

Single seniors group cries foul on tax rules

Advocates says women are disproportionately affected by financial rules

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Jane Robertson, 83, grew up in an era when women were expected to get married and have children. That didn't happen for her. Instead, she filled her life with travel, teaching and running her own business. All things being equal, she doesn't have many regrets about her choices. The problem, says Robertson, is that things aren't equal for Canada's unmarried seniors — at least not financially.

She is the founder of Single Seniors for Tax Fairness, a group that advocates for the financial considerations of unmarried retirees. It is collecting signatures on a petition that it hopes to have read into the House of Commons.

"What we're asking for is the same tax breaks as couples get — that single people be allowed to reduce their taxable income by 30 per cent; that their Registered Retirement Income Fund (RRIF) be treated the same as couples, allotting it to any beneficiary they want, and the same thing with the Tax Free Savings Account (TFSA)," she said.

A key concern for retired singles, Robertson says, is Canadian income splitting rules that allow couples to combine their retirement incomes and split it so the higher earner falls into a lower tax bracket.

She isn't looking to deny that benefit to couples, but she just wants to even the playing field for unmarried seniors.

Also, if she were married and she died, her spouse could roll the remains of her TFSA into his own and the money would grow tax-free. She would also be able to inherit the spouse's remaining retirement income funds and combine those with her own.

But as a single person, she wants to leave the balance of her retirement savings to her nieces and nephews, who won't be allowed to add that inheritance to their own TFSA and enjoy the same tax-free growth.

When Robertson dies, she also won't be able to pass her remaining retirement funds to a beneficiary tax-free, in the same way they could be left to a spouse. Instead, she said, the government will apply her remaining funds to her income for that year where, given her tax bracket, it is likely to be taxed at the 50 per cent rate, eroding the amount of money she can leave her brother's children.

On top of that, she says, it just costs more to live as a single person in terms of housing, utilities, the technology that runs our lives.

"The cost of living for a single person is two-thirds that of a couple," she said. "The only thing (singles) pay less for is food."

She calls it discrimination but says, "Single people never say



RENÉ JOHNSTON TORONTO STAR

Jane Robertson, founder of Single Seniors for Tax Fairness, says things aren't equal for Canada's unmarried seniors.

anything. They never even organize."

"I just got tired of complaining. Finally, you just have to shut up and do something about it," she said.

Karen Henderson, who runs a business advising companies about aging and planning long-term care, fits the single seniors demographic but doesn't know what she would do with herself if she retired.

"I just get very frustrated about stuff like income splitting. This isn't available to me and it isn't fair," she said.

Henderson says women are disproportionately affected by financial rules that favour couples. Many earn less than men and statistically they are likely to outlive their partners.

But, she said, "there just haven't been enough women rising and saying, 'We've had enough.'"

Women are also less likely to own a home, something that is becoming increasingly out-of-reach for single people.

"Housing is a huge issue. It's probably the number one issue people worry about, more so now that housing is becoming more and more difficult in places like Toronto," said Henderson, who says she waited too long to buy a home and rents a two-bedroom midtown Toronto apartment.

Robertson is also a lifelong renter. She says she never wanted a house and couldn't afford one. In fact, at one point around 1990, her landlord offered to sell her a unit for \$150,000 but she didn't know much about real estate and was absorbed in running her business.

"Talk about the ultimate stupidity," she said.

"I have single friends who had homes because they always wanted them. I never cared a whole lot about money. I didn't want to worry about it. There wasn't the focus in the 1950s as there is now," she said.

Robertson is enjoying a comfortable retirement but she acknowledges it might have been otherwise. When she was about 40, after years of driving older cars and sewing her own clothes, she looked up and saw she had about \$25,000 in the bank. Her married friends had bought houses and accumulated equity worth many times what they had paid.

"Their tax privileges are at our expense."

SUSANNA STUART
PAINTER AND SCULPTOR

"Other people had cottages, kids in college. I was poverty stricken," she said. She also noticed that homelessness had become more visible in Toronto.

"I thought, this is where I'm going to end up if I don't smarten up," she said.

So she started a business-writing enterprise. It was slow at first but eventually she was able to hire some part-time staff while managing to pay herself \$75,000 a year.

When she was ready to retire, she sold her company.

Cathy Fletcher, a financial adviser with Toronto firm Caring for Clients, said she understands why some parts of the tax system may not feel fair to unmarried seniors.

"But fairness can be a matter of perspective and if you look at how couples and singles are treated on a household basis it's not as painful," she said. "Our tax system has to basically raise enough money to pay for all our services we enjoy — health care, education, infrastructure, social services, including Old Age Security (OAS) — and it does try to treat taxpayers as fairly as possible."

If one half of a couple dies, their retirement funds do indeed go to their spouse, but that money gets taxed as part of the

surviving spouse's income and when the second partner dies the system taxes those funds in the same way it would a single person's estate, Fletcher said.

RRSP and RRIFs are designed to provide Canadians with retirement income but they are the ultimate tax deferral, she said.

"It's income you've earned at some point in your life, not paid any tax on and (the government) is prepared to wait until the day you die to ultimately tax that income," she said. "If you were simply allowed to transfer it on to someone who is not a spouse — so outside your household — that money would never be taxed and it's income that was earned along the way."

There are some exceptions on the way the rules apply to single people — for example in the case of a disabled, financially dependent relative — but those situations are rare, she said.

Financial planners can help clients mitigate how much money remains in those funds at the end of life by deferring some income such as OAS until 70 and spending more of the retirement funds earlier. But Fletcher said it usually takes years of forward planning to avoid leaving 50 per cent of your life's savings to taxes.

Income splitting does favour couples, Fletcher said. The practice means two spouses can pool the various sources of their retirement income and then split the total to reduce their tax bill and, in some cases, avoid having their OAS clawed back. The government starts reducing OAS payments to those with an annual retirement income of about \$80,000 and, if the income is over about \$128,000, the retiree no longer receives any of it, Fletcher said.

Long-term care expert Henderson got a first-hand look at the expense of aging while caring for her dad as he moved from his own home to gradually

greater levels of care.

"If you didn't have money 20 years ago it was pretty bad. Now I don't want to think about how bad it is," she said.

"Let's say you can't afford a bed in long-term care so the government will look at your income tax and they'll take whatever you've got and you die in a ward bed. You don't have the money to hire extra care as I was able to do for my dad," she said.

It's especially evident in the pandemic that many seniors "are at the mercy of a fractured, inadequate care system," she said. "Not every home but too many have been brutal."

Painter and sculptor Susanna Stuart, 59, has been involved with Robertson's group from the outset. She expects to be making art for the rest of her life. But the pandemic income crunch — there have been no shows in which to exhibit and sell her work — has brought her own situation into stark relief.

"As an artist, I can support myself just barely," she said.

She says the unfair tax burden the Canadian system puts on unmarried seniors ironically means they are indirectly supporting couples who already have the advantage.

"Their tax privileges are at our expense," she said.

Looking ahead 30 years, "is really worrisome," Stuart said. "I don't have a house. All my peers who have homes have much larger equity bases when they sell."

Stuart's home was sold eight years ago as part of a marital split. She says her half of the proceeds wouldn't buy the tiniest place in Canada's roaring real estate market.

But Stuart worries about inflation and a downturn in the market.

"If my investments were cut in half by a major market fall, I'm in trouble," said the mother of two daughters.

Teacher's conduct in drowning 'nowhere near' criminal: defence

Lawyer asks judge to acquit 57-year-old of criminal negligence

BETSY POWELL
COURTS BUREAU

While teacher Nicholas Mills is not immune from criticism, his conduct was "nowhere near criminal" when he organized and ran an Algonquin Park canoe trip where student Jeremiah Perry drowned July 4, 2017, his lawyer said during closing arguments Thursday.

"This is not a close case," defence lawyer Phil Campbell said, asking Superior Court Justice Maureen Forestell to acquit the 57-year-old of criminal



Jeremiah Perry tragically drowned during a canoe trip on July 4, 2017.

negligence causing death.

The defence position is that although Mills did not follow some rules imposed by the Toronto District School Board, his management of the trip offered more protection for student safety than the majority of canoe trips taking young people into the wilderness.

"By every fair measure, this was a safe, well-run swim site. It does not lose those attributes

because a boy drowned, and it does not lose them because you can imagine an even safer site or safer practices," Campbell said.

Campbell criticized Crown prosecutors for insisting Mills adhere to "elevated" standards described in court by the water safety expert witnesses, with apparent disregard for common practices in the broader society.

"This was a swim site in which seven young people were in the water, four of them were notably strong swimmers. Two of them were in life jackets while being watched by a certified lifeguard and two adults with well above average credentials

for watching students swim," Campbell said.

He asked the judge to consider that if three "ordinary" parents were watching seven young people in the water with a variety of swimming skills, and one of those kids happens to drown, "there is no meaningful chance one of three parents, are going to end up on an indictment."

And while prosecutors, as part of their case, criticized Mills for giving parents incomplete and misleading information about the pretrip swim test, "this fails as any part of the proof of the charge," Campbell said.

Perry's father, Joshua Anderson, testified he signed the parental consent form without

reading it, something countless parents do when they place implicit trust in a school organization to run a program safely, Campbell said.

Nevertheless, the Crown then can't argue the content of the written material, "whether false or incomplete," contributed to Perry's death.

"The written materials made no difference because they played no part in the decision for Jeremiah to come on the trip," Campbell said, noting only one of four parents called by Crown appears to have read the written material.

Campbell is expected to finish his closing arguments Friday morning.