

ACTION STRATEGY FOR THE ELDERLY

Improving their living environment and encouraging their participation

Budget I 2007-2008

Finances

Québec 

Action Strategy for the Elderly

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Budget | 2007-2008

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A STRATEGY IN RESPONSE TO A REALITY

The 2007-2008 Budget Speech provides the government with the opportunity to make public its *Action Strategy for the Elderly*.

The strategy is in response to a reality: the elderly have never made up such a large proportion of our society, and that proportion is destined to increase in the years to come.

The purpose of the action strategy is to respond to a pressing demand, from the elderly themselves and from the Québec community as a whole.

- Seniors want to enjoy a living environment that responds to their needs, their legitimate wishes and their hopes. They also want to participate more than ever in the development of our society by continuing to meet some of the challenges of the future.
- These wishes are fully endorsed by Quebecers as a whole, regardless of their generation. The Québec in which we live was built by their efforts, and it is normal that new and future generations make the enhanced well-being of seniors one of their priorities.

The growing proportion of elderly people in our society

A few statistics will illustrate the growing proportion of elderly people in Québec society.

- In 2006, the number of people 65 years of age or older exceeded a million for the first time. The elderly now account for 14% of the total population.
- By 2020, the number of people 65 years of age or older will have grown by more than 60%. There will then be just over 1 650 000 seniors, and they will constitute 21% of the total Québec population.
- By 2030, Québec will have 2 150 000 seniors, representing close to 27% of the population.

That growth in the proportion of elderly people in our society is explained by two demographic phenomena, namely, the decline in natality and increase in life expectancy.

- The average number of children per woman dropped precipitously after the late 1950s. The number of births has begun to increase again in the past three years, but that growth in natality will not have an immediate effect on the aging of the population.
- The average life expectancy of Quebecers has grown spectacularly. Between 1931 and 2005, life expectancy rose from 56 years to 78 years for men and from 58 years to 83 years for women.

According to the projections of the Institut de la statistique du Québec for the year 2041, life expectancy should reach 82 years for men and 87 years for women. Hence, a veritable explosion in the number of people one hundred years of age is expected to occur in the coming years: it is anticipated that, by 2050, the number of people one hundred years of age will grow from just under 900 to about 22 000.

The government's objectives

It is important for the government that the elderly have the living environment they are entitled to expect in a society like ours.

- That means, above all, that the elderly must be able to count on an income sufficient to meet their needs.
- That also means that the elderly must be able to continue to live in their own homes, as long as they wish. Even when faced with health problems, seniors most often prefer to receive home support, provided, of course, that the care meets their needs.

Hence, the government wants to ensure that the elderly have the means to preserve their autonomy and quality of life.

The government also hopes to offer seniors every opportunity to participate in a constantly changing society. The elderly are an asset for our society. They must retain their place in our communities, and be able to provide future generations with the benefit of their experience and know-how, if they so wish. They must be provided with the tools to achieve this.

To concretely implement this vision of the role of the elderly in our society, the *Action Strategy for the Elderly* includes a number of measures and initiatives determined according to four objectives:

- The government intends to **increase the disposable income of the elderly**, in order to guarantee their autonomy and a living environment that reflects their wishes.
- The government wants to **promote home support**, since that is the best way to provide the elderly with the quality of life they hope to have for as long as possible.
- The government is mobilizing resources so as to **adapt services and infrastructures to the needs of seniors** – needs that are often distinct from those of other generations.
- The government also wants to **strengthen the place of the elderly in Québec society**, by making it easier for them to exercise their rights, by giving them the means to remain fit, by making phased retirement more attractive and by providing them with the tools to invest in future generations.

Major initiatives: \$238 million a year

The *Action Strategy for the Elderly* includes major initiatives of a fiscal and budgetary nature, representing **\$238 million** over a full year.

- Just the tax measures aimed at increasing the disposable income of the elderly will have an annual financial impact of **\$143 million**.
- The government will devote on a yearly basis an additional **\$90 million** to measures promoting home support – measures added to the support implemented in previous years.
- In the next five years, the government will earmark **\$12.5 million** for the regional conferences of elected officers, with a view to adapting services and infrastructures to the needs of the elderly.
- Another **\$12.5 million** will also be mobilized in the next five years to help seniors take their place in society. The government is reporting on the work accomplished to date in order to facilitate phased retirement. Furthermore, the government is determining new tax support for those who invest in the education of future generations, and the elderly will be able to avail themselves of it. The overall financial impact of that tax measure will be **\$41 million** over a full year.

TABLE 1

Action Strategy for the Elderly

(millions of dollars)

| | Full year | 2007-2008 | 2008-2009 | 2009-2010 | 2010-2011 | 2011-2012 | Cumulative over five years |
|---|------------|-------------|------------|------------|------------|------------|----------------------------|
| Increase disposable income | | | | | | | |
| - Splitting of retirement income | 106 | 27 | 106 | 107 | 108 | 109 | 457 |
| - Increase from \$1 000 to \$1 500 in the amount of the tax credit for retirement income | 37 | 10 | 70 | 37 | 38 | 39 | 194 |
| Sub-total | 143 | 37 | 176 | 144 | 146 | 148 | 651 |
| Promote home support | | | | | | | |
| - Refundable tax credit for volunteers who provide support to informal caregivers | 10 | 2 | 5 | 10 | 10 | 10 | 37 |
| - Improvement of the refundable tax credit for the home support of an elderly person | 74 | 51 | 74 | 74 | 74 | 74 | 347 |
| - Free medication for low-income seniors | 6 | 4.5 | 6 | 6 | 6 | 6 | 28.5 |
| Sub-total | 90 | 57.5 | 85 | 90 | 90 | 90 | 412.5 |
| Adapt services and infrastructures | | | | | | | |
| - Specific agreements with the regional conferences of elected officers (CREs) in order to adapt services and infrastructures to the needs of the elderly | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | 12.5 |
| Sub-total | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | 12.5 |
| Strengthen the place of the elderly in society | | | | | | | |
| - Promote the right of seniors to dignity and the full exercise of their citizenship | 1 | 1 | 1 | 1 | 1 | 1 | 5 |
| - Promote the physical activity of seniors | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 7.5 |
| - Encourage the use of phased retirement | — | — | — | — | — | — | — |
| - Support the elderly who want to invest in future generations: new refundable tax credit for education savings ¹ | — | — | — | — | — | — | — |
| Sub-total | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | 12.5 |
| TOTAL | 238 | 99.5 | 266 | 239 | 241 | 243 | 1 088.5 |

Note: All measures taking effect in 2007.

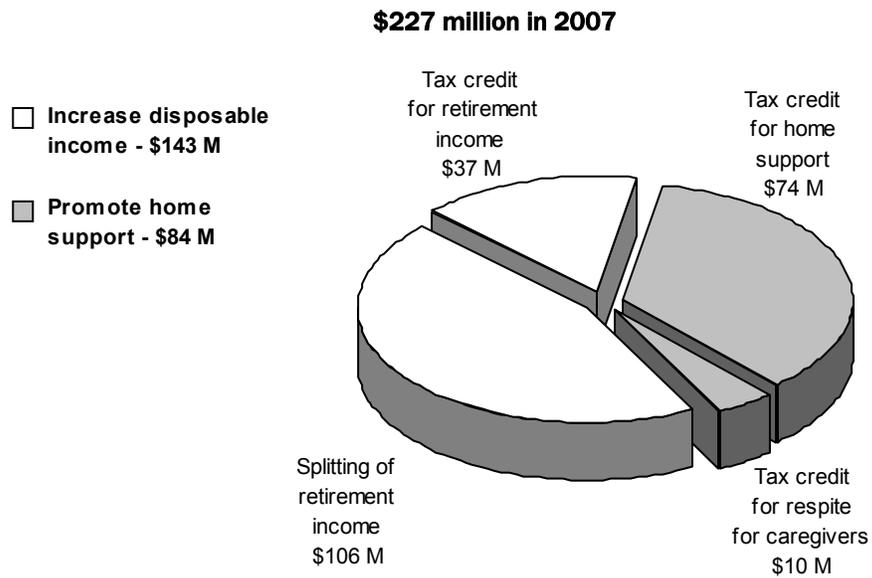
1 The measure has a financial impact of \$41 million a year for subscribers as a whole.

Just the tax measures in the *Action Strategy for the Elderly* will have a financial impact of **\$227 million** over a full year, i.e.

- **\$143 million** to increase disposable income;
- **\$84 million** to encourage home support.

CHART 1

Action Strategy for the Elderly – impact of tax measures for the elderly



Note: All measures taking effect in 2007.

Tax support that has doubled in five years

The measures announced in the framework of the *Action Strategy for the Elderly* extend and amplify the efforts made since 2003.

In five years, the support for the elderly has doubled, solely as regards tax measures: annual financial support provided by the measures determined for the elderly rose from **\$303 million** to **\$661 million** between 2003 and 2008.

TABLE 2

Tax measures for the elderly and informal caregivers since 2003

(millions of dollars)

| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 |
|---|------------|------------|------------|------------|------------|------------|
| Measures for the elderly | | | | | | |
| - Refundable tax credit for the home support of an elderly person | 60 | 78 | 94 | 107 | 194 | 203 |
| - Splitting of retirement income | — | — | — | — | 106 | 107 |
| - Tax credit for retirement income | 58 | 59 | 60 | 61 | 99 | 100 |
| - Tax credit with respect to age | 137 | 140 | 142 | 145 | 147 | 149 |
| - Non-taxation of the Guaranteed Income Supplement and the Spouse's Allowance | 32 | 34 | 36 | 37 | 39 | 41 |
| Measures for informal caregivers | | | | | | |
| - Refundable tax credit for informal caregivers ¹ | 16 | 16 | 16 | 49 | 50 | 51 |
| - Refundable tax credit for volunteers who provide support to informal caregivers | — | — | — | — | 5 | 10 |
| TOTAL | 303 | 327 | 348 | 399 | 640 | 661 |

1 Including the refundable tax credit for housing a parent.

The elderly: a group profile devoid of stereotypes

The elderly form a far-from-homogeneous group in Québec society, and their characteristics change from year to year.

- They include both the newly retired, in their 50s and 60s, and older people.
- The elderly are fit for the most part. Only 6% of seniors 65 years of age or older need assistance for their daily personal care. The disability rate is below 20% up to 75 years of age.
- Women account for 58% of those 65 or older and 77% of those 90 or older.
- Thirty-four per cent of seniors 65 to 69 years of age live alone. The proportion rises to 87% for the elderly over 90, because of the spouse's death.
- More men live with a partner than women (72% of men 65 or older, compared with 39% of women).
- A total of 75% of seniors live in large urban centres: 27% in Montréal and 15% in the greater Québec City area.
- Immigrant seniors account for 13% of the total number of elderly people in Québec.
- In 2000, the median age of retirement in Québec was 59.
- Since 2002, the labour force participation rate of seniors 55 to 64 years of age has increased among both men and women.

1. INCREASE DISPOSABLE INCOME

The government seeks to give the elderly the means to preserve their autonomy. The first way to do so is to **increase their disposable income**.

To that end, the government is making two major changes in personal income tax.

- As of 2007, elderly couples will have the possibility of splitting their retirement income, which will enable them to significantly reduce the amount of income tax they have to pay.
- The government is increasing from \$1 000 to \$1 500 the maximum amount of the tax credit for retirement income. That measure will be of greater benefit to the poorest elderly.

1.1 Splitting of retirement income

The possibility for couples to split their retirement income was announced by the Minister of Finance last December. It applies as of the 2007 taxation year and will have an annual financial impact of **\$106 million**.

Taxpayers who have eligible retirement income can now allocate to their spouse up to 50% of that income. The couple will thereby enjoy a significant income tax reduction.

- In the case of a couple in which only one of the spouses receives eligible retirement income, the income tax reduction in 2008 will be \$287 for an eligible retirement income of \$20 000 and \$1 674 for an eligible retirement income of \$70 000.
- If the two spouses receive retirement income, the gain realized on income tax payable will total \$535 for a household with a retirement income of \$70 000.

TABLE 3

Gains resulting from the splitting of retirement income for a couple with retirement income – 2008

(dollars)

| Eligible retirement income | Couple with a single retirement income ¹ | | | Couple with two retirement incomes ^{1,2} | | |
|----------------------------|---|------------------------------------|-------|---|------------------------------------|------|
| | Income tax payable before splitting | Income tax payable after splitting | Gain | Income tax payable before splitting | Income tax payable after splitting | Gain |
| 20 000 | 1 860 | 1 573 | 287 | 1 620 | 1 573 | 47 |
| 30 000 | 4 540 | 3 966 | 574 | 4 562 | 4 406 | 156 |
| 40 000 | 6 844 | 5 966 | 878 | 7 039 | 6 705 | 334 |
| 50 000 | 9 045 | 8 260 | 786 | 9 360 | 9 095 | 265 |
| 60 000 | 11 435 | 10 261 | 1 174 | 11 538 | 11 261 | 277 |
| 70 000 | 13 935 | 12 261 | 1 674 | 13 963 | 13 428 | 535 |

Note: It is assumed that the amount of the individual retirement pensions of the Québec Pension Plan is the lesser of \$10 298 and 5/12th of the eligible retirement income.

1 Excluding the retirement pensions of the Québec Pension Plan, which can already be split.

2 One spouse has 80% of the household income and the other, 20%.

In all, close to **370 000 couples** declaring eligible retirement income will benefit from an income tax reduction of **\$106 million** in 2007.

Those couples will enjoy average tax relief of \$286 a year. Tax relief for couples with a total income of over \$100 000 will be an average of \$589 a year.

TABLE 4

Impact of the splitting of retirement income according to family income – 2007

| Household income | Number of households | Total impact (\$ millions) | Average impact (\$) |
|-------------------------|-----------------------------|-----------------------------------|----------------------------|
| Less than \$50 000 | 171 505 | 13 | 76 |
| \$50 000 to \$75 000 | 99 326 | 42 | 420 |
| \$75 000 to \$100 000 | 49 505 | 22 | 448 |
| \$100 000 or more | 49 343 | 29 | 589 |
| TOTAL | 369 679 | 106 | 286 |

1.2 Increase in the tax credit for retirement income

The *Action Strategy for the Elderly* contains a second measure to increase the disposable income of seniors.

As of the 2007 taxation year, the maximum amount of retirement income to which the tax credit for retirement income applies is increased from \$1 000 to \$1 500.

- For a person living alone, the income tax reduction can total \$100.
- In the case of an elderly couple, the reduction can total \$200.

TABLE 5

Gains resulting from the increase from \$1 000 to \$1 500 in the amount of the tax credit for retirement income – 2007
(dollars)

| Retirement income ² | Elderly person living along | | | Elderly couple ¹ | | |
|--------------------------------|------------------------------|-----------------------------|------|------------------------------|-----------------------------|------|
| | Tax credit before the Budget | Tax credit after the Budget | Gain | Tax credit before the Budget | Tax credit after the Budget | Gain |
| 15 000 | 200 | 300 | 100 | — | — | — |
| 25 000 | 200 | 300 | 100 | 400 | 600 | 200 |
| 50 000 | 75 | 175 | 100 | 300 | 500 | 200 |
| 55 000 | — | 25 | 25 | 150 | 350 | 200 |
| 65 000 | — | — | — | — | 50 | 50 |

Note: The amount of eligible retirement income is reduced according to family income.

1 Couple with two retirement incomes, divided equally between the two spouses.

2 Including retirement income other than Old Age Security benefits and the Guaranteed Income Supplement.

This new tax measure will be of benefit to **356 000 seniors**.

The overall financial impact of the measure is evaluated at **\$37 million** a year.

TABLE 6

Impact of the increase from \$1 000 to \$1 500 in the amount of the tax credit for retirement income according to income – 2007

| Taxpayer income | Number of taxpayers | Impact (\$ million) | Average Impact (\$) |
|------------------------|----------------------------|----------------------------|----------------------------|
| Less than \$25 000 | 60 685 | 5.7 | 94 |
| \$25 000 to \$50 000 | 216 997 | 22.3 | 103 |
| \$50 000 to \$75 000 | 73 635 | 8.6 | 117 |
| \$75 000 or more | 4 689 | 0.4 | 85 |
| TOTAL | 356 006 | 37.0 | 104 |

2. PROMOTE HOME SUPPORT

Since the 2005-2006 Budget Speech, the government has gradually implemented a series of measures all aimed at **promoting the home support** of seniors.

These measures constitute a coherent whole, and the *Action Strategy for the Elderly* adds a new element to the array of measures offered seniors, those close to them and those who assist them.

- A **new tax credit** is instituted for **volunteers** who assist informal caregivers.
- The **elderly** can take advantage this year of the improvement in the **tax credit for home support**, announced in the 2006-2007 Budget Speech.
- **Free medication for low-income seniors** is also aimed at promoting the home support of the elderly.

In all, these three measures will have a financial impact evaluated at **\$90 million** over a full year.

They are coupled with the **tax credit for informal caregivers**, introduced in the 2005-2006 Budget Speech, through which the assistance for informal caregivers was increased by \$29 million this year, compared with the situation prevailing before the measure.

Through these measures, substantial support is provided to:

- **The elderly** (tax credit for home support, free medication for low-income seniors);
- **Those assisting them** (tax credit for informal caregivers);
- **Volunteers** who provide informal caregivers with respite in caring for the elderly (tax credit for volunteers who assist informal caregivers).

TABLE 7

Refundable tax credits to promote the home support of seniors or the elderly losing their autonomy – 2007

| | Home support of an elderly person | Informal caregivers | Volunteers who assist informal caregivers |
|---|--|--|---|
| Beneficiary of the refundable tax credit | Person 70 years of age or older | Informal caregiver | Person providing at least the equivalent of one day of respite per week during the year |
| Level of assistance paid per year | Maximum of \$3 750 | Maximum of \$1 020 reduced according to the income of the person assisted (minimum of \$561) | Maximum of \$500 per volunteer and \$1 000 for all volunteers attending to the same beneficiary of care |
| Clientele | 290 000 | 76 000 | 10 000 |
| Tax benefit | \$194 million | \$50 million | \$5 millions |

2.1 The new refundable tax credit for volunteers who assist informal caregivers

The government is introducing a new tax measure in order to assist informal caregivers: as of the 2007 taxation year, informal caregivers can issue a statement to a volunteer who assists them attesting to the duration of the duties carried out.

The statement will give the volunteer entitlement to a tax credit.

- The maximum value of the tax credit is set at \$500 for a volunteer.
- The informal caregiver can issue a number of statements, if several volunteers assist him or her. The amount of the tax credits issued according to these statements may not exceed \$1 000 for the same beneficiary of care.

The tax measure defined by the government is highly innovative: it enables informal caregivers to recognize the work of those who assist them on a volunteer basis in caring for a senior,¹ when the volunteers are not part of the caregiver's immediate family.

Over a full year, that recognition of true solidarity in the home should be of benefit to about **20 000 volunteers** and represent tax relief for them of **\$10 million** annually.

¹ The new tax credit will not apply solely to elderly beneficiaries. But seniors should make up a large proportion of the beneficiaries.

2.2 Improvement in the refundable tax credit for home support for elderly persons

An improved tax credit for elderly people 70 years of age or older who continue to live in their homes was announced in the 2006-2007 Budget Speech. The improvement takes effect as of the 2007 taxation year.

Seniors can claim a tax credit with respect to the expenses they have to incur in order to remain in their homes. That measure encourages home support, since, through taxation, the government assumes part of the cost of the services and care that the elderly concerned must bear if they want to remain in their own homes.

The improvement announced in 2006 and implemented in 2007 represents tax relief of **\$74 million**, of benefit to **290 000 seniors**.

- The tax credit rate is increased from 23% to 25%.
- Nursing care services are now eligible for the tax credit.
- The annual ceiling for eligible expenses is raised from \$12 000 to \$15 000.
- Approximately 180 000 seniors will actually have access to the tax credit for the first time, since the amount is paid automatically by Revenu Québec.

On October 16, 2006, the Minister of Finance eliminated the deductible amount of \$300 that applied to expenses eligible for this tax credit. That improvement has made it possible to maintain the universality of the tax assistance related to the home support of seniors 70 years of age or older.

TABLE 8

Impact of the improvement in the refundable tax credit for home support of an elderly person according to certain typical situations – 2007

(dollars)

| Typical situations | Impact of the 2006-2007 Budget on disposable income | | | | | Tax credit after the 2006-2007 Budget |
|---|---|--------------------------------------|---|---------------------------|--------------|---------------------------------------|
| | Tax credit before the 2006-2007 Budget | Increase in the rate from 23% to 25% | Increase in the ceiling from \$12 000 to \$15 000 | Inclusion of nursing care | Total gain | |
| Residence for elderly persons | | | | | | |
| – eligible expenses: | | | | | | |
| – \$5 000, \$1 000 of which for nursing care | 920 | 80 ¹ | — | 250 | 330 | 1 250 |
| – \$15 000 | 2 760 | 240 ² | 750 | — | 990 | 3 750 |
| – \$15 000, \$3 000 of which for nursing care | 2 760 | 240 ¹ | — | 750 | 990 | 3 750 |
| Home – eligible expenses: | | | | | | |
| – \$1 000 ³ | — | 250 | — | — | 250 | 250 |
| – \$6 000, \$5 000 of which for nursing care | 230 | 20 ¹ | — | 1 250 | 1 270 | 1 500 |

1 Calculation before recognition of nursing care services.

2 Calculation before the ceiling increase from \$12 000 to \$15 000.

3 It is assumed that the person was not using the tax credit before the 2006-2007 Budget. The changes announced in the 2006-2007 Budget mean that the person can claim the tax credit on his or her tax return.

2.3 Free medication for low-income seniors

For the elderly, the availability of medication is a crucial factor in their decision to continue to live in their homes or not. Since July 2005, seniors 65 years of age or older receiving the maximum Guaranteed Income Supplement have not paid for medication.

The 2007-2008 Budget Speech confirms that, as of July 1, 2007, seniors 65 years of age or older receiving 94% of the Guaranteed Income Supplement will also not pay for their medication.

That measure will be of benefit to **29 000 seniors more**, raising the number of seniors receiving free medication to 74 000. It represents an additional benefit of **\$6 million** a year for the seniors concerned.

TABLE 9

Annual cost of the public prescription drug insurance plan for the most needy seniors

| | Number of insured (000) | Government contribution (\$M) | Financial participation of insured ¹ (\$M) | |
|---|----------------------------|----------------------------------|--|-----------------------|
| | | | Before July 1, 2007 (full year) | After July 1, 2007 |
| Seniors | | | | |
| Receiving the maximum GIS | 45 | 97 | 0 | 0 |
| Receiving at least 94% of the maximum GIS | 29 | 57 | 6 | 0 |
| TOTAL | 74 | 154 | 6 | 0 |

1 Premium, deductible and co-insurance.

Tax credit for informal caregivers

The 2005-2006 Budget Speech introduced a tax credit for informal caregivers that came into effect for the 2006 taxation year. The tax credit replaced and improved two tax credits that existed previously for informal caregivers.

- The tax credit for informal caregivers initially had a maximum value of \$1 000 a year; that figure is raised to \$1 020 in 2007. It is partially reduced when the income of the person housed exceeds \$20 405, but it could not be less than \$550, a ceiling raised to \$561 in 2007.
- The definition of informal caregivers who can avail themselves of the tax credit was broadened, opening the tax benefit to an additional 50 000 informal caregivers.
- The tax credit is indexed automatically. That is why, in January 2007, the maximum tax credit was raised from \$1 000 to \$1 020 \$, and its ceiling was increased from \$550 to \$561.

TABLE 10

Illustration of the calculation of the tax credit for informal caregivers according to various income levels of the person housed – 2007 (dollars)

| | Income of the person housed | | |
|---|-----------------------------|--------------|---------------------|
| | \$20 405 or less | \$22 000 | \$23 274 or more |
| Maximum refundable tax credit | 1 020 | 1 020 | 1 020 |
| Reduction of the tax credit (16% of income exceeding \$20 405) | 0 | – 255 | – 459 |
| Refundable tax credit (minimum of \$561) | 1 020 | 765 | 561 |

In all, the implementation of this tax credit more than doubled the tax assistance given informal caregivers each year. In 2007, informal caregivers will receive an annual tax reduction of \$50 million, i.e. \$29 million more than before the initiative was introduced.

The number of informal caregivers benefiting from the tax credit tripled from 26 000 in 2005 to 76 000 in 2007.

TABLE 11

Refundable tax credit for informal caregivers

Consolidation of two tax credits into one, broadening of the definition of persons giving entitlement to the tax credit and improvement of the assistance – 2007

| Before the measure | After the measure |
|---|---|
| <p>Refundable tax credit for housing a parent</p> <ul style="list-style-type: none"> - 26 000 informal caregivers - \$550 a year - \$17 M <p>Transfer of the unused part of the non-refundable tax credit for impairment</p> <ul style="list-style-type: none"> - 10 000 informal caregivers - \$0 to \$440 a year - \$4 M <p>Total assistance: \$21 M</p> | <p>New refundable tax credit for informal caregivers</p> <ul style="list-style-type: none"> - 76 000 informal caregivers, i.e. 50 000 more - \$1 020, reduced according to the income of the person housed¹ (minimum of \$561) <p>Total assistance: \$50 M, i.e. \$29 M more</p> |

1 The reduction rate is 16% and it applies to the housed person's income that exceeds \$20 405.

Seniors helping seniors

Informal caregivers who help seniors are often seniors themselves.

According to a recent survey, 18% of Quebecers 55 years of age or older, i.e. 360 000 people, are informal caregivers. They devote an average of seven hours a week to the care they provide.

A slightly earlier study on horizontal solidarity among seniors had similar findings:¹

- More than half of seniors (56.5%) help out other seniors.
- Nearly half of seniors (44.3%) frequent social groups in their environment, which, in one of three cases, results in volunteer work with seniors.

Seniors' initiatives to help other seniors are multiple: finding those who are isolated; providing mutual assistance, support, information or cooperation; offering natural caregivers respite; taking people in; forming mutual assistance groups; recruiting volunteers; organizing sociocultural, educational and community activities; travel assistance or assistance in the activities of daily living.

1 J. Roy, "Solidarité horizontale chez les aînés", *Canadian Journal of Aging*, Vol. 17(3), 1998.

3. ADAPT SERVICES AND INFRASTRUCTURES

The needs of the elderly in terms of services and infrastructures are far from homogeneous. They differ depending on the age group concerned. They evolve over time and with age. They reflect priorities or concerns that may not be the same as those of most of the population.

For the government, it is important, above all, to listen to what seniors are saying, be aware of the needs they display and establish an approach to meeting those needs effectively and rapidly.

3.1 A regional approach

The government wants to achieve this **adaptation of services and infrastructures** to the needs of the elderly through a regional approach.

It is in each Québec region that it is possible to gain the most accurate and operational understanding of the reality of seniors, the services they want to have and the infrastructures that need to be modified or transformed for them.

The government will therefore earmark resources of **\$12.5 million** over the next five years for the ministère de la Famille, des Aînés et de la Condition féminine, to be placed at the disposal of the regional conferences of elected officers (CREs) for investment in services or infrastructures for the elderly.

These amounts will be used in the framework of specific agreements concluded between the department and each Québec CRE.

3.2 Multiple possibilities

The possible initiatives are multiple using this budgetary envelope.

- The amounts earmarked by the government can be used to finance improvements or adaptations to cultural, sports and outdoor infrastructures that meet the needs of the elderly in the municipalities.
- The specific agreements may cover the development of public transit in rural areas or the improvement of access and mobility in public transit modes in urban regions.
- Other possible initiatives include setting up information centres for the elderly. In the regions that wish to do so, an assistance service related to government programs and services for the elderly could be set up. The service could be provided with the collaboration of volunteer resources, mobilized through existing community organizations.
- It is also possible for services to be implemented to respond to new issues affecting seniors, such as cybercrime.

It is obvious that the possibilities are multiple, provided that we listen to the needs of the elderly community and adopt a resolutely decentralized approach.

A time for recreation, culture and learning

The elderly consume products, but especially services.

- They spend in particular on recreation, cultural services, and volunteer and family activities.
- Generally speaking, average spending on recreation declines as age increases.
- However, it has been noted that spending on recreation has increased from one generation to the next.¹ Studies also indicate an increase in the time devoted to recreational activities over the last decade.

The transition by baby boomers to retirement should therefore stimulate the recreational market, inasmuch as these seniors are in good health and have the financial resources required to take advantage of their withdrawal from the labour market.

It is also noted that the elderly devote more free time to learning.

- They do so informally, through reading or listening to educational programming.
- They do this in a more formal manner by registering for courses at educational institutions or at municipal recreation departments. The programs offered by seniors universities are increasingly popular: the number of registrations in Québec's seniors universities has been constantly increasing over the past 20 years, from 569 in 1983 to 7 072 in 2004-2005.

¹ Équipe de travail sur les aînés (Lalande), *Une pleine participation des aînés au développement du Québec, afin de construire un Québec pour tous les âges*, 2005.

4. STRENGTHEN THE PLACE OF THE ELDERLY IN SOCIETY

The *Action Strategy for the Elderly* includes measures to **strengthen the place of the elderly in society**.

Seniors are an asset for our communities because of their experience, the time they can more easily manage, and the ties and networks of all kinds that they have developed in the course of their lives.

The elderly themselves want to contribute to the development and growth of the community as a whole, when they can physically and personally do so.

The government is announcing four measures to confirm and strengthen the role and participation of the elderly in life in society:

- It is, above all, important to ensure that the elderly are **fully respected**, and fully exercise their rights and responsibilities as **citizens**. Over the next five years, **\$5 million** will be devoted to that objective, particularly by the Conseil des aînés and other instruments of governance for issues related to the elderly.
- Seniors will be better able to strengthen their place in society if they remain fit. Physical health is a concern for all citizens, but it becomes particularly crucial as one ages. The government will devote **\$7.5 million** over the next five years to encourage **physical activities for the elderly**.
- The government is reporting on the work done to date to facilitate **phased retirement**. It is renewing its commitments in that regard.
- The government has also adopted a tax measure to favour education savings that will apply in particular to seniors who want to **invest in future generations**. The measure represents tax relief of **\$41 million a year**.

4.1 Promote the right of the elderly to dignity and to the full exercise of their citizenship

The government is devoting resources of **\$5 million** over the next five years to promote the right of the elderly to dignity and to the full exercise of their citizenship.

- Prejudice against the elderly is persistent, in Québec as in other developed societies. A number of stereotypes tarnish the image of seniors and their conception of their place in society.
- Individual and collective aging raises many ethical questions, such as those related to aggressive therapy, euthanasia and the cost of certain drugs and surgical operations.

A number of governance structures can shed relevant light on all these issues and make recommendations or institute initiatives with a view to achieving the government's objective.

The ministère de la Famille, des Aînés et de la Condition féminine will therefore be responsible for using the budget envelope determined for the next five years, through these various structures and organizations — first and foremost, the Conseil des aînés.

The Conseil des aînés will be given the particular mandate of reflecting on the best ways to strengthen the exercise by seniors of their responsibilities and rights as citizens. The Conseil will also be responsible for thinking about ethical issues that concern the elderly.

In addition, the department will employ the new means at its disposal to make the population more aware of the realities of the elderly and their needs. The department will earmark a portion of its new resources to deal in depth with the questions of mentoring and tutoring, and more generally with the approaches to take to ensure that seniors can make more of a contribution to meeting the challenge of the coming generation.

Instruments of governance

The questions concerning seniors are dealt with by a number of organizations, all contributing to better defining the issues and identifying the solutions to be implemented.

- The particular mission of the **ministère de la Famille, des Aînés et de la Condition féminine** is to promote the positive aspects of aging, develop intergenerational ties and encourage the creation of services that meet the needs and interests of the elderly.
- The **Secrétariat aux aînés** supports the department's mission regarding seniors and advises the Minister on the matters related to it.
- The **Conseil des aînés**, which is directly responsible to the Minister of Families, Seniors and the Status of Women, is mainly responsible for promoting the rights of the elderly, their interests and their participation in society.
- The **Tables régionales de concertation des aînés** give rise to or maintain cooperation between seniors' organizations. They make regional authorities aware of the issues surrounding the aging of the population.

4.2 Promote the physical activity of seniors

The government is mobilizing **\$7.5 million** in the next five years to promote the physical activity of seniors.

This initiative is in keeping with the more comprehensive concern of the government with keeping all citizens fit and in good health.

The *Viactive* program is an example of initiatives in the right direction. About 1 200 groups participate in this program, which reaches 22 000 seniors.

- *Viactive* is a program that promotes physical exercise by seniors, at home or in a facility. It is implemented with the collaboration of community organizations.
- The objective of the program is to initiate participants in physical activity through a program designed for the targeted clientele (walking, dance, aquaform and so on).
- The program is also aimed at encouraging seniors to adopt a physically active lifestyle, beyond organized activities.

Eighty per cent of participants are women. The funding provided by the government in the framework of the *Action Strategy for the Elderly* can be used to reach other groups and thereby broaden the clientele engaging in the activities offered.

4.3 Promote phased retirement

The elderly who wish to continue to participate in the labour force while beginning to enjoy more free time want access to phased retirement plans. Under phased retirement, a person can gradually withdraw from employment by working part time for a certain period of time. Hence, phased retirement is an alternative to immediate and full retirement.

- In the wake of the Forum des generations, held in October 2004, the government gave a committee made up of representatives of several departments, employers' associations and unions a mandate to propose solutions to encourage phased retirement.
- Further to the committee's recommendations, the government made a commitment to work on the implementation of the new terms and conditions for encouraging phased retirement, in collaboration with the federal government.

The government presents, in the 2007-2008 Budget Speech, the detailed analysis that led to the proposals sent to the federal government in order to encourage phased retirement.

The government is also renewing its commitment to continue discussions with the federal government with a view to allowing the application of new provisions that facilitate phased retirement.

The following conclusions stem from the work.

- To encourage phased retirement and make it more competitive than complete retirement, the tax laws and retirement plans must make it possible to:
 - Pay the retirement pension and employment income at the same time as service is accumulated;
 - Pay incidental benefits in the case of phased retirement or full-time work.
- However, it must be ensured that the terms and conditions of phased retirement do not constitute a more advantageous alternative than full-time work. For that reason, the legislation must also provide that:
 - Access to phased retirement is allowed as of 60 years of age or after 30 years of service;
 - The pension paid during phased retirement is proportionate to the reduction in work time;
 - The payment of incidental benefits can begin as of 60 years of age or after 30 years of service in order to encourage late retirement.

The analysis tabled by the government shows that new terms and conditions that promote the use of phased retirement would have many positive impacts:

- The new terms and conditions would make it possible to increase the labour supply while retaining experienced, qualified workers in their jobs.
- Phased retirement would promote the transfer of knowledge in businesses, for example in the form of mentoring or tutoring.

To make it possible to implement the new provisions facilitating phased retirement, the government adopted, in November 2006, a recommendation aimed particularly at authorizing the ministère des Finances du Québec, in collaboration with the ministère de l'Emploi et de la Solidarité sociale and the Régie des rentes du Québec, to continue discussions with the federal government in that regard.

4.4 Support seniors who want to invest in future generations

The 2007-2008 Budget Speech announces the introduction of a new tax credit created to encourage Québec families to save more for the post-secondary education of their children.

The tax credit has been defined very broadly so that seniors can avail themselves of it if they wish to invest in post-secondary education, regardless of whether the children for whom contributions are made belong to their family or not.

The tax credit depends on the contribution made to a registered education savings plan (RESP) and the income of the child's parents:

- For example, a senior who makes an annual contribution of \$2 000 to a registered education savings plan of the child of his or her choice will receive a tax credit equal to 12.5% of the contribution, if the family income of the parents of the child is below \$37 178.
- The tax credit will be equal to 11.25% of the contribution if the family income of the child's parents is between \$37 178 and \$74 357.
- The tax credit will be 10% of the contribution if the family income of the parents of the child is above \$74 357.

The tax credit, which in fact constitutes an improvement in the accumulated contribution to an education savings plan, will increase, sheltered from tax, until it is paid to the child in the form of education assistance.

The new tax credit will be of benefit to more than **300 000 children**. It represents tax relief of **\$41 millions** over a full year.

TABLE 12

Illustration of the assistance granted under the new refundable tax credit for education savings, for an RESP annual contribution of \$2 000 – 2007
(dollars)

| | Family income of the child's parents ¹ | | |
|---|---|------------------------------|-----------------------|
| | \$37 178 or less | Over \$37 178 to \$74 357 | More than \$74 357 |
| Contribution by grandparents to the RESP account | 2 000 | 2 000 | 2 000 |
| New refundable tax credit for education savings paid into the RESP account | | | |
| On the first \$500 in contributions | | | |
| - Amount of the tax credit | 100 | 75 | 50 |
| - % | 20% | 15% | 10% |
| On a contribution of \$500 to \$2 000 | | | |
| - Amount of the tax credit | 150 | 150 | 150 |
| - % | 10% | 10% | 10% |
| Total tax credit | | | |
| - Amount of the tax credit | 250 | 225 | 200 |
| - % | 12.5% | 11.25% | 10% |
| Contribution and refundable tax credit paid into the RESP account | 2 250 | 2 225 | 2 200 |

1 These amounts correspond to the income thresholds of the Canada Education Savings Grant.

Registered Education Savings Plan (RESP)

- The purpose of the Registered Education Savings Plan is to help parents and grandparents save in order to fund the post-secondary studies of a designated beneficiary (usually a child under the age of 18).
- The maximum annual contribution to an RESP is \$4 000. The cumulative ceiling is \$42 000.

Terms of application of Québec's new refundable tax credit for education savings

- Québec's new tax credit is added to the federal government grant described below. The Québec plan is entirely harmonized with the federal government grant, except for the level of support granted.
- A parent who makes an annual contribution of \$2 000 to an RESP will receive the following tax credit:
 - For the first \$500 of the contribution, the rate of the tax credit is 10% and can rise to a maximum of 20% for low-income parents;
 - For a contribution of \$500 to \$2 000, the rate is 10%.
- The annual tax credit reaches its maximum amount with a contribution of \$2 000.

Main parameters of Québec's refundable tax credit for education savings (RTCES) - 2007

| | Family income of the child's parents ¹ | | |
|--|---|------------------------------|-----------------------|
| | \$37 178 or less | Over \$37 178 to \$74 357 | More than \$74 357 |
| RTCES on the first annual contribution of \$500 to an RESP | Max. of \$100 20% | Max. of \$75 15% | Max. of \$50 10% |
| RTCES on annual contributions to an RESP of over \$500 and up to \$2 000 | Max. of \$150 10% | Max. of \$150 10% | Max. of \$150 10% |
| Maximum annual RTCES | \$250 | \$225 | \$200 |
| Maximum cumulative RTCES | \$3 600 | \$3 600 | \$3 600 |

1 These amounts correspond to the income thresholds of the Canada Education Savings Grant.

Terms and conditions of application of the Canada Education Savings Grant

- For example, a parent who makes an annual contribution of \$2 000 to an RESP receives the following Canada Education Savings Grant:
 - For the first \$500 in contributions, the grant rate is 20% and can rise to a maximum of 40% for low-income parents;
 - For a contribution of \$500 to \$2 000, the rate is 20%.
- The annual grant reaches its maximum amount with a contribution of \$2 000.

Main parameters of the Canada Education Savings Grant¹(CESG) - 2007

| | Family income of the child's parents ² | | |
|---|---|------------------------------|-----------------------|
| | \$37 178 or less | Over \$37 178 to \$74 357 | More than \$74 357 |
| CESG on the first contribution of \$500 annually to an RESP | Max. of \$200 40% | Max. of \$150 30% | Max. of \$100 20% |
| CESG on annual contributions to an RESP of over \$500 and up to \$2 000 | Max. of \$300 20% | Max. of \$300 20% | Max. of \$300 20% |
| Maximum annual CESG | \$500 | \$450 | \$400 |
| Maximum cumulative CESG | \$7 200 | \$7 200 | \$7 200 |

1 The federal government adds a Learning Bond to the Canada Education Savings Grant.

2 The income bracket thresholds are indexed each year.

The return on the contributions made and the Québec and federal government support for education savings accumulates, sheltered from tax, until it is paid to the child in the form of education assistance. With the exception of the contributions made, the government assistance and accumulated return are taxable only in the hands of the beneficiary at the time they are withdrawn.

CONCLUSION – QUÉBEC TAKES ACTION FOR ITS SENIORS

With the strategy it is putting in place in the framework of the 2007-2008 Budget Speech, the government is ensuring that Québec is taking **action for its seniors** now more than ever.

The elderly and the generations that preceded them helped build today's Québec. By making public the *Action Strategy for the Elderly*, the government is taking a number of major steps to both improve their living environment and encourage their participation in the society to which they belong more than ever.

Coherence of the programs and measures

The Minister of Families, Seniors and the Status of Women will ensure that the programs and measures introduced by the government are coherent.

That mandate stems from the mission entrusted to her. It was reiterated in the report tabled in 2005 by the working team set up in the wake of the Forum des generations and led by Georges Lalande, the Chair of the Conseil des aînés.

A profound conviction

The government profoundly believes that the elderly must be guaranteed the living environment they deserve, and that they must participate actively in Québec's economic and social life.

The government wants, first and foremost, to encourage and foster the construction of a prosperous and united society, turned toward the well-being of all its members, regardless of the generation to which they belong.

The *Action Strategy for the Elderly* will help a Québec to emerge in which equity between generations and the pleasure of living together go hand in hand, a Québec that is fully realized thanks to the strong bonds of solidarity between generations.

