



# Multiple Sclerosis & Income Security

The  
need  
is now



### **Multiple Sclerosis and Income Security: The need is now**

*“Perhaps the most important action that the government can take to assist persons with disabilities is to invest in the supply of disability supports ... Priority should be given to expenditure programs rather than tax measures to target new funding where the need is greatest.”* – Technical Advisory Committee on Tax Measures for Persons with Disabilities, Disability Tax Fairness report, December 2004<sup>1</sup>

#### **The Realities of Multiple Sclerosis**

Multiple sclerosis has a profound impact on the ability to work. Most people with MS are diagnosed with this disease of the brain and spinal cord between the ages of 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. It can affect vision, coordination, balance and mobility, mood and cognition and cause severe fatigue. MS lasts a lifetime.

Income support is the number one issue within the disability community: Lack of a secure, adequate income precludes individuals from participating and contributing fully as Canadian citizens and this in turn has profound social and health cost implications. This is equally true for people with MS. Soon after diagnosis, they must face the very real possibility that they will no longer be able to work full-time because of unpredictable and fluctuating MS symptoms. As the disease

progresses, nearly 80 percent of people with MS are unable to work full-time.

The three main federal programs that provide some income assistance to people with MS are Employment Insurance sickness benefits, the Canada Pension Plan – Disability (CPP-D) and the Disability Tax Credit (DTC). While beneficial for those who qualify for them, EI and CPP-D are both tied to earning an income, excluding those unable to participate regularly in the workforce. CPP-D and DTC are intended for people with prolonged and severe disabilities.

To qualify for disability benefits, one must accept the designation of “permanently unemployable”. The current “all-or-nothing” approach ignores individuals’ work potential. There is a need for income security programs that are comprehensive and flexible enough to allow persons with episodic, recurring illnesses to work whenever possible without losing access to income support when ill and unemployed. Following their meeting in December 2004, the federal-provincial-territorial ministers issued the following statement:



***“Ministers recognize the importance of disability supports as a key building block of the In Unison vision for the full citizenship of persons with disabilities. Disability supports consist of the aids, devices and personal services that help people living with disability actively participate at home, at work, at school and in the community... Ministers reaffirm their commitment to work towards ensuring that persons with disabilities can fully participate in all aspects of Canadian society.”<sup>2</sup>***

### **Closing the Gap on Income Security**

The Multiple Sclerosis Society of Canada has examined existing federal income security programs and suggests both short-term and long-term approaches to policy and program improvements. The overall goal should be to establish a continuum of programs that work together for people who have multiple sclerosis and other episodic illnesses (like arthritis, HIV/AIDS, lupus and mental illnesses).

### **Employment Insurance Sickness Benefits**

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.

We suggest the program could be made more useful by structuring existing benefits differently. For example, EI sickness benefits could be redefined as 75 days (instead of 15 weeks) or 150 half days, which simply extends the period over which someone could receive their benefits. This allows for part-time benefits coupled with part-time work for people who can manage some employment. This change would encourage an ongoing attachment to the work force, which is vital in preventing future unemployment.

### **Qualification Criteria for CPP-D and Disability Tax Credit (DTC)**

The current qualification criteria for both CPP-D benefits and the Disability Tax Credit require that the illness be severe and prolonged although it must be noted that the terms are defined differently in each program. The symptoms of MS can be severe and permanent, but are often fluctuating or episodic (versus prolonged). For both CPP-D and Disability Tax Credit, the episodic nature of MS often precludes many individuals not only from participating regularly in the workforce but also from qualifying for these programs because their conditions are episodic rather than prolonged. Extreme fatigue, for example, is often the symptom that prevents people with MS from working full time but evaluation tools used to determine CPP-D and DTC eligibility are not sensitive enough to allow people with MS who have severe fatigue to qualify for the programs.



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### CPP-D 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 has 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. Often people with MS will try to work part time, with a resulting drop in their contributory earnings. When they have to drop out of the workforce, they may not immediately apply for CPP-D because they hope to go back to work – once the last "MS flare up" is over. Unfortunately, in many cases the flare up turns out to be permanent. The recent change to allow people who have worked at least 25 years to qualify for CPP-D if they have worked three years out of six is a good step forward. However, for most people with MS with less time in the work force, the four out of six rule for people who have worked less than 25 years introduces a type of systemic discrimination because it does not recognize

the nature of episodic illnesses with ups and downs – typical of MS.

### Part-Time Work

MS causes a wide variety of disabling symptoms, including severe fatigue. Many people with MS are unable to work full-time, but they can manage part-time or occasional employment. Current disability benefit programs don't recognize or accommodate the needs of people with episodic disabilities for flexible work options and income support. Nor do they recognize the concept of part-time work. There is a need for flexibility within the CPP-D disability benefits program to allow people with episodic, recurring illnesses to work when possible, without losing access to CPP-D benefits when their disability worsens, and they cannot work. Currently, to qualify for disability benefits, one must accept the designation of "permanently unemployable". This ignores a person's work potential.

### **Personal Story: Juggling part-time jobs**

Sharon knows from experience what a difference some support could have made during her working life. Diagnosed with MS at 20, she found it impossible to hold down a full-time job on an ongoing basis because of the unpredictability of MS attacks and the overwhelming fatigue that MS also brought. Instead, she managed with short-term positions, self-employment and part-time contracts until she could no longer work.

*"Many people with MS and other episodic disabilities can work occasionally or part-time when their symptoms aren't bothering them, but once people qualify for a disability benefit program, they hesitate to do any work for fear of losing those benefits," she said.<sup>3</sup>*



### **Insurance Company ‘Clawback’ of Children’s Benefits**

Some insurance companies offset (also known as a clawback) the benefits dependent children receive if a parent is a long-term disability recipient. While it is legal for insurance companies to deduct the children’s benefit of \$200 a month dollar for dollar from the amount they pay to the individual, the practice is deeply discouraging to those involved, who are already living on a reduced income.

### **CPP-D and Long Term Disability**

People with MS who become disabled and receive long term disability benefits through an insurance company are often surprised when they are required by the company to apply for CPP-D. While many don’t qualify because of the differing criteria, those who are eligible for CPP-D are then dismayed to find their LTD payments are reduced by CPP-D benefit payments which are taxed. While the insurance company is saving money, the recipient is now receiving less. While the reduction might appear to be small, for someone with a low income any decrease is significant.

### **Harmonizing DTC and CPP-D Applications**

A significant number of people with MS qualify for both the DTC and CPP-D, however, to receive the tax credit and the disability benefit they have to fill out two lengthy

applications that must be certified by health care professionals. A single application form or one that cross references both programs could be tailored to ease the burden on applicants. It would also have the result of bringing the DTC to the attention of CPP-D applicants which should provide future tax savings.

### **Refundable Tax Credits**

The Disability Tax Credit is non-refundable. The current system only allows individuals who have income exceeding the personal exemption amount to access this credit or possibly to transfer it to another family member. In many cases, the tax credit is “lost” to a person who has a low income or who cannot transfer it. 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.

### **Moving to the Future**

The Multiple Sclerosis Society of Canada calls on the federal government and parliamentarians to develop a two-pronged approach to the important issue of income security. First, we urge the federal government to make needed changes to existing programs to make them more responsive to the needs of Canadians with disabilities right now.



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Second, we urge the federal government to take a leadership role in developing a national disability strategy and to make disability income security support programs a priority. In particular, we suggest it is time to examine options for developing a disability income policy that provides the support that people with disabilities require to participate as full citizens in Canadian society and is flexible enough to respond to changing circumstances to enable more people with episodic disabilities (like MS, arthritis, HIV/AIDS, lupus and mental illnesses) to re-enter and participate in the workforce.

### **Improve existing federal income support programs: EI, CPP-Disability and Disability Tax**

- **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.
- **Revise the terms “severe and prolonged”** in section 42 of the Canada Pension Plan and the term “prolonged” on the Disability Tax Credit Certificate to take into account episodic and remittent mental and physical illnesses.
- **Develop a more flexible approach to the current contribution rule** for CPP-Disability which requires contributions from four out of the last six calendar years.
- Work to **dispel the perception**

within the disability community that the allowable earnings policy is an earnings threshold. This serves as a disincentive to those who would like to work part-time, but who are afraid to risk their eligibility for benefits.

- Work with provinces and insurance companies to **eliminate the offsetting/clawback** of children’s benefits received under CPP-D disability benefits.
- **Work with insurance companies** to ensure people who receive both LTD and CPP-D do not lose money because CPP-D is taxable.
- **Harmonize the application process for DTC and CPP-D** to simplify the process for people with disabilities and to realize administrative cost savings and individual taxpayer savings.
- **Move to refundable tax credits** for persons with disabilities.

### **Explore New Possibilities for Disability Income Security**

The Multiple Sclerosis Society of Canada recommends the federal government take the lead in working with other levels of government, private industry, organizations representing people with disabilities and people with disabilities to develop appropriate approaches and programs to enable people with disabilities to gain their rightful place within the workforce and to develop appropriate income security and



supports, if Canadians with disabilities are not able to work. As Professor Michael Prince noted:

***“Canadian disability policy needs to include one or more measures that provide income support to workers with medium-term illnesses or disabilities, which disrupts their earnings and income security, and that helps these workers retain or regain participation in paid employment.”<sup>4</sup>***

Both Sherri Torjman of the Caledon Institute and Michael Prince of the University of Victoria have contributed important policy papers which examine income security issues affecting people with disabilities. The MS Society is pleased to acknowledge their important analyses and to draw on their suggestions for reforming Canada’s current income security system for people with disabilities. Professor Prince has described the need for a medium-term sickness/disability income benefit to fill in a current gap. Ms. Torjman has provided an overall analysis of Canada’s social safety net and recommended extensive changes.<sup>5</sup>

#### **Ideas for consideration:**

- Examine the potential for ***integrating part-time work and part-time disability benefits***. CPP-Disability could pay “partial or reduced benefits” rather than full benefits to enable persons with episodic disabilities to work part-time and still retain
- a portion of their benefits.
- Examine the possibility of ***introducing a disability pension system*** that incorporates a newly constructed definition of disability that recognizes the work potential of persons with episodic disabilities.
- Initiate a federal-provincial-territorial task force to develop an ***integrated income support and benefit system*** that would allow persons with disabilities to participate in the labour force up to their potential (e.g., single entry point or ‘one-stop shopping’ for federal, provincial and private disability programs).
- Examine the viability of a ***single disability income and related supports program*** (replace current CPP-Disability, Disability Tax Credit, provincial programs and related supports)

The Multiple Sclerosis Society of Canada looks forward to contributing to the development of a new approach to disability income security and supports in Canada.

## References

- <sup>1</sup> *Disability Tax Fairness, Future Directions Chapter, Technical Advisory Committee on Tax Measures for Persons with Disabilities, 2004*
- <sup>2</sup> *Communique, Federal-Provincial-Territorial Ministers Responsible for Social Services, December 2004.*
- <sup>3</sup> Sharon is a member of the Multiple Sclerosis Society of Canada.
- <sup>4</sup> *Filling a Gap in Canadians' Economic and Social Security, Michael Prince, 2006, page 3*
- <sup>5</sup> *Repairing Canada's Social Safety Net, Sherri Torjman, Caldeon Institute of Social Policy*

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