

# DEMENTIA: Navigating the Financial Roadmap

## Taxes and Tax Credits: What you **NEED** to **KNOW**

Presented by:

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## What We Will Cover

- \* What a person newly diagnosed with dementia should make sure they take care of financially.
- \* How this can help reduce caregiver stress
- \* How to reduce taxes and increase funds for support
  - Disability Tax Credit - Form T2201 (be aware of fees)
  - Caregiver Tax Credit
  - Medical Tax Credit and Attendant Care
  - Involuntary separation

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## What a Person Newly Diagnosed with Dementia Should Make Sure They Take Care of Financially

- \* Ensure Powers of Attorney are set up with a trusted person
- \* Review Care Plan with a Doctor and family
- \* Apply for Disability Tax Credit
- \* Review Care needs - Staying in your home Vs. Moving to assisted Retirement Living
- \* Review Cash Flow - How do you fund needs

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## The Care Continuum



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## Tax Credits Available - Depending on your specific situation

- ▶ **Line 304:** Canada Caregiver amount for spouse or common-law partner, or eligible dependant age 18 or older
- ▶ **Line 305:** Amount for an eligible dependant
- ▶ **Line 307:** Canada Caregiver amount for other infirm dependants age 18 or older
- ▶ **Line 316:** Disability amount for self
- ▶ **Line 318:** Disability amount transferred from a dependant
- ▶ **Line 330/331:** Eligible medical expenses
- ▶ **Line 398:** Home accessibility expenses

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### Line 304 - Canada caregiver amount for spouse or common-law partner, or eligible dependant age 18 or older

If you are eligible for the Canada caregiver amount for your spouse or common-law partner, or an eligible dependant 18 years of age or older, and their net income is between \$7,005 and \$23,391, you may be able to claim an amount up to a maximum of \$6,986 on Line 304 of your Schedule 1.

However, you must **first** claim the amount of \$2,182 in calculating the spouse or common-law partner amount on line 303 of your Schedule 5; or the amount on line 305 of your Schedule 5 for an eligible dependant 18 years of age or older, whichever applies.

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## Line 305: Amount for an eligible dependant

You may be able to claim the amount for an eligible dependant if, **at any time in the year**, you met certain conditions. If you claimed an amount for the year on line 303 - spouse or common-law partner you **cannot** claim this amount.

The dependant must also have been either:

your parent or grandparent by blood, marriage, common-law partnership, or adoption  
 your child, grandchild, brother, or sister, by blood, marriage, common-law partnership, or adoption **and** under 18 years of age or had an impairment in physical or mental functions

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## Line 307 - Canada Caregiver amount for other infirm dependants age 18 or older

You can claim an amount up to a maximum of \$6,986 for each of your or your spouse's or common-law partner's dependent children or grandchildren, your or your spouse's or common-law partner's parent, grandparent, brother, sister, aunt, uncle, niece, or nephew

\* If that person was dependent on you because of an **impairment in physical or mental functions** and was **18 years of age or older**.

\* A resident of Canada at any time in the year.

\* You cannot claim this amount for a person who was only visiting you

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## Line 316 - Disability amount for self

If you are eligible for the Disability Tax Credit, you may be able to claim the disability amount of **\$8,235** on line 316 of your tax return.

If you or anyone else paid for Attendant Care or for care in an establishment, special rules may apply.

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## Line 318 - Disability amount transferred from a dependant

You may have a dependant who is able to claim the disability amount (line 316), and that person may not need to claim all or part of that amount on their tax return.

Under certain conditions, your dependant may be able to transfer this amount to you. If your dependant is eligible for the **Disability tax credit (DTC)**, you may be able to claim all or part of their **disability amount** on your tax return.

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## Disability Tax Credit

- \* Non-refundable tax credit that a person with a severe and prolonged impairment in physical or mental functions can claim to reduce the amount of income tax he or she has to pay in a year.
- \* To be eligible for the DTC, CRA has to approve the **FORM T2201 - Disability Tax Credit Certificate**
- \* Retroactive up to 10 years
- \* **BE CAREFUL WHO YOU WORK WITH:** Some companies have charged 30% of any past or current Tax benefit entitlement, now the fee is limited to \$100...you can do it yourself with guidance

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## Line 330/331: Eligible Medical Expenses

**Line 330 - Medical expenses for self, spouse or common-law partner, and your dependant children born in 2001 or later**

**Line 331 - Allowable amount of medical expenses for other dependants**

Use line 331 to claim eligible medical expenses that you or your spouse or common-law partner paid for any of the following persons who depended on you for support:

your or your spouse's or common-law partner's child who was born in 2000 or earlier, or grandchildren or you or your spouse's or common-law partner's parents, grand-parents, brothers, sisters, aunts, uncles, nieces, or nephews who were residents of Canada at any time in the year

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## Line 330/331: Eligible Medical Expenses/ Attendant Care

\* An individual can include, as a qualifying medical expense, remuneration paid for an attendant for a patient who has a severe and prolonged mental or physical impairment or the cost of **full-time** care in a nursing home for such a patient.

- NOTE : Public Long Term care - you can use 75% for rent and the remainder is allowable as a medical expense.

- Private care - More can be used for medical

\* The patient on whose behalf these medical expenses are paid must be a person with a disability for whom a Disability Tax Credit (DTC) could be claimed.

\* Limits, generally \$10,000 with the DTC, or unlimited without , however still need to qualify for DTC

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### Can you claim both attendant care as medical expenses and the disability amount, and what certification do you need?

<u>Type of expense</u>	<u>Certification required</u>	<u>Can you claim the disability amount?</u>
Fees paid for full-time care in a nursing home	Form T2201 or a medical practitioner must certify in writing that you are, and will continue to be, dependent on others for your personal needs and care because of a lack of normal mental capacity.	You can claim the disability amount, if eligible, or these expenses, but not both.
Salaries and wages for attendant care given in Canada. This can include the part of the nursing home fees paid for full-time care that relate only to salaries and wages	Form T2201	You can claim the disability amount and up to \$10,000 for these expenses (\$20,000 if the person died in the year).
Salaries and wages for one full-time attendant outside of a self-contained domestic establishment	Form T2201	You can claim the disability amount or these expenses, but not both.
Full-time attendant at home	Form T2201 or a medical practitioner must certify in writing that you are, and will likely to be for a long continuous period of indefinite duration, dependent on others for your personal needs and care because of an impairment in physical or mental functions and need a full-time attendant.	You can claim the disability amount, if eligible, or these expenses, but not both.
Salaries and wages for care in a group home in Canada	Form T2201	You can claim the disability amount and these expenses.

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## Line 398: Home accessibility expenses

\* You can claim an amount for the eligible expenses for a qualifying renovation of an eligible dwelling, if:

you are a qualifying individual: an individual who is eligible for the disability tax credit for the year

an individual who is 65 years of age or older at the end of a year and eligible individual making a claim for a qualifying individual

\*A maximum of \$10,000 per year in eligible expenses can be claimed for a qualifying individual

\* You may have an eligible expense that also qualifies as a medical expense. If so, you can claim the expense as a medical expense and a home accessibility expense.

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## What Other Resources Are Available

### Involuntary Separation

Did you know...

You are still considered to have a spouse or common-law partner if you were separated involuntarily (not because of a breakdown in your relationship).

An involuntary separation could happen when one spouse or common-law partner is living away for work, school, or health reasons.

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## What Other Resources Are Available

### \* **Compassionate Leave**

Ontario, Bill 30 – Family Care Leave Act  
- allows caregivers an 8 week absence,  
without pay in each calendar year

[http://www.ontla.on.ca/web/bills/bills\\_detail.do?locale=en&Intranet=&BillID=2566](http://www.ontla.on.ca/web/bills/bills_detail.do?locale=en&Intranet=&BillID=2566)

### \* **Compassionate Care Benefits entitlement**

- allows caregivers 15 to 26 weeks of EI benefits for an  
ill family member

Family caregiver benefit for adults	up to 15 weeks	A critically ill or injured person <b>18 or over</b>
Compassionate care benefits	up to 26 weeks	A person of <b>any age</b> who requires end-of-life care

<https://www.canada.ca/en/services/benefits/ei/caregiving.html>

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## How Can We Help ?

- \* Review your existing situation
- \* Assist in planning
- \* Ensure you know your options
- \* Complimentary, no obligation assessment at your convenience

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**Thank you for your time**

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