

Financial Literacy and People Living with Disabilities



This overview of financial literacy and people living with disabilities is based on insights from expert practitioners and TD Financial Literacy Grant Fund recipients serving people living with disabilities. Its purpose is to share knowledge on the financial literacy needs of people living with disabilities and how best to meet them.

In 2012, about 3.8 million (14 per cent) Canadian adults reported having a disability. The three most common forms of disability – pain, mobility or flexibility limitations – were experienced by over 11 per cent of adults, with over 40 per cent of this group experiencing all three conditions.¹ Other conditions experienced by Canadians include mental, dexterity, hearing, seeing, memory and learning, and developmental disabilities. The severity and frequency of these limitations varies with each individual.²

The experience of disability or the onset of chronic illness is often accompanied by economic consequences. In 2012, less than half (47 per cent) of working age adults with disabilities reported they were employed compared to 74 per cent of people without

disabilities.³ In 2012, 22.5 per cent of people living with a disability were living below the Canadian low-income cut off (after taxes).⁴ Although the rights of people with disabilities are protected through legislation, discrimination and a general lack of awareness of the talents, skills and contributions of people with disabilities results in greater barriers to employment, education and full participation in Canadian society compared to Canadians without disabilities.

Financial education for people with disabilities, and their families and caregivers, seeks to enhance their financial capability by providing relevant information, tools, and supports that enable them to make informed financial choices, optimize the resources available to them, and overcome barriers to participation in the financial mainstream.

FINANCIAL LITERACY NEEDS OF PEOPLE LIVING WITH DISABILITIES

For people who have recently developed a disability, a chronic condition, or a terminal illness, the impact on their personal finances can be significant and cause hardship for them and their families. Drops and disruptions in income frequently make it hard to manage financially and to plan for the future. In some cases, it can make people feel as if they are not good money managers. Financial scarcity can also foster a greater focus on short-term financial considerations at the expense of longer term benefits. Support with budgeting, saving, and access to income boosting benefits can help smooth volatile income flows and help individuals to build the confidence and stability they need to plan ahead, including for their retirement.

People with disabilities living on a lower income may have difficulty accessing financial advice that is truly appropriate for their situation. For example, some financial services steer individuals with disabilities towards lower growth investments due to an assumed preference for lower risk, which may not always be the case. Like others without a reliable relationship with financial institutions, they may rely on second-hand advice from people in their personal network, which can be misleading or inaccurate.

Overall, there is a need for more empowering approaches when it comes to supporting people with disabilities who need help to manage their personal finances. If an individual lacks the mental capacity to manage their own financial affairs, they may appoint someone to help them or to manage them on their behalf. While this may be necessary in some cases, where feasible it would be more inclusive to have a support person accompany the individual to open a bank account and monitor the process to ensure it is done safely and fairly. In this way, the individual does not lose their ability to make their own decisions. Both options, however, carry their own complexities, including the power dynamics involved in relying on a caregiver or support worker to carry out financial decision making, and contending with the assumptions of people working in financial services that individuals with disabilities always require assistance to carry out financial activities.

SUPPORTS AND BARRIERS TO ACCESSING BENEFITS

There are some financial supports available to people living with disabilities, but people often experience barriers to accessing these benefits (e.g. Registered Disability Savings Plans (RDSP), Canada Pension Plan - Disability, Employment Insurance, and the Assisted Living Program for First Nations people living on-reserve). Some people are unaware of benefits they may be eligible for and/or find it difficult to access them successfully. Eligibility may be determined by factors like the type of disability, how it was acquired, and whether the applicant has had significant attachment to the labour market. In some cases, an applicant must demonstrate a certain level or severity of disability. Confusion can also arise from determining exactly which program an individual most qualifies for, as it is not always clear who should be the first payer and frequently they operate in an exclusive fashion (such as CPP-D and provincial income security programs). **Programs that are based on earned income, such as the CPP-D, do not provide benefit to people who have been excluded from the labour market due to personal or systemic barriers.**

The introduction of the RDSP has encouraged many people with disabilities and their families to invest in their financial futures, but many more are unaware of the program or experience challenges opening RDSP accounts. The Canada Disability Savings Grant is a national matched savings plan in which the government contributes \$3 for every \$1 saved by RDSP holders with incomes below \$87,123. Individuals living on low incomes (below \$25,356) can apply to receive annual contributions of \$1,000 from the federal government for up to 20 years through the Canada Disability Savings Bond.⁵ The RDSP is exempt from claw-backs under most provincial disability and income assistance benefits, making it an important vehicle for asset-building. Increased public education on the benefits of the RDSP is still needed, however, to increase uptake -- particularly for people with low incomes who may not be aware that they can receive the Bond without making any contributions. The age limit for RDSP holders is also somewhat limiting, since the age limit is 49 and incomes for most people with disabilities peak later than their



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non-disabled counterparts due to labour market barriers and/or employment gaps caused by health issues.

To access the RDSP, individuals need to qualify for the Disability Tax Credit (DTC). Eligibility requirements and the application process for the DTC can pose real barriers. For example:

- **The evaluation for the DTC is based on a person's home life, and considers any mitigating effects of assistive devices.** Therefore, if their home is made accessible, they may be seen as being unrestricted by their disability and ineligible for the tax credit. The reality for many people with disabilities though, is that it is the world outside the home that is especially challenging to navigate. Equally, if they have a device as simple as a pair of crutches that enables them to walk the minimum distance required, or hearing aids to augment residual hearing that mean they can hear in a quiet room, they may be disqualified. The evaluation requires such a level of incapacity for certain types of disabilities or health conditions that it is unlikely anyone meeting that incapacity threshold would actually be able to have the earning level which would make the DTC useful. Families can claim the benefit for dependent adult family members, but this does not directly benefit the person with a disability. For independent adults, the credit is lost entirely.
- **The form must be filled out by a health professional and applicants must demonstrate to them that their disability is severe and prolonged.** People with mental health conditions, sometimes described as “invisible disabilities,” can find it very hard to demonstrate the limitations they experience, making it difficult for some to find a doctor who is willing to fill out the form with sufficient detail to ensure a proper assessment of the application by Canada Revenue Agency.

- **Some health professionals charge a fee to fill out the DTC application form,** which can be a financial barrier for some.
- **An individual with an intermittent condition can lose their DTC designation.** Individuals with cyclical disabilities can put their RDSP on hold for up to five years, but after that time period, if eligibility is not re-established, grants or bonds must be repaid.
- **The DTC is nonrefundable.** This means that it does not benefit people with disabilities themselves. If a family member is claiming it, there is a risk of the creation of a dependency even where none is required, and decisions may be based on whether a family member will lose the credit. While someone with the DTC and some earned income may benefit from the Working Income Tax Credit (WITC), the cut-offs for earnings to qualify are below a full time job on minimum wage in most areas of the country.
- The DTC was established to address some of the costs related to being a person with a disability. These costs include additional transportation, health care services that are not covered, equipment or devices that are not covered, particularly once someone is earning an income. As a non-refundable tax credit it does nothing to address these costs where the person does not have sufficient income to take full advantage of the credit, but who earn earnings above the WITC cut off.

While many organizations provide tax filing support, information on where to go for help is not always easy to find. Additionally, organizations offering this support may not have the capacity to fully meet demands or to handle complex cases involving DTC disputes if there are issues with the client's eligibility. People with disabilities in rural and remote communities face additional barriers as travel to tax clinics and other supports may be challenging or, for some, impossible. Support services such as American Sign Language Interpretation are essentially never offered.

REMOVING BARRIERS TO SAVING AND ASSET BUILDING

Individuals with volatile incomes can find themselves inadvertently on the wrong side of income and asset limits for programs they need to maintain stability. For someone living in subsidized housing, an inheritance or financial gift can temporarily increase their income but render them ineligible to remain in their subsidized home. In some provinces, every source of income must be declared, even gifts like bus passes from one's parents. This, in turn, can result in the loss of government supports if a person's income exceeds a specified income threshold. Currently, income thresholds and asset limits vary widely from program to program, and province to province. Increasing asset limits can help to reduce instability in people's lives and create asset-building opportunities to promote better financial inclusion.

Some provinces have provisions such as Henson Trusts, which enable family members to create a trust fund to cover future expenses, which are not considered to be an available resource for people using income support programs. However, these are not well communicated or explained, and frontline staff who are not informed of these options often tell service recipients that they must use up their inheritance or insurance settlement for living costs.

IMPROVING ACCESS TO FINANCIAL INSTITUTIONS, PRODUCTS AND SERVICES

After decades of effort, Canadians with disabilities have seen some progress with respect to accessibility of financial products and services.

There is greater use of alternative formats for financial information (e.g. braille, large print and audio), including the provision of audio output in automated banking machines (ATMs) and accessible design features in polymer bank notes. However, the ability to make informed financial decisions also relies on access to financial statements and information on key items like complaint procedures, service fees and promotions — items that are not always widely available in alternative formats.

The amount of accessible financial information available on the internet has also increased.

Websites and mobile phone applications to conduct financial transactions and manage personal finances rely on accessible design. To be effective, these require that online information be kept up-to-date and verified to ensure ongoing functionality, and that the information can be easily found and understood. The layout of information, both on the web and in printed documents, should be reasonably intuitive to navigate and conveyed in clear language.

There is still more work to be done to reduce barriers that make it difficult for people with disabilities to access financial products and services.

Some financial institutions have accessible hardware and software features on their ATMs, but some have yet to systematically provide these features. The absence of these features require individuals with vision loss to rely instead on assistance from a friend, family member or caregiver, and they may be required to disclose personal information through this process that can increase vulnerability to financial abuse.

The physical design of bank branches and other storefront financial service providers should ensure access for a range of consumers with disabilities.

Helpful features include accessible signs, ramps, automatic doors and colour contrast when displaying information. Regular consultations with disabled individuals can help to inform companies and organizations on how to continue improving the inclusion of people with disabilities in the marketplace.

The design of point-of-sale (POS) devices, commonplace in many sales transactions, has yet to be regulated.

Consequently, touch screen POS machines can create significant challenges for blind or partially sighted consumers. The lack of audio output can result in the consumer disclosing their personal identification number (PIN) to the operator of the machine in the process of making a purchase. It also means the consumer relies on the operator to know how much they are being charged, and mistakes may not be found until the consumer receives their bank statement. Disputes over mischarged amounts, whether intended or accidental, can be lengthy and responsibility often falls on the side of the consumer to prevent such issues from happening. Some POS machines are also held in place at a counter, which can render them out of reach for individuals using a wheelchair, again resulting in the consumer having to disclose their PIN to the operator of the machine.

Many accessibility standards remain voluntary and even legally required inclusion standards often lack enforcement.

As for any consumer, developing people with disabilities' awareness about their rights and responsibilities and where to go for unbiased and relevant financial advice and support is an important part of reducing their vulnerability in the marketplace. However, it is essential to involve people with disabilities in discussions on the design and delivery of financial information, products

and services to better meet their needs. Enforcement of legislated accessibility standards should also be strengthened.

Financial institutions and service providers can also cause frustration to individuals who are unable to access the relevant information or accommodation they need to conduct financial activities.

Staff training can increase awareness and familiarity with accessibility standards and workplace policies. All too often though, fringe financial services are more willing than mainstream financial services to provide the support their customers with disabilities need. This can result in consumers being caught in a trap of high interest rates, instead of saving and investing in their future.

Financial literacy education can be made more inclusive for people with disabilities in a number of ways.

When designing inclusive programming, consulting participants with disabilities on their particular needs is essential to providing relevant materials and accommodations. These may include the delivery of programming at a location that is wheelchair accessible or by embedding programming in service locations frequently accessed by people with disabilities, though it is important to remember that people with disabilities are in every walk of life, community and cultural group. Formats for sharing information may include group discussions, multimedia activities (e.g. videos), and hands-on activities, which can be an effective way to accommodate people with vision loss or cognitive limitations who benefit less from written exercises. Materials can be provided in a variety of formats such as clear print, Braille, and audio files, with choices based on participant consultation. Patience, flexible timelines, and a flexible program schedule are also critical to enhancing accessibility, as some participants might require more time to complete program components. All too often, financial practices are conducted on behalf of people

with disabilities. Inclusion is vital for individuals to gain experience and practice.

Financial education can also be made more inclusive by incorporating images of people with disabilities in educational materials and requiring funded programs to have an accommodation plan in place. Financial information and resources can also be provided to the families and caregivers of individuals with disabilities, such as information on relevant benefits and long-term financial planning for persons with disabilities and their caregivers.

NEEDS OF YOUTH LIVING WITH DISABILITIES

Financial literacy education programs tailored for youth with disabilities can help prepare students for life after school. Inclusive education is essential to ensure young people with disabilities are included in school-based financial education programs. Some youth financial education curricula currently lack recognition of the experiences of people with disabilities, such as including children with disabilities in curriculum photos and initiating classroom discussions about budgeting that recognize additional costs for things like transportation and other supports.

Adequate training for educational counsellors in schools would help to ensure that youth with disabilities have more opportunities to explore relevant types of employment, education and training. Moreover, assisting young people to access the workplace at the same time as their peers will ensure that their later-life career applications will be evaluated on a more-equal basis. It is important to ensure that people with disabilities do not end up on a treadmill of grants-based jobs, so that they never learn the skills required to remain in a job after the initial year.

Youth with disabilities also need access to post-secondary education programs that reflect their interests and aspirations, not just those that are considered “accessible.” Furthermore, career development opportunities, such as internships and co-op programs, should be offered to post-secondary students with disabilities at the same rate as students without disabilities, so they can continue to pursue career aspirations and further develop skills to gain practical work experience. Such programs must be carefully reviewed and modified to eliminate any inadvertent barriers to participation.

NEEDS OF SENIORS LIVING WITH DISABILITIES

As the Canadian population ages, the number of people with disabilities is expected to increase (e.g. as seniors experience hearing and vision loss and impacts on cognitive skills). Although many elderly may not be formally recognized as having a disability, they will increase the demand on financial services to meet accessibility needs, making it even more vital that accessibility standards become central in the design and delivery of financial products, services and related infrastructure.

As people with disabilities experience higher average levels of unemployment than Canadians generally, many have lower labour market earnings, and contributions to social insurance programs, and savings. Continued efforts to improve access to government benefit programs through the use of plain language to communicate eligibility requirements, streamlined application processes, and community supports to help people access benefits can help more people with disabilities access the income supports they are entitled to, including when they retire, and avoid income interruptions.

People with general cognitive barriers, including seniors with declining memory, can also encounter difficulties understanding tax forms and advice when filing their taxes. The shift in emphasis to online filing and reduced support for in person contacts in favour of telephone and digital platforms, means that more seniors with communication difficulties and without computer literacy skills struggle to file their taxes. This is particularly concerning for those with mobility issues who may have difficulty accessing community supports like tax clinics.

Financial education and supports that address the diverse barriers experienced by people with disabilities and reflect accessibility standards can help to expand access to financial information, products and services. These resources develop a more inclusive financial system that enables people with disabilities to participate fully in the financial mainstream.

TOOLS AND RESOURCES

Community Financial Counselling Services Inc. collaborated with members of the disability community to develop, *New Financial Reality: A Planning Handbook*. The handbook provides information, resources and exercises to help people with disabilities and severe illness, their families, and their caregivers address commonly encountered financial issues.

The accompanying *Discussion Guide to Your New Financial Reality: A Planning Handbook* offers information for organizations primarily serving people with disabilities or health conditions and organizations providing financial counselling or financial literacy education, including considerations for service providers to ensure that programs are inclusive and relevant.

The Government of Canada's *Benefits Finder* is an online tool that searches for relevant federal and provincial government benefits based on user data entered about their demographic, health and living conditions.

The *Equal Futures RDSP Program*, offered by Ability Tax and Trust Advisors with support from VanCity, is a free service to support people with disabilities to qualify for the Disability Tax Credit and open an RDSP.

PLAN Institute's *RDSP.com* website offers a tutorial, *Step by Step Guide*, and an *RDSP Calculator*, *toll-free number* and *blog* with all the latest news.

Employment and Social Development Canada's (ESDC) *Registered Disability Savings Plan web page* has helpful information and videos about the RDSP, the Canada Disability Savings Grant and Bond, as well as an RDSP calculator.

ESDC's *Fact Sheet: Registered Disability Savings Plan* offers information on the RDSP in alternative formats and through their 1-800-0-Canada help line.

PLAN Affiliates form a mutually supportive umbrella voice for people with disabilities and their families across Canada to offer access to *local RDSP education*.

ENDNOTES

¹ Statistics Canada. Disability in Canada: Initial findings from the Canadian Survey on Disability. Ottawa: Statistics Canada, 2015. <http://www.statcan.gc.ca/pub/89-654-x/89-654-x2013002-eng.htm>

² Ibid.

³ Statistics Canada. A profile of persons with disabilities among Canadians aged 15 years or older, 2012. Ottawa: Statistics Canada, 2015.

⁴ Statistics Canada. 2016. *Towards a Poverty Reduction Strategy – A Backgrounder on Poverty in Canada*. Statistics Canada Catalogue no. SP-1129-10-16. Ottawa, Ontario. October 2016. Annual Series, Canadian Income Survey.

<https://www.canada.ca/en/employment-social-development/programs/homelessness/consultations/poverty-reduction/backgrounder.html>

⁵ People with incomes between \$25,356 and \$43,561 are eligible to receive a partial bond.

The Prosper Canada Centre for Financial Literacy works with business, government, and non-profit partners to increase access to high quality, unbiased, and free financial information, education and counselling for Canadians living on low-incomes. Since 2008, the Centre has trained more than 2,000 front-line community workers from

800 organizations and First Nations communities nationwide to deliver high quality, community financial education tailored to the needs of low-income and vulnerable Canadians. Today, these individuals are equipped to provide financial education to thousands of Canadians annually in over 150 cities across Canada.

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Prosper Canada Centre for Financial Literacy

