

WELCOME TO THE MAINSTREAM?

THE HAZARDS FACING LOW INCOME PEOPLE WHEN
NAVIGATING THE FINANCIAL, TAX, & WELFARE
WORLDS

CASWE-ACFTS Conference 2015

University of Ottawa

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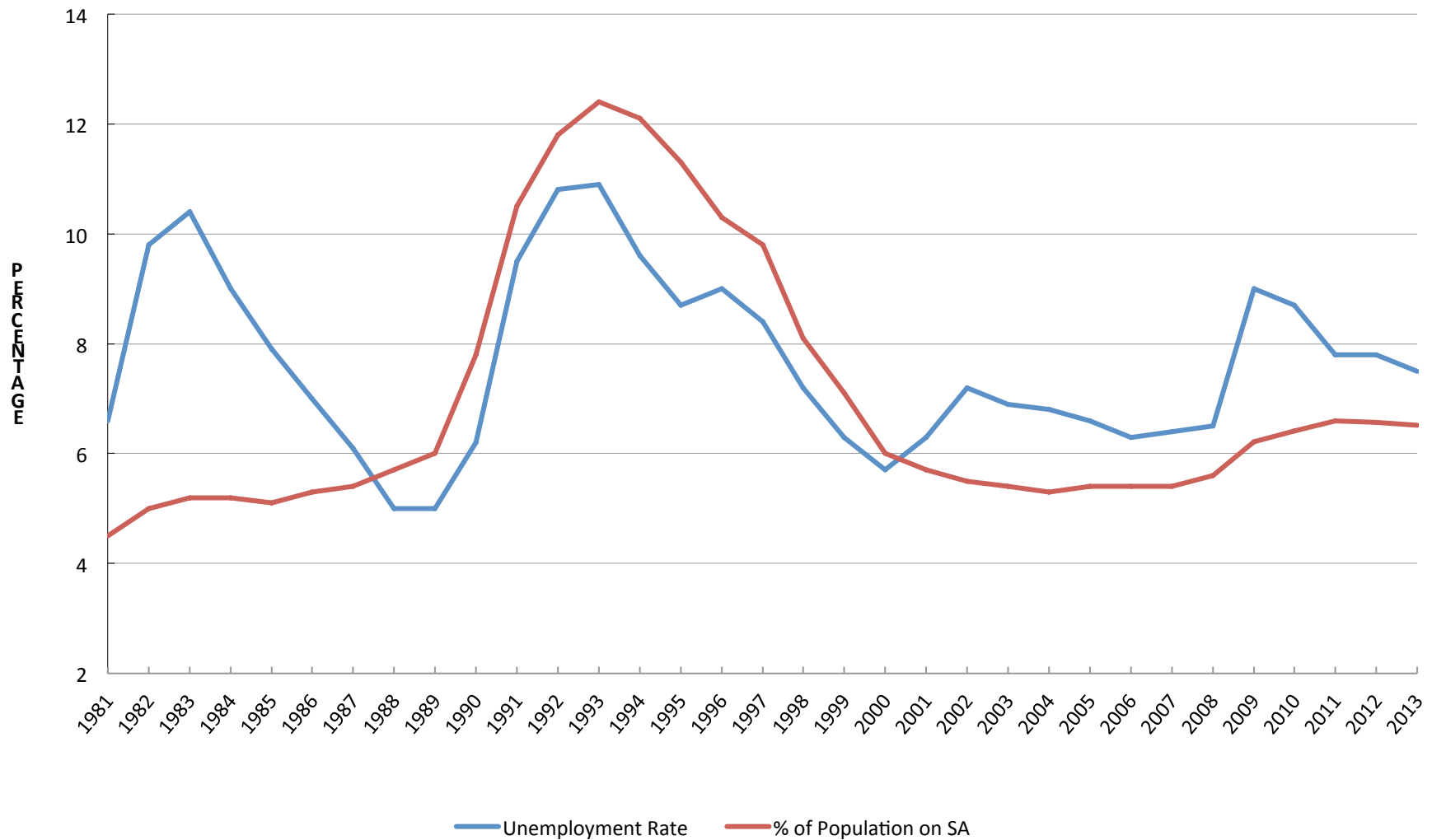
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2. Banking and Debt
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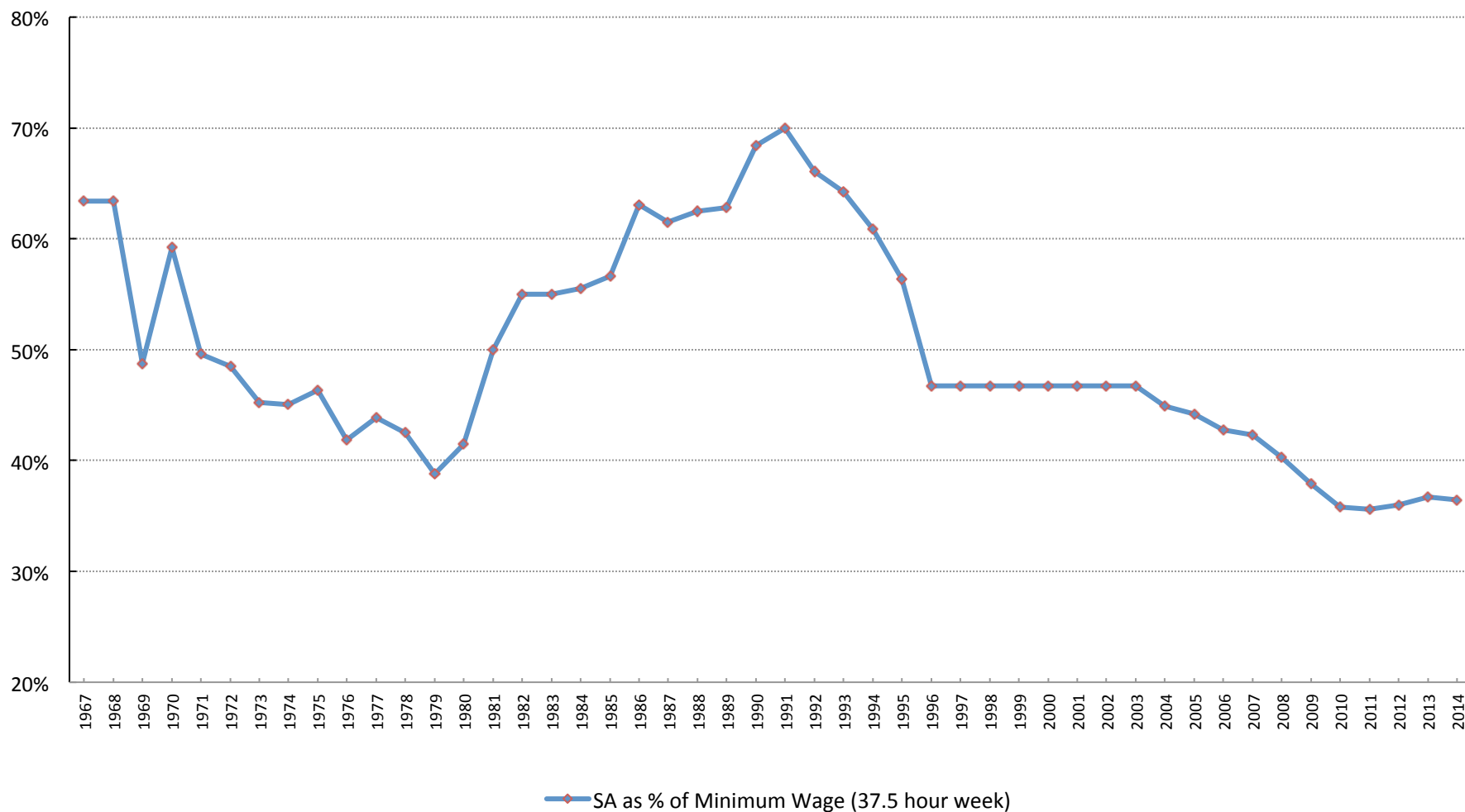
Concluding Remarks

ONTARIO

Unemployment Rates and Percentage of Population on SA 1981 to 2013



ONTARIO
Annual Social Assistance Income as Percentage of
Annual Income from Minimum Wage Employment
Single Employable Person
1967 to 2014



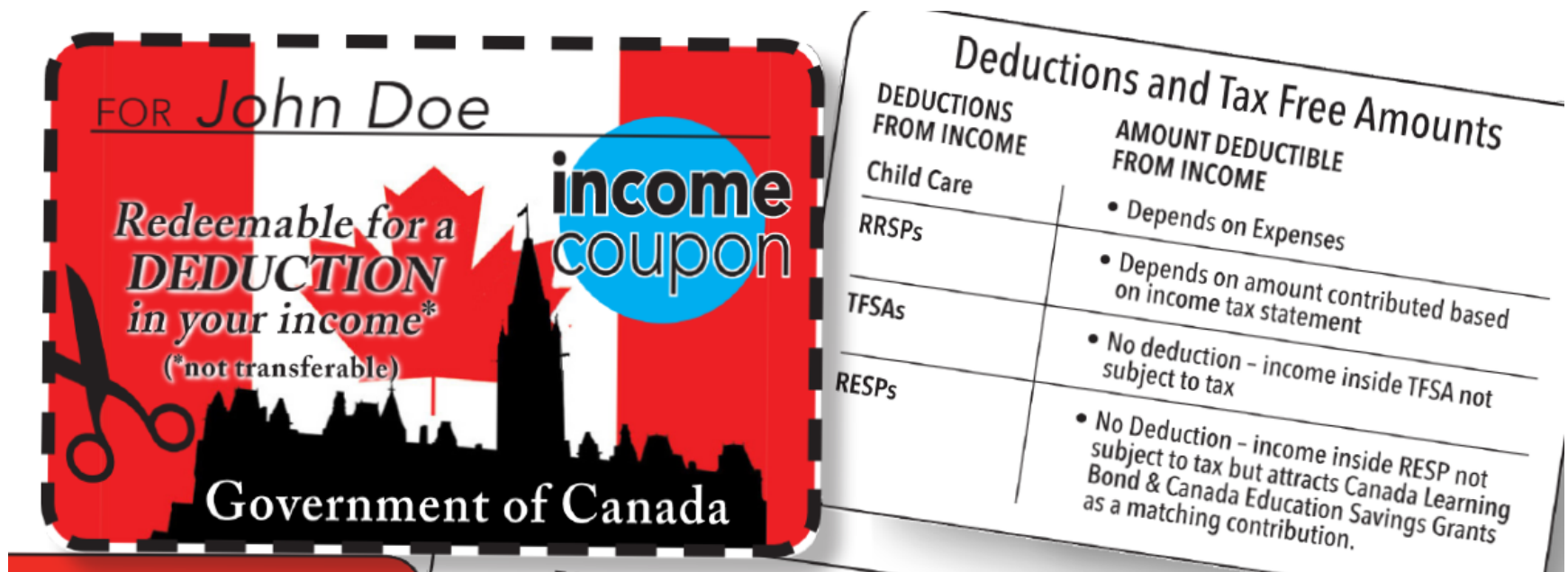
1. Banking and Debt

- 335,000 people in Ontario are unbanked but Federal Government moving to direct deposit only in 2016
- Victory: Cheques will still be an option.
- **More low income people are in debt!**
- Welfare and ODSP now exposed to retail credit and debt
- Paying overpayments and utility bills using Payday lenders: the rational choice
- The subsidized housing dilemma

1. Useless Expensive Frills

- Supposed low interest payments
- Balance protection
- No-medical life insurance
- Accident insurance
- High fee pre-paid cards that do and don't expire
- NSF

2. Understanding taxes by going to the grocery store- Deductions: the 1 in 20



Understanding taxes by going to the grocery store - Exemptions



Understanding taxes by going to the grocery store – Refundable Credits



The graphic features a red banner at the top with the text "Government of Canada" in white. Below this, the words "Redeemable for MONEY" are written in red, with "MONEY" in a larger, bold font. To the right of this text, the word "giftcard" is written in a grey, lowercase font. A large, stylized red maple leaf is positioned to the right of the text. In the background, a faint image of the Canadian Parliament building is visible. On the right side of the graphic, there is a tilted white box with a black border containing the following text:

Tax free Refundable tax credits (Gift Card)
payable regardless of tax paid

GST/HST Credits	
Trillium Benefit (Ontario Property & Energy Tax + sales tax credit)	<ul style="list-style-type: none">• The GST/HST Tax credit is a tax-free quarterly payment
Working Income Tax Benefit	<ul style="list-style-type: none">• A payment for low income people who own or rent a principal residence in Ontario.
Child Benefits (UCCB, CCTB, NCBS, OCB & CDB)	<ul style="list-style-type: none">• A payment to eligible working low income individuals and families• Payments for children living with their parents

Understanding taxes by going to the grocery store: Non refundable credits



3. Welfare and ODSP

- Surviving on low rates – the new hunter gatherer
- Boom and Bust: Monthly reporting vs. Monthly reconciliation (3 pay months twice a year)
- The need for yearly reconciliation (e.g. earnings)
- Computer woes
- Endless reporting of low value information (rent & bank accounts)
- Multiple programs: multiple tax-backs
- Retirement on a low income (assumes higher income pre-retirement – the parallel universe): Endless bad advice
- The difficulty in transition to OAS/CPP

Some Conclusions

- Financial literacy is now at a point that anti-smoking advocacy was 50 years ago
- We need more protections in addition to financial literacy
- We need to talk about debt
- Knowledge can make you less poor.
- We need better advice!
- Welfare and ODSP need to simplify