

## Supporting Documents

- <sup>1</sup> Turcotte, M. 2013. Family Caregiving: What are the Consequences? (Catalogue number 75-0006-X). Retrieved from Statistics Canada: <http://www.statcan.gc.ca/pub/75-006-x/2013001/article/11858-eng.pdf>
- <sup>2</sup> <http://www.esdc.gc.ca/eng/seniors/reports/cec.shtml#fnb13>
- <sup>3</sup> Hollander, J.M. , Liu, G., and Chappell, N. 2009. Who Cares and How Much. *Healthcare Quarterly*. 12(2):42-49.
- <sup>4</sup> <http://www.statcan.gc.ca/pub/75-006-x/2013001/article/11858-eng.pdf>
- <sup>5</sup> Keefe, J. (2015) Supporting caregivers and caregiving in Canada. IHSPR Policy Rounds – Caring for Caregivers (Webinar, Feb 26th, 2015).
- <sup>6</sup> Canadian Nurses Association. (2014) Hill Day Project Summary. (pdf available upon request).
- <sup>7</sup> <http://www.fcac-acfc.gc.ca/Eng/resources/educationalPrograms/ft-of/Pages/taxes-qc-3-7.aspx>
- <sup>8</sup> Keefe, J. (2015) Supporting Caregivers and Caregiving in Canada [Powerpoint slides] (slide 3)
- <sup>9</sup> <http://www.budget.gc.ca/2015/docs/plan/budget2015-eng.pdf>
- <sup>10</sup> <http://www.hc-sc.gc.ca/hcs-sss/pubs/home-domicile/2003-respite-releve/index-eng.php>
- <sup>11</sup> <http://www.statcan.gc.ca/pub/75-006-x/2013001/article/11858-eng.pdf>
- <sup>12</sup> Canadian Caregiver Coalition (2014). Work & care: A balancing act (infographic). Available at: <http://www.ccc-ccan.ca/media.php?mid=427>
- <sup>13</sup> Lai (2012). Effect of financial costs on caregiving burden of family caregivers. *SAGE Open*, Oct-Dec 2012, pp. 1-4.
- <sup>14</sup> <http://www.cwhn.ca/en/node/39440>
- <sup>15</sup> Johansson, L., Long, H., & Parker, M. (2011). Informal caregivers for elders in Sweden: an analysis of current policy developments. *Journal of Aging & Social Policy*, 23. pp. 335-53.
- <sup>16</sup> Johansson, L., Long, H., & Parker, M. (2011). Informal caregivers for elders in Sweden: an analysis of current policy developments. *Journal of Aging & Social Policy*, 23. pp. 335-53.
- <sup>17</sup> <http://www.statcan.gc.ca/pub/75-006-x/2013001/article/11858-eng.pdf>
- <sup>18</sup> <http://www.ccc-ccan.ca/media.php?mid=405>
- <sup>19</sup> <http://www.cra-arc.gc.ca/tx/ndvdl/tpcs/ncm-tx/rtrn/cmpltng/ddctns/lns300-350/fmlcrgvr-eng.html>
- <sup>20</sup> <http://www.cra-arc.gc.ca/tx/ndvdl/tpcs/ncm-tx/rtrn/cmpltng/ddctns/lns300-350/315/menu-eng.html>
- <sup>21</sup> [http://www.servicecanada.gc.ca/eng/ei/types/compassionate\\_care.shtml](http://www.servicecanada.gc.ca/eng/ei/types/compassionate_care.shtml)
- <sup>22</sup> <http://actionplan.gc.ca/en/initiative/medical-expense-tax-credit>
- <sup>23</sup> Conference Board of Canada (2014). State of Seniors Care in Canada with International Benchmarks. [Data originally compiled from provincial government webpages].

<sup>24</sup> Act to Amend the Employment Standards Act (YK) Available here:

<http://www.gov.yk.ca/legislation/acts/ataemst.pdf>

<sup>25</sup> [http://www.cra-arc.gc.ca/E/pub/tg/5000-g/5000-g-04-14e.html#P1211\\_160000](http://www.cra-arc.gc.ca/E/pub/tg/5000-g/5000-g-04-14e.html#P1211_160000)

<sup>26</sup> [http://www.cra-arc.gc.ca/E/pub/tg/5014-pc/5014-pc-14e.html#P62\\_5003](http://www.cra-arc.gc.ca/E/pub/tg/5014-pc/5014-pc-14e.html#P62_5003)

<sup>27</sup> <https://www.als.ca/sites/default/files/files/CCB%20across%20Canada.pdf>

<sup>28</sup> [http://www.cra-arc.gc.ca/E/pub/tg/5012-pc/5012-pc-14e.html#P64\\_5203](http://www.cra-arc.gc.ca/E/pub/tg/5012-pc/5012-pc-14e.html#P64_5203)