

## COURIER

## 2011 federal budget summary

Federal Minister of Finance Jim Flaherty re-introduced the federal government's March 2011 budget on June 6. (The March budget was circumvented by the recent federal election.)

The budget document contained no significant tax changes and featured a relatively limited range of initiatives that would affect employee benefit or pension plans. Items of potential interest to plan sponsors and administrators include the following:

- Extending the Targeted Initiative for Older Workers program to help unemployed people aged 55 to 64 living in smaller communities to receive additional skills training.
- Providing a top-up benefit of \$600 per year for single seniors relying on the Guaranteed Income Supplement (GIS) and Old Age Security (OAS) benefits as their primary income. Couples will receive an additional benefit of \$840 per year. This initiative will affect 680,000 seniors in Canada.
- Introducing a Family Caregiver Tax Credit of \$2,000 for people providing caregiver support to infirm dependent spouses, common-law partners and minor children.
- Allowing occupational, trade and professional examination fees to be tax deductible.
- Appointing a Financial Literacy Leader to promote financial literacy.
- Providing a \$1,000 one-time hiring credit to small businesses that can be applied against their 2011 Employment Insurance (EI) premiums.



*Photo: Federal Finance Minister Jim Flaherty.*

- Eliminating mandatory retirement in federally regulated workplaces.
- Increasing the flexibility of registered disability savings plans (RDSPs) to allow easier access to fund assets by beneficiaries with shortened lifespans.
- Forgiving up to \$40,000 in student loans for new family physicians and up to \$20,000 for new nurse practitioners who locate to under-served rural communities.
- Allowing registered education savings plan (RESP) funds to be used for post-secondary studies abroad.
- Enhancing the Wage Earner Protection Program to cover more workers affected by employer bankruptcy or receivership.
- Extending federal work-sharing agreements by up to 16 weeks so that companies can avoid layoffs by offering Employment Insurance benefits to workers willing to work reduced work weeks while their company recovers.

The federal budget contained no major initiatives on pension legislation, changes to the Canada Pension Plan or health care, areas that had received considerable attention from federal and provincial finance ministers in 2010 and early 2011.

The budget document, as expected, was received with some disappointment by the four federal opposition parties and some public

interest groups across the country but is expected to be approved by the House of Commons. ☺