Ontario Works Directives

5.1: Income and Exemptions

Legislative Authority

Sections 7(1) - (3), 16(1), and 19(2) of the Act.

Sections 2, 13, 14(1), 15, 17(2), 39, and 48 - 54.1 of Regulation 134/98.

Audit Requirements

Random file reviews are completed to ensure that:

- Acceptable verification such as cheque stubs, bank account books, letters from the income source and other financial documents to support reported income have been visually verified and recorded in SDMT or any other file system used by a First Nations delivery agent.
- Assignments are completed where required and appropriate documentation is on file.
- Overpayments are established for a period where income has not been reported, assignments are not honoured or reimbursement is not received for periods where the applicant or recipient received financial assistance.

Application of Policy

Definition of Income

For the purposes of social assistance, income includes all payments received by or on behalf of a recipient, spouse and any dependents in the benefit unit, including payments to or on behalf of a child for whom Temporary Care Assistance (TCA) is being paid, unless specifically exempted.

In some situations, where a member of a benefit unit receives or is pending receipt of income that is likely to cover the same period for which financial assistance is being paid, an assignment and/or agreement to reimburse must be completed as a condition of eligibility (see Directive 5.2: Assignments for more information).

Income Exemptions

When calculating eligibility for financial assistance, the following items are exempt as income:
Earnings from Employment, Operating a Business, and Amounts paid under Training/Employment Programs (see Directive 5.3: Earnings Exemptions for more information)

- the first $200 in net earnings or amounts paid under a training program that each adult member of the benefit unit earns plus 50% of net earnings that are in excess of $200
- earnings of, or amounts paid under a training program to, all members of a benefit unit under the age of 18
- earnings of, or amounts paid under a training program to, all members of a benefit unit over the age of 18 attending secondary school full-time
- earnings of persons attending post-secondary school full-time
- honorariums that are reimbursements for out-of-pocket expense
- training allowance received through the Ontario Skills Development Benefit (OSD) program received under the Employment Insurance Act (EI) when used for approved training courses and materials
  
  Note: Payments received to assist with personal living costs through the OSD program are not exempt as income. Funds provided for child care, transportation, travel and other purposes are not considered personal living costs. However, any amounts provided for these purposes are not to be duplicated by Ontario Works. Staff need to consider these amounts prior to issuing related benefits and when calculating child care deductions.

- the New Work Transition Incentive (NWTI) offered by Employment Ontario, subject to the $200 flat rate and 50% partial earnings exemption
- payments received from Indian and Northern Affairs Canada (INAC) or a First Nations Band for board and lodging of a student attending a secondary school off-reserve (see Directive 3.9: Dependent Children for more information)
- the Learning, Earning and Parenting (LEAP) Incentive (see Directive 8.2: LEAP for more information)

Family Support Income

- reimbursement for child care expenses under the Ontario Child Care Supplement for Working Families (OCCS)
- payments from the Assistance for Children with Severe Disabilities (ACSD) program issued under the Ontario Disability Support Program Act, 1997
- boarder or rental income received from a child or grandchild in receipt of basic financial assistance under Ontario Works or income support under ODSP
- subsidies paid by either an approved agency or the Ministry to an adoptive parent or to a person with whom a child is placed for adoption
- the total amount received for foster child payments from an Aboriginal Child and Family Service Provider or a Children’s Aid Society (with the exception of payments received for providing emergency on-call care and/or amounts received as a retainer)
- financial assistance payments received by caregivers from Children’s Aid Societies under the Ontario Permanency Funding Policy Guidelines of the
child support payments for an adult disabled child on ODSP in their own right (ODSP recipient). These payments will not be treated as income against the parent’s entitlement if the money is given directly to, or being used for the benefit of, the adult disabled child, as confirmed by the respective ODSP office.

Awards for Pain and Suffering (see Directive 4.6: Settlement Agreements and Other Awards for more information)

- payments from the Lieutenant Governor in Council for injury or damage inflicted upon an individual (adult or child) by any person who is either under the care or custody of the provincial government or who is an employee of the provincial government
- payments received as compensation, other than compensation for loss of income, related to a claim of abuse sustained at an Indian residential school, including compensation and personal credits made under the Indian Residential Schools Settlement Agreement
- payments received under the federal pre-1986/post-1990 Hepatitis C Settlement Agreement, other than payments for loss of income, loss of services and compensation to dependents
- payments received under the Ontario Hepatitis C Assistance Plan for individuals who contracted Hepatitis C through the blood system in Ontario prior to January 1, 1986 and after June 30, 1990
- payments received by applicants or recipients and relatives or dependents under the 1986-1990 Hepatitis C Settlement Agreement, other than payments for loss of income or loss of support
- financial support received by evacuees of Kashechewan First Nation, from the federal government through municipalities and Tribal Councils in 2005 and 2006
- payments received under the Helpline Reconciliation Model Agreement, the Multi-Provincial/Territorial Assistance Program Agreement, and/or the Grandview Agreement
- payments received under the Walkerton Compensation Plan, except for payments for future loss of income
- payments received from the Huronia, Rideau and Southwestern Regional Centres Settlement Funds
- payments received under the Nova Scotia Home for Colored Children Class Action Settlement Agreement
- awards under the Family Law Act for loss of care, guidance and companionship up to $25,000
- awards under the Workplace Safety and Insurance Board (WSIB) Non-economic Loss (NEL) awards up to $25,000
- payments received under the Ontario Disaster Relief Assistance Program (ODRAP)
- payments received under the Extraordinary Assistance Plan (Canada)
• payments made under contract of insurance for loss of, or damage to, real or personal property if payments are used to replace or repair damaged assets or to pay for temporary shelter costs

Income from Sales

Where:

• proceeds from the sale of an asset are used to purchase a principal residence
• proceeds from the sale of an asset are used to purchase an exempt asset as long as there was no evidence of inadequate disposal (see Directive 4.11: Assignment and Transfer of Assets for more information)
• proceeds from the sale of an asset are used to purchase any item, other than a second property, that the Administrator considers necessary for the health or welfare of any member of the benefit unit
• proceeds from the sale of an asset do not result in the person exceeding the allowable asset limit

Income from Benefit Plans

• death benefit payment under the Canada Pension Plan or Quebec Pension Plan
• locked-in money accessed under the Pension Benefits Act (subject to conditions (see Directive 4.7: Pensions, RRSPs, RESPs and RDSPs for more information)
• B165 payments received from the WSIB under the Workplace Safety and Insurance Act (formerly received under subsection 147(14) of the Worker’s Compensation Act, as it read on December 31, 1997)

Gifts and Voluntary Payments (see Directive 5.7: Gifts and Voluntary Payments for more information)

• gifts or voluntary payments up to a maximum of $6,000 over a 12-month period
• donations received from a religious, charitable or benevolent organization
• payments by a relative or friend to an applicant or recipient residing in a long-term care home for special services provided by the operator
• honorariums which are reimbursements for out-of-pocket expenses

Income from Loans/Grants (see Directive 3.8: Post-Secondary Students and Directive 5.9: Loans for more information)

• the portion of a loan, grant, award, or bursary that is used for training or post-secondary education costs (e.g. tuition and books)
• loans or grants received from the Home and Vehicle Modification Program (HMVP)
• loans or grants received from the Residential Rehabilitation Assistance Program (RRAP)
• loans or grants received from the Investment in Affordable Housing for Ontario program – Ontario Renovates
• personal loans (i.e. credit card, loans, cash advance, overdraft, lay away, line of credit, contractual arrangements to pay for items on time, contractual arrangements to pay on a delayed basis, or any other personal loan approved by the Administrator) used for the purchase of household items (i.e. groceries, clothing, furniture and basic appliances)
• other loans approved by the Administrator, including lines of credit used to pay a debt to a credit card company

Income from Interest or Dividends

• interest and dividends earned to a maximum of $30 per year
• proceeds of any loan (subject to certain exemptions)

Income from RESPs (see Directive 4.7: Pensions, RRSPs, RESPs and RDSPs for more information)

• interest earned from a Registered Education Savings Plan (RESP) or Canada Education Savings Grant (CESG) that has been re-invested into the RESP
• gifts and voluntary payments received and paid into an RESP including any amounts contributed by the federal government under the Canada Learning Bond (CLB) and the CESG
• payments from an RESP used for post-secondary education

Income from RDSPs (see Directive 4.7: Pensions, RRSPs, RESPs and RDSPs for more information)

• interest earned and reinvested into a Registered Disability Savings Plan (RDSP)
• contributions made to RDSPs by family members, other third parties, or the federal government through the Canada Disability Savings Bond (CDSB) and the Canada Disability Savings Grant (CDSG)
• all payments/withdrawals from an RDSP for any purpose

Other Payments/Programs

• any payment or refund received under the following legislation:
  o Ministry of Community and Social Services Act
  o Ontario Income Tax Act, section 8 (tax credits)
  o Ontario Income Tax Act, section 8.5 (tax credits)
  o Income Tax Act, section 8.6.1, 122.6 and 122.61
  o Income Tax Act, section 122.5 (HST rebates)
  o Taxation Act, 2007, section 99, 100, 101.1, 101.2, 104.11 (Property and
sales tax credits for non-seniors; Property and sales tax credits for seniors; Ontario property tax credit for non-seniors; Ontario property tax credit for seniors; Ontario sales tax credit)

- **Taxation Act, 2007**, section 104.12 (Ontario Sales Tax Transition Benefit)
- **Taxation Act, 2007**, section 103.3 (Ontario Trillium Benefit)
- **Taxation Act, 2007**, section 103.1 (Children’s Activity Tax Credit)
- **Services and Supports to Promote the Social Inclusion of Persons with Developmental Disabilities Act, 2008**, if the payment is used or will be used within a reasonable time period to purchase the services and supports for which the payment was intended.
- **Indian Act (Canada)**, under a treaty between Her Majesty and a band, other than funds for post-secondary education
- **Indian Act (Canada)**, section 40, under Order in Council P.C. 1977-2496 with respect to surrender of reserve lands
- **Ontario Child Benefit Equivalent (OCBE) Act, 2009** (see Directive 3.9: Dependent Children for more information)

(Payments under the **Ontario Income Tax Act**, **Income Tax Act**, and **Taxation Act, 2007** are exempt in the month received and considered assets in any following month. Other types of refunds, such as a yearly income tax refund, should not be considered income, but must be considered as assets.)

- the federal Universal Child Care Benefit (UCCB) (see Directive 5.6: Federal Supplements for Families with Children for more information)
- the Working Income Tax Benefit (WITB) which is a refundable federal tax credit for low-income individuals who have earnings from employment or business
- all financial assistance received through the Quest for Gold Ontario Athlete Assistance Program (OAAP) and the federal Athlete Assistance Program (AAP)
- payments made by Ontario or Canada pursuant to an aboriginal land claim settlement agreement
- a payment made to a band as an incentive bonus for school attendance to any dependant who is attending school
- payments received from the Opportunities Fund for Persons with Disabilities from Employment and Social Development Canada
- payments made by a mortgage insurance company that are provided directly to a bank or finance company that holds a recipient’s mortgage
- payments made under a court order that are specifically made for and applied to Administrator-approved expenses for disability-related items or services and education or training expenses incurred because of the person’s disability that are not, and will not be otherwise reimbursed
- the Ontario Property Tax Grant for Seniors which can be claimed on the Income Tax return and is received as part of the annual tax refund
- The value of grants, payments, credits, services or items provided for the purposes of energy efficiency, conservation or affordability by or in
accordance with a program funded by gas distribution utilities, local
distribution companies, a municipality, the Ontario Power Authority, the
Ontario Energy Board, the Government of Ontario or the Government of
Canada

• payments received through the Transplant Patient Expense Reimbursement
(TPER) program of the Ministry of Health and Long-Term Care, which
provides up-front payments or reimbursement of temporary accommodation
costs incurred by eligible patients while awaiting heart, heart-lung and lung
transplant

• A rent supplement funded by the Ministry of Health and Long-Term Care
(MOHLTC) that is used to pay for permanent supportive rental housing for
persons who are homeless or at risk of becoming homeless. The exemption
will apply to payments that exceed the maximum shelter allowance up to the
actual shelter costs

• payments made under the IAH - operating components are exempt as income
for the portion of the payments that exceed the maximum shelter allowance
up to the actual shelter costs

• payments made by a service manager designated under the **Housing
Services Act, 2011**, to be used as a rent supplement or housing allowance,
where approved by the Director. The exemption will apply to payments that
exceed the maximum shelter allowance up to the actual shelter costs

• Payments made under the Community Homelessness Prevention Initiative
(CHPI) for the following purposes are exempt as income:
  o rent deposits, including first and last month’s rent;
  o establishing a new principal residence;
  o maintaining the health and welfare of a member of the benefit unit in
    his or her current residence;
  o arrears relating to shelter costs; or
  o other housing and homelessness-related services, items or costs
    approved by the Director of Ontario Works.

• Payments made by either or both of the Ministry of Economic Development,
Trade and Employment and the Ministry of Training, Colleges and
Universities under the Youth Jobs Strategy, if, in the opinion of the
administrator, the payment will be used within a reasonable period and for the
purpose for which it was paid

• Payments made under the Northern Health Travel Grant (NHTG) by the
Ministry of Health and Long-Term Care that exceed the upfront payment for
medical travel provided under Ontario Works for the same trip

**Obligation to Pursue Resources**

As a condition of eligibility for assistance, applicants and recipients are required
to make reasonable efforts to realize any financial resources to which they or
their dependents may be owed or eligible to receive.

Applicants and recipients should be advised that every member of a benefit unit
is required to access and report all possible sources of income, subject to certain exemptions, for the purposes of correctly determining the budgetary requirements of the benefit unit.

All necessary information and supporting documentation must be provided to show that the member of the benefit unit has made every reasonable effort to obtain available income, including child and/or spousal support.

If a member of a benefit unit fails or refuses to make reasonable efforts to secure income available from another source, income assistance may be cancelled or reduced by an amount determined to be equal to the income that would have been available.

There is no obligation to pursue locked-in pension funds from employer contributions, income support under the ODSP, or a retirement pension under the Canada Pension Plan (CPP) or the Quebec Pension Plan (QPP) available to a person prior to age 65.

**Monthly Reporting Requirements**

Recipients are required to report income on a monthly basis, including any changes in income, in order to determine ongoing eligibility for assistance.

At the discretion of the Administrator, the monthly reporting requirement may be overridden for applicants or recipients who have no income to report or have a static or fixed income. To ensure calculation of correct entitlement and reduce overpayments, this should only be done in cases where it is clearly demonstrated that a recipient has nil or fixed income. For example, where a recipient is enrolled in a specific training program with a fixed payment, or in situations where participation requirements are waived for a set period. An override of monthly reporting requirements should not be applied to recipients who have or are expected to have income that may fluctuate.

All decisions to override monthly reporting requirements must be clearly documented in the recipient’s file, along with the current income at the time of the waiver, how long the override is to be in place, and any supporting documentation.

The override should be reviewed on a regular basis and recipients should be reminded of their responsibility to report any changes in income.

**Treatment of Income**

Generally, income is considered income in the month received, and actual monthly amounts should be used rather than estimates or averages wherever possible. However, income received at periodic intervals (e.g., pensions from
other countries that are paid quarterly) is averaged over the months for which it was intended and charged as income for those months.

In addition, special consideration is given to the treatment of the following potential sources of income:

Automobile Insurance Rate Stability Act, 1996 (AIRSA)

Benefits under the Statutory Accidents Benefits Schedule under the Automobile Insurance Rate Stability Act, 1996 (AIRSA) are payments made to any person who sustains a mental or physical impairment as a result of a motor vehicle accident. An AIRSA payment is considered as income, and is not considered to be a pain and suffering award.

If the income from AIRSA payments is used to purchase approved replacement services (e.g., assistance with housekeeping, homemaker services, transportation, rental of mobility aids), the amount spent on the service is exempt as income, subject to verification of the expenditure. Child care expenses reimbursed under the plan are also considered exempt as income.

Non-Earner Benefit Payments Under Statutory Accident Benefits Schedules of the Insurance Act

Non-Earner Benefit payments are accident benefits available to insured drivers in Ontario under Statutory Accident Benefits Schedules of the Insurance Act. These payments are considered income and assets and are not considered to be awards for pain and suffering.

Boarder and Rental Income

Boarder or rental income received by an applicant or participant is considered as income in the calculation of financial assistance in the following manner:

- **Rental**: If an applicant or recipient rents out self-contained quarters which are part of the applicant or recipient's dwelling or a separate dwelling, land, or a garage, then 60 percent of the monthly amount received is included as income.

- **Board and Lodging**: If an applicant or recipient provides shelter and meals (room and board) to one or more persons, then 40 percent of the monthly amount received, or a minimum of $100 for each adult, whichever is greater, is included as income.

- **Lodging**: If an applicant or recipient provides shelter without meals (room only) to one or more persons, then 60 percent of the monthly amount received, or a minimum of $100 for each adult, whichever is greater, is included as income.

Attribution of Income for a Child in Temporary Care
If a child in temporary care has income other than earnings, this income would be deducted from the TCA paid on behalf of the child unless otherwise exempted. For example, child support payments and an orphan's benefit from the Canada Pension Plan are considered as the child's income.

The child's income cannot be deducted from assistance provided to a different benefit unit (e.g., if the temporary caregiver is in receipt of assistance in his/her own right) (see Directive 3.10: Temporary Care Assistance for more information).

Dependent Children and Dependent Adults

All earnings and amounts received under a training program of a dependent child are exempt as income. Other income for the dependent child is considered income for the benefit unit unless a specific exemption for the income exists (see Directive 3.9: Dependent Children for more information).

The earnings and amounts received under a training program of a dependent adult are exempt as income while attending secondary school full-time. When the dependent adult is no longer attending secondary school full-time, their earnings are no longer fully exempt, unless they meet the criteria for the post-secondary student earnings exemption (see Directive 5.3: Earnings Exemptions for more information).

When a dependent adult, who is not attending secondary or post-secondary school full-time, has net monthly income, other than income from support, that exceeds the amount of financial assistance for a single person, the dependent adult’s portion of assistance would be deducted from the benefit unit for the current month (see Directive 3.4: Living with Parents for more information).

If the net monthly income of a dependent adult not attending secondary or post-secondary school full-time is below the maximum amount, the earnings of the dependent adult are charged to the benefit unit and earning exemptions are applied (see Directive 5.3: Earnings Exemptions for more information).

Attribution of Income for Dependents with Dependents

Income earned by the parent(s) is attributed towards the parent’s benefit unit, while income earned by the child is attributed towards the child’s benefit unit.

Government Pensions with Refundable Deductions

Government benefits and pensions can have a tax deduction and/or overpayment taken at source. In most cases, if the applicant’s income is low enough, the tax is reimbursed when a tax return is filed. It is the applicant’s responsibility to pay taxes and/or overpayments. The gross amount of
government pensions are considered as income.

**Government Pensions with Non-Refundable Deductions**

Government pensions from some countries paid to pensioners living in Canada can have a tax deduction and/or overpayment taken at source. Where the deductions are not refundable to the applicant or recipient at any time or they cannot have the deduction waived, the reduced pension amount is considered as income.

**Income Earned But Not Received**

Money that has been earned by an applicant or recipient is not considered income until it is received. Financial assistance for a recipient should be adjusted accordingly when earned income is received.

**Income Received Prior to the Month of Assistance**

All money received prior to the month in which a person applies for assistance is considered an asset (see Directive 4.1: Summary of Assets for more information).

**Canada Child Tax Benefit (CCTB)**

The Canada Child Tax Benefit is a tax-free federal benefit provided monthly to eligible families to help them with the cost of raising children under age 18. The CCTB may include the National Child Benefit Supplement (NCBS) and the Child Disability Benefit (CDB). The CCTB is exempt as income for the purposes of social assistance and allowable child care deductions are not reduced by the amount of the benefit (see Directive 5.4: Child Care Deductions for more information and see Directive 5.6: Federal Supplements for Families with Children for more information).

**Universal Child Care Benefit (UCCB)**

The Universal Child Care Benefit (UCCB) is a taxable federal benefit provided to parents with children under the age of six. The UCCB is automatically paid to families in receipt of the CCTB. The UCCB is exempt as income and allowable child care deductions are not reduced by the amount of the benefit (see Directive 5.4: Child Care Deductions for more information).

**Ontario Child Benefit**

The Ontario Child Benefit (OCB), including the one-time down payment, is exempt as income for the purposes of social assistance.

**Proceeds from Fire Insurance**
Proceeds realized from a homeowners or contents insurance policy are not considered as income, providing the funds are used specifically for the replacement of the insured items and that replacement takes place within three months from the date of receiving the proceeds.

**Shelter Costs Paid Direct by Separated Spouse to Mortgagee or Landlord**

In cases of separation, the spouse of an applicant or recipient may pay shelter costs directly to the mortgagee or landlord. These payments are considered as income.

**Employment Insurance**

Payments and benefits from Employment Insurance (EI) are considered as income. In some cases, EI payments will cause recipients to be ineligible for financial assistance.

Applicants pending EI are required to complete an Assignment of Benefits form to reimburse the delivery agent for income assistance issued (see Directive 5.2: Assignments for more information).

**Labour Disputes**

A person engaged in a labour dispute (e.g. a strike or a lock-out) who terminates their employment may be eligible for financial assistance. The Administrator must be satisfied that they are available for work and are making reasonable efforts to secure employment or otherwise participate in employment activities.

Persons applying for assistance engaged in a labour dispute will be considered as retaining the level of earnings received prior to the strike. Applicants must submit verification of income prior to the dispute and receive only the "top-up" amount for which they may be eligible (see Directive 3.12: Labour Disputes for more information).

**Foreign Income/Social Security Reciprocal Agreements**

Canada currently has social security agreements with the following countries:

<table>
<thead>
<tr>
<th>Antigua and Barbuda</th>
<th>Australia</th>
<th>Austria</th>
<th>Barbados</th>
<th>Belgium</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chile</td>
<td>Croatia</td>
<td>Cyprus</td>
<td>Finland</td>
<td>France</td>
</tr>
<tr>
<td>Denmark</td>
<td>Dominica</td>
<td>Iceland</td>
<td>Ireland</td>
<td>Germany</td>
</tr>
<tr>
<td>Greece</td>
<td>Grenada</td>
<td>Guernsey</td>
<td>Italy</td>
<td>Jamaica</td>
</tr>
<tr>
<td>Jersey</td>
<td>South Korea</td>
<td>Luxembourg</td>
<td>Malta</td>
<td>Mexico</td>
</tr>
<tr>
<td>Netherlands</td>
<td>New Zealand</td>
<td>Norway</td>
<td>Philippines</td>
<td>Portugal</td>
</tr>
</tbody>
</table>
The agreements allow a person to apply the period of residency and employment in a reciprocal country towards the residency and employment criteria required by the Old Age Security (OAS) program or the Canada Pension Plan (CPP). Landed Immigrants and Canadian citizens who have resided in reciprocal countries are eligible for OAS as long as they have reached the age of 65 and have resided in Canada for at least one year.

Residency in reciprocal countries must be equal to at least ten years. For example, if an individual spent most of their life in a non-reciprocal country, moved to Italy for five years and Germany for four years, they would be eligible for OAS after one year in Canada.

Applicants or recipients who receive OAS as a result of Canada’s Social Security Agreements may be eligible to receive the federal Guaranteed Income Supplement (GIS).

The employment history outside Canada is reviewed to determine if the applicant or recipient should make an application to CPP.

**Retroactive or Advance Lump Sum Payments**

A retroactive or advance lump sum payment from some sources is considered as income in the month(s) intended and not in the month received.

For example, where a retroactive CPP payment is made which covers a 12 month period, a retroactive assistance calculation is done for each month.

If the retroactive payments are for periods outside the time the applicant or recipient is on assistance, the payments should be viewed as assets in the following month (see Directive 4.1: Summary of Assets for more information).