# Financial Planning for Inclusive Housing

**Most people follow a similar housing journey. They begin living with their family, perhaps through university and into early adulthood. According to research larger numbers of young adults in Canada live at home with family than in previous generations. It is now common for children to be living with parents up to age 28. Later they move in to their own place, perhaps with a roommate. Maybe that is followed by finding a partner and renting a place together. Not everyone follows the same journey, of course, however it is usually one of increasing independence that allows adults to make their own choices and pursue interests, relationships and aspirations.**

In considering inclusive housing it's important to think about what 20, 30 or 40-year-olds commonly do. Our expectations for people with developmental disabilities should be the same as our expectations for their siblings and peers. And to do so, individuals and their support networks need to begin creating a housing plan, including financial planning, as soon as possible. While our expectations need to be the same for individuals with developmental disabilities as for others, there are some specific financial tools for people with disabilities that should be considered in any plan for inclusive housing.

## Registered Disability Savings Plan (RDSP)

This is the biggest opportunity individuals and their families have to begin accumulating assets for greater financial independence. A registered disability savings plan (RDSP) is a savings plan that is intended to help parents and others save for the long-term financial security of a person who is eligible for the disability tax credit (DTC). RDSPs can be started for children with disabilities. At that point family income drives benefits (bonds and grants) meaning they are based on a family income threshold. If an RDSP is opened for an adult, it is based on their income and government grants may therefore be higher. While higher grants sound appealing, it is worth setting up an RDSP when the person with a disability is a child because of the power of compound interest over time. While having an RDSP will not result in an individual being able to buy a home at age 21, it will go a long way to helping individuals rent and purchase later on in life. It should also be noted that at the time of writing, Inclusion Canada (formerly the Canadian Association for Community Living) has proposed to the federal government that the RDSP be made available for an individual to purchase their own home.

## Tax Free Savings Accounts (TFSA)

Another tool to help a person make an investment with after tax income of up to $6,000 (2019 limit) and grow it in a tax-sheltered environment is a Tax-Free Savings Account. The Tax-Free Savings Account (TFSA) program began in 2009 and is a way for individuals who are 18 and older and who have a valid social insurance number to set money aside tax-free throughout their lifetime. Contributions to a TFSA are not deductible for income tax purposes. Any amount contributed as well as any income earned in the account (for example, investment income) is generally tax-free, even when it is withdrawn.

## Family Trusts

As the parent of a child with a disability, you are likely quite concerned about how your child will be supported after your death. Estate planning for a child with a disability involves special considerations to ensure that any inheritance intended to benefit them does not cause unplanned disqualification of their benefits. For families with means, they may want to consider a Family Trust. A trust is a legal arrangement that will benefit people who wish to privately structure their affairs, or who wish to control assets without actually owning those assets. Setting up a trust requires legal advice and they should contact a lawyer to discuss this.

## Working with a Financial Advisor

Setting up any financial tool takes time and setting up an RDSP, for example, works better the earlier you start. It becomes imperative after age 18 when the bond offered through the RDSP becomes available to the individual based on their individual income. CLBC and Inclusion BC cannot give financial advice and individuals and families should consult with a financial advisor. Individuals and families should be aware that not all financial advisors are familiar with disability programs and resources, so it is important to select an advisor with this knowledge.

Some questions you may want to ask a potential financial advisor are:

- Have you ever opened an RDSP?
- What is the average rate of return on the RDSPs that you have helped open?
- What is your experience in working with families who have disability as part of their daily life?
- What is your understanding of supported decision-making?
- What system is in place within your financial institution that determines the risk rating for your investors?

In addition, does the Financial Advisor ask you about the objectives for investment? For example, is the goal for your child to be able to retire, to augment employment income and PWD assistance, to purchase private support, or to purchase or rent housing? These are key questions that a Financial Advisor should be asking you.

Finally, consider talking to your Financial Advisor if you are considering co-ownership of a home with your son or daughter. There may be implications dependent on how this is done so getting expert advice is to your benefit.

***This document provides basic information to assist individuals and families as they begin to think about housing. CLBC and Inclusion BC cannot give financial advice and recommend individuals and families consult with a financial advisor. We would like to thank John Davies for assistance with this information sheet.***