



**PROSPERITY WITH INCLUSION:
BRIEF TO THE
STANDING COMMITTEE
ON FINANCE**

**MULTIPLE SCLEROSIS SOCIETY
OF CANADA**

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Multiple Sclerosis Society of Canada
175 Bloor Street East, Suite 700
Toronto, Ontario M4W 3R8
Ph.: 416 922-6065/ Fax: 416 922-7538
www.mssociety.ca

EXECUTIVE SUMMARY AND RECOMMENDATIONS

The Multiple Sclerosis Society of Canada is pleased to provide input from the standpoint of people affected by MS which include the estimated 55,000 to 75,000 people who have MS; their families and caregivers; health care professionals; MS researchers and MS Society of Canada supporters. Our overall focus is the development of a tax system that promotes a culture of inclusion, which will positively impact on Canada's future prosperity.

MS Society of Canada Key Recommendations

Income Security

- Re-define EI sickness benefits in terms of 75 days or 150 half days to allow for part-time work for individuals who can manage some employment.
- Develop a more flexible approach to the current contribution rule for CPP-Disability of four out of the last six calendar years.
- Make more flexible the rules regarding part-time or occasional work so CPP-Disability recipients can do more work without risking their eligibility for benefits.
- Grant authority to the CPP to allow for pilot projects testing new approaches that could target people with episodic disabilities.
- Work with provincial governments and insurance companies to stop the offsetting of CPP children's benefits.
- Move to refundable tax credits for persons with disabilities.
- Establish a task force to study the issue of income support for people with episodic and/or permanent disabilities with opportunities for wide consultation.

Support of Family Caregivers

- CPP should provide dropout provisions for family caregivers that are the same as the child-care dropout provisions.
- The Canada Labour Code should be amended to grant leave to family caregivers who must leave work for a period of time to provide care for a family member.
- Extend the caregiver tax credit to spouses of "infirm" individuals.
- Actively pursue measures to support the financial needs of family caregivers of people who are severely disabled, including extension of EI benefits.

Health Research

- The federal government should further enhance government investment in the Canadian Institutes of Health Research by providing stable, multi-year funding.
- Include health charities in the Indirect Costs of Research Program.

Charitable Donations

- Remove the requirement that tax receipts be sent by first-class mail (which would provide a 40 percent savings in mailing costs to registered charities.)
- Allow donors to claim donations of less than \$250 made to registered charities without providing receipts for income tax purposes.

INTRODUCTION

The Standing Committee on Finance has asked for input on what tax system is needed for a prosperous future. The Multiple Sclerosis Society of Canada is pleased to provide input from the standpoint of people affected by MS which include the estimated 55,000 to 75,000 people who have MS; their families and caregivers; health care professionals; MS researchers and MS Society of Canada supporters.

Our focus is on three broad themes that emphasize our overall point of view that the tax system should promote a culture of inclusiveness for persons affected by MS, which will positively impact on prosperity. The three themes are:

- Income Security and Supports
- Health Research
- Charitable Donations

INCOME SECURITY AND SUPPORTS

Multiple sclerosis has a profound impact on the ability to work. Most people with MS are diagnosed between ages 15 and 40 with the average age of diagnosis of 30, just when they are finishing school, starting careers and beginning families. The disease is often episodic in nature, especially in the first 10 to 15 years, when it is characterized by unpredictable relapses (also called attacks) followed by periods of remission. Nearly 80 percent of people with MS are eventually unable to work full time because of the severity and unpredictability of the disease.

The MS Society suggests this level of unemployment could be reduced by making current income support programs more flexible, leading to inclusiveness. Below, are our recommendations for improving both shorter-term and longer-term policies and programs

Short-Term Policy and Program Improvements

1. Employment Insurance

The first program that a person with MS encounters is usually Employment Insurance (EI) sickness benefits. Currently, an individual who qualifies can receive up to 15 weeks of sickness benefits. This program provides vital income security for people with MS who cannot work because of an MS relapse. The program could be made more useful – and at no extra cost – by allowing for part-time benefits coupled with part-time work for people who can manage some employment. We are not suggesting an increase in the payout of benefits, but an extension of the period over which benefits are paid to individuals who opt for part-time work and part-time benefits. This change would encourage an ongoing attachment to the work force, which is vital in preventing future unemployment. Administratively, a simple way of handling this would be to redefine EI sickness benefits as 75 days (instead of 15 weeks) or 150 half days.

2. Qualification Criteria for CPP(D) and Disability Tax Credit

The current qualification criteria for CPP-D benefits require that the illness be severe and prolonged. MS is permanent and often severe. The often-fluctuating nature of MS may preclude many individuals with MS not only from participating regularly in the workforce

but also from qualifying for disability benefits because their condition is episodic rather than prolonged. We are concerned that it is too difficult for people with MS to qualify for these programs. We, therefore, recommend that the eligibility criteria for both the CPP(D) and Disability Tax Credit be modified to appropriately address the episodic nature of disabilities resulting from diseases like multiple sclerosis, HIV/AIDS, lupus, muscular dystrophy and mental illness.

3. Contribution Requirements

CPP-D benefits are based on the amount of contributions credited to an individual's CPP account as well as how long the individual contributed. The current "four out of six" contribution years rule has made it difficult for many people who are disabled because of MS to qualify for the program. While we commend the government for allowing people with 25 years or more to qualify for CPP-D using three out of the past six years, the change will not assist younger people. The four out of six rule results in unfair, systemic discrimination for younger workers because it does not recognize the nature of episodic illnesses with ups and downs – typical of MS – which take people out of the workforce early in their careers.

4. Part-Time Work

Multiple sclerosis causes a wide variety of disabling symptoms, including severe fatigue. Many people with MS are unable to work full time but can manage part-time employment. The MS Society recommends that CPP-D be amended to allow persons with episodic, recurring illnesses to work part-time and receive part-time disability benefits. Currently, to qualify for disability benefits, one must accept the designation of "permanently unemployable", which precludes working and contributing to Canada's economy. A first step should be allowing CPP to test new approaches to part-time benefits through pilot studies.

5. Refundable Tax Credits

The Disability Tax Credit is non-refundable. Given the low incomes of most people with disabilities, making the DTC refundable would be a simple way to put more money in the hands of persons with disabilities who have disability-related expenses that able-bodied members of society can avoid.

6. Administrative Issues

The MS Society continues to have concerns that some private insurance and provincial social assistance programs require people to apply first to CPP-D even though it is clear that many will not qualify under CPP-D criteria. Another challenge is the offset (also known as a clawback) by some insurance companies of the benefits that dependent children receive if a parent is a long-term disability recipient. While this is legal, the practice is deeply discouraging to people who are living on a reduced income. The MS Society urges that the government tackle both of these issues with the goal of resolving them as soon as possible.

Longer-Term Policy and Program Improvements

Income Security

While improvements to existing programs are important, the Multiple Sclerosis Society of Canada urges the Government to look at broader approaches to disability income and supports with the goal of ensuring that people with disabilities are able to participate within the workforce and contribute to the prosperity of Canada. Given the complexity of the income security and supports issue, we strongly urge the Committee to recommend that the

Multiple Sclerosis Society of Canada 2008 Federal Budget Recommendations

Minister of Human Resources and Social Development establish a task force to study the issue of income support for people with both permanent and episodic disabilities and to report back in 2008 with some solid proposals for moving forward. The MS Society of Canada would be very pleased to participate in this study.

Family Caregiver Issues

Family caregivers play an important role in enabling many people with MS to remain in their homes and communities. Currently, family caregivers who stop work to care for someone who is disabled are penalized. They face a loss of income when they leave the workforce, and they compromise the future level of their pension at retirement. This is unfair since family caregivers save the governments billions of dollars annually by enabling disabled family members to stay at home.

To address this inequity, we recommend the following: that CPP provide the same dropout provisions for the caregiving of family members as are given for the child-care dropout; that the Canada Labour Code be amended to grant leave to family caregivers who must leave for a period of time to provide care; and that the caregiver tax credit be amended to include spouses who at present are not eligible for this credit although they are the usual caregivers.

We salute the progress made in the 2003 Health Accord which initiated improvements to Employment Insurance provisions allowing caregivers to receive EI payments and provided job protection for individuals who leave their jobs to care for a gravely ill or dying child, parent or spouse. We suggest the government look at expanding these provisions to apply to family caregivers of people who are severely disabled.

HEALTH RESEARCH

The Multiple Sclerosis Society of Canada believes that investments in health research and innovation are investments in the economic health of Canada and its citizens. They are a vital part of a strategy to reduce health care costs and to produce a healthier population because they foster the discovery of therapies and disease prevention that can keep people active in the workforce and in their homes raising their families.

The Multiple Sclerosis Society itself is part of the overall Canadian health research effort. We support our own large research program – last year we provided more than \$9 million to MS research – which contributes to finding ways to prevent MS, developing better treatments and, ultimately, discovering the cure.

Keys to the continued success of MS Society funded health research are the following: First, the commitment by the federal government to a stable, well-funded Canadian Institutes of Health Research to provide the foundation for all other research in Canada. Second, the opportunity for health charities to be even more effective by including them in the Indirect Costs of Research Program. Including health charities in the ICRP will enable organizations to focus their dollars on direct research spending and encourage donors who prefer dollars to be spent finding effective treatments rather than paying for university infrastructure costs.

CHARITABLE DONATIONS

Canada's charitable and voluntary sector is a major contributor to prosperity and future growth in Canada. The voluntary sector is large; it has an estimated \$112 billion in annual revenues, with \$109 billion in assets. The MS Society is a significant health charity within the sector. Annually, the MS Society raises more than 96 percent of its funds from the Canadian public with very little reliance on government or foundation funding. In 2006, the Society was proud to provide more than \$9.7 million in services to people affected by MS and more than \$9 million to MS research.

The charitable sector could be even more productive. In 2006, the MS Society sent one million tax receipts to donors across the country by first class mail, as required by law, at a cost of approximately \$750,000. The MS Society suggests the government consider assistance to the charitable sector in two ways.

First, remove the requirement that tax receipts be sent by first class mail and allow them to be mailed at a less expensive rates. This would in itself result in considerable direct savings for charities. Second, allow people who make donations of less than \$250 to have the choice of claiming that donation without having to have an official income tax receipt. Donors could easily claim their donation on the basis of a cancelled cheque, electronic funds transfer or credit card receipt, as they do in the United States. Allowing donor choice in this way would allow charities to issue tax receipts to only those individuals who require them, not automatically as is the case today, leading to considerable expenditures on postage, envelopes, printing and processing. This recommendation was endorsed by the Senate Standing Committee on Banking, Trade and Commerce in its December 2004 report on charitable giving in Canada.

CONCLUSION

The Multiple Sclerosis Society of Canada is pleased with the progress that has been made in recent months on behalf of people with disabilities, health research and the charitable sector. We believe our suggestions will assist the Committee in making recommendations to the Canadian tax system that will promote both prosperity and inclusions. We thank the members of the Finance Committee for their time and consideration.