

Pattie Lovett-Reid: Little-known tax breaks for seniors and their families

By Pattie Lovett-Reid

As the population ages, senior costs are going to continue to escalate.

Where you live, the amenities provided and ownership options all factor into costs. Across Canada, fees can range from \$1,500 to more than \$7,000 per month and will be driven by the size, the location and the level of care required by the senior.

Families typically pay for senior care through pension plans, savings, investments and, in many cases, family members helping out. But it is expensive and every little bit helps. Sitting down with a tax expert is a must to ensure all your income streams, tax benefits, and funding options are explored and fully utilized.

People over the age of 65 spend over five times more on health care than people of working age, according to Dean Orrico, president and chief investment officer at Middlefield Capital.

There are some tax breaks that can often go overlooked or not be fully utilized. Here's a look at some of them:

- **The Home Accessibility Tax Credit:** If you renovate a home for someone over the age of 65 for the purposes of accessibility, you may be able to claim a non-refundable tax credit. To qualify, it must reduce the risk of injury to a senior. The renovations can include a walk-in tub, light sensors, railings etc. You can claim up to \$10,000.
- **The Medical Expense Tax Credit:** CRA offers tax credits to anyone whose medical expenses exceed three per cent of their total income. Medical expenses can mount quickly and you might be surprised what is covered – supplements, computer enhancements that aid the vision impaired, crutches, service animals even gluten free products for those with a gluten sensitivity or celiac disease. The refundable credit is 25 per cent of medical expenses. Income stipulations may apply so it is best to check with your tax advisor.
- **Compassionate Care:** Caregivers can lose countless hours of work to care for a family member. If you have 600 hours of EI insurable hours of work in the last 52

weeks you may qualify for the maximum payment of \$537 per week from Canada's employment Insurance benefits program.

There are also financial products that allow you to lock in an income stream, stripping away the volatility and guaranteeing income for life.

Annuities allow you to transfer a lump sum of money to an insurance company in return for a monthly stream of income for a fixed period of time or for life. There are many types with different bells and whistles so it is best to sit down with your advisor to determine the product best suited to you and your estate.

This is part two of a four-part series on financially navigating the current retirement landscape in Canada.