

Unearned Income

General Principle

Applicants and recipients are required to use all income not specifically considered as exempt to support themselves before receiving social assistance.

Excess Income

Applicants and recipients whose earned and unearned income (after all allowable exemptions have been applied), exceeds the applicable amount of social assistance benefits, are not eligible to receive social assistance for that month.

Treatment of Unearned Income

Unearned income is deducted from social assistance benefits except as specifically outlined in this section.

Treatment of cash assets for the first month

For applicants of social assistance, the following amounts must be treated as unearned income for the first month for which assistance is provided:

- a) for an applicant who is applying with no dependents the amount by which his or her cash assets exceed \$150;
- b) for an applicant with one or more dependants, the amount by which his or her cash assets exceed \$250.

This treatment of cash assets rule does not apply to applicants for social assistance for persons with disabilities.

Time Limit on Application of Deductions and Exemptions

The deductions and exemptions apply only in the month in which the income is received and must not be applied retroactively, or pro-rated prospectively.

Deductions From Unearned Income

The only deductions permitted from unearned income are any income tax deducted at source from employment insurance benefits, and essential operating costs of renting self-contained suites.

Definition of Unearned Income

Unearned income is defined as money, goods, capital gains, or services derived from:

- money, annuities, stocks, bonds, shares and interest bearing accounts or properties, and other assets (The administering authority may estimate an income from assets when actual income is not known. Annual income from assets may be apportioned equally over a 12-month period for the purpose of determining social assistance benefits.)
- cooperative corporations as defined in the Real Estate Act
- widows' or orphans' allowances
- war disability pensions, military pensions
- war veterans' allowances, Department of Veterans Affairs
- lump payments from Workers' Compensation Board (WCB)
- worker's compensation benefits, and disability payments or pensions
- monthly payments for criminal injuries compensation
- income from an estate
- income from a trust or inheritance
- awards of compensation under the *Criminal Injury Compensation Act* or awards of benefits under the *Crime Victim Assistance Act*, other than an award paid for repair or replacement of damaged or destroyed property
- insurance benefits, except when paid as compensation for a destroyed asset
- Employment Insurance (EI) benefits
- Old Age Security (OAS)
- Guaranteed Income Supplement (GIS)
- any type or class of Canada Pension Plan benefits
- Superannuation (retirement pensions) benefits
- net rental income from land, tools, vehicles, equipment, and self-contained suites and property apart from the actual residence of the recipient

- financial assistance given under the *Social Development Policy and Procedures Manual*, or given by another provincial agency or jurisdiction
- maintenance payments or services received under a court order, a separation agreement or other agreement
- union or lodge benefits
- education and training allowances, grants, loans, bursaries, or scholarships
- any other financial awards or compensation
- a lottery or game of chance
- per capita distributions from band revenues including oil royalties, natural gas royalties, lease payments, dividends, corporate shares or holdings, land claim settlements, or any other monies distributed to band members from band revenues
- specific claims settlements
- interest and assets acquired as a result of exempted settlements
- retroactive BC Basic Family Bonus (BCBFB) payments
- retroactive National Child Benefits Supplement (NCBS) payments
- financial contributions made by a sponsor pursuant to an undertaking given for the purposes of the *Immigration and Refugee Protection Act* (Canada) or the *Immigration Act* (Canada)
- other income that is not earned income

Exemptions on Unearned Income

Specific Claims Settlements, Criminal Injuries Awards and One-Time Financial Awards

Awards from specific claims settlements, criminal injuries compensation, and one-time financial awards are deemed to be unearned income.

Any portion of the award specified as compensation for lost or destroyed property is not classed as income.

All remaining income from the above is treated as follows:

- recipients may use the income to build their total assets to the maximum asset exemption level (see section 4.7, Assets)
- any income left after financial assets have reached maximum exemption levels is totally deducted from social assistance benefits

Monthly payments from criminal injuries compensation, WCB, etc., are totally deducted from the recipient's monthly social assistance entitlement.

Department of Veterans Affairs and Workers' Compensation Board

Combined income from Department of Veteran Affairs (DVA), and Workers' Compensation Board (WCB), is exempt up to \$50 for any person in the family unit, and the total value of these allowances does not exceed \$50 (see section 4.9, Income and Exemption Eligibility).

Disbursements from Trust Funds (Income)

For recipients of regular social assistance benefits, disbursements from discretionary or non-discretionary trust funds are to be considered unearned income in the month in which the disbursement occurs.

The following applies specifically to social assistance recipients designated as Persons with Disabilities (PWD), former Disability Level II (DBLII) or former Social Assistance for Handicapped Persons (SAHP):

- Disbursements from either type of trust fund will be totally exempt if it:
- is for a medical aid, mobility aid, or other device related to the disability
 - pays for the renovation or maintenance of the principle residence of the person with a disability, as long as the renovation or maintenance is undertaken to accommodate the needs of the person with a disability
 - pays the cost of caregivers, service providers, or other services related to the disability
 - is an annual amount of \$5,484 that is used to promote the independent living of a person designated as PWD, former DBLII or former SAHP: this annual exemption is counted from January 1 to December 31
- Any disbursements that do not fall into the above categories are considered unearned income in the month that they occur. This provision also applies to disbursements for the promotion of independence that exceed the annual amount of \$5,484.
- Recipients of PWD, former DBLII or former SAHP are to report any changes to their circumstances using the Social Assistance Monthly Renewal Declaration (901-28) form. This applies to the creation of a trust, new contributions to a trust, income earned in the trust, and all disbursements from the trust. For details concerning trusts as assets, and for the definition of discretionary and non-discretionary trusts, see section 4.7, Assets.

Procedures

- Calculate all unearned income of the applicant or recipient and adult dependants, and apply the appropriate exemptions.
- A copy of the income used to determine applicant or recipient eligibility must be placed on file.
- All exemptions calculated must be recorded on the *Budget and Decision Form* (901-25).
- Applicants or recipients whose net income (earned and unearned) exceeds the applicable amount of social assistance benefits, are not eligible for social assistance benefits.
- Applicants or recipients whose net income (earned and unearned) is less than the applicable amount of social assistance benefits, may be eligible for supplementary social assistance benefits.