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Administration of Income Verification

Housing providers that have signed *RGI Service Agreements* are responsible for calculating how much rent a rent-geared-to-income (RGI) *household* must pay.

To calculate the RGI charge, *RGI Administrators* must first determine the monthly income of each person in an RGI household. For this reason, all members of a household who are 16 years of age or older must report their income and assets and provide documents.

Note: there is an exception for students who are children of the household and who provide documents to verify their status as full-time students.

The information contained in this chapter provides standards for RGI Administrators to use when requesting income verification. These standards will apply to most income reviews. In every case, RGI Administrators must have sufficient documentation to establish a household's income.

There may be situations in which RGI Administrators will have to use their best judgement in deciding what verification documents to request. When you decide to ask for a particular verification document to clarify a grey area, record the reasons for your decision in the household's RGI file.

RGI Administrators must consider their "duty to accommodate" under the [Ontario Human Rights Code](#), s.11 when making decisions about verification documents to accept. See [Chapter 7](#) for more information.

If the household has difficulty complying with their obligations because of disabilities, there may be a "duty to accommodate". There may be an alternative to a document that the RGI Administrator has required. Where the "duty to accommodate" applies, an RGI Administrator **must** accept the alternative document if a reasonable person would consider it sufficient to confirm a household's income.

What income is included?

You must know what is included in income and what is excluded from income before you begin a rent-geared-to-income (RGI) calculation.

Generally speaking, any income received by a member of the household is included in the income used for RGI purposes. Pages 6 to 10 list all the sources of income that are excluded when calculating RGI. If an income source is not listed on pages 6 to 10, it is always included in income.

There are four types of income

- A. income from employment
- B. income from assets or investments
- C. income from pensions or support agreements
- D. income from social assistance

Deeming Income

The HSA does not contain any provisions for deeming income. You may only calculate RGI rent on income received.

Exception: for determining income from non-income producing assets, use the *imputed rate of return* (see "Determining Income from Assets or Investments" in this chapter).

Income Received Late

When calculating RGI, always apply income to the month in which the household should have received it. For example, child support payments received in arrears are income of the months the payments apply to.

A. Income from Employment

- salary or wages including holiday pay
- bonuses or incentive pay
- tips or gratuities
- overtime pay
- Employment Insurance (EI) benefits (including parental benefits)
- short-term Workers' Safety and Insurance Board (WSIB) benefits
- work incentive program payments
- training allowances
- income from self-employment
- regular payments for sick leave or short-term disability under a private or workplace insurance plan
- strike pay

B. Income from Assets or Investments

There are two types of assets

- income-producing
- non-income producing

An asset is not income. For example, a withdrawal from a savings account is not income. The income produced by income-producing assets or the *imputed income* on non-income producing assets is normally included in household income. For some types of assets, the income earned on the asset is also excluded. See "Excluded Assets" under "What Income is Excluded?"

Income-producing assets are investments which produce income such as interest or dividends. The income from these assets is included in the total household income used for the RGI calculation. Some examples of these are

- interest-bearing bank or credit union accounts.
- term deposits, guaranteed income certificates (GICs), treasury bills, bonds, or debentures
- tax-free savings accounts (TFSA's)

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- annuities (life, fixed-term) and RRIF withdrawals
- stocks, shares, or mutual funds
- mortgages and loans. These are mortgages and loans for which the individual receives payment

Non-income-producing assets include all investments or holdings which are intended to increase in value rather than produce income. Some examples of these are:

- non-income producing equity or share in a business
- life insurance with cash surrender value
- non-income producing stocks, shares or mutual funds
- any property suitable for year-round occupancy until it is sold (see *Ownership of Residential Property* in [Chapter 3](#))
- any residential property not suitable for year-round occupancy (for example, a non-winterized cottage)
- land holdings or non-residential property
- non-income-producing assets transferred or given to someone outside of the household, less than 36 months before the household starts receiving RGI assistance or any time after the household starts receiving RGI assistance
- life interest in real estate

Note: Personal belongings such as jewellery, family heirlooms, or old family furniture, and possessions that do not normally increase in value (for example, a family automobile) are excluded from assets.

C. Income from Pensions or Support Agreements

- Canada Pension Plan for the Disabled (CPP-D)
- public pensions (OAS, CPP or Québec Pension Plan (QPP), GIS, GAINS)
- private pensions, benefits, or annuities, including RRIF withdrawals
- private or public pensions, benefits or annuities received from any other country
- long-term disability payments from a private insurance company or WSIB
- child support payments
- spousal support payments

Note: Support payments may be

- payments required by the federal *Divorce Act* or the *Ontario Family Law Act*, or
- payments required by legally-recognized separation agreements, paternity agreements, marriage contracts, or cohabitation agreements. Agreements signed by both parents are acceptable.

Gifts (other than small amounts) received on a regular basis (monthly, quarterly, etc) are support payments. Include these in household income.

D. Income from Social Assistance

- Ontario Works (OW)
- Ontario Disability Support Program (ODSP)

What income is excluded?

The *Housing Services Act* includes a long list of excluded income - income and payments which you are **not** to include as income. In this chapter, we have grouped excluded income into categories.

Excluded Government Program Payments

- a payment, refund, or credit from the provincial or federal government
 - income tax refunds
 - Canada Child Tax Benefits, Universal Child Care Benefit, Working Income Tax Benefit, Ontario Child Benefit and Ontario Child Care Supplement for Working Families
 - the Community Homelessness Prevention Initiative from the Ministry of Municipal Affairs and Housing
 - property or sales tax credits, or
- tax grants for people 65 years of age or older
- a child benefit received from the Canada Pension Plan
- a death benefit received from Canada Pension Plan (one-time payment only)
- a special allowance for resettlement assistance

Excluded Employment-Related Payments

- a lump sum severance payment
- a business expense deduction from self-employed earnings that is allowed by Canada Revenue Agency and the HSA
- an allowance or payment for childcare, transportation, tuition, or other expenses for a person enrolled in a job training or employment-related program
- an allowance for travelling expenses related to employment
- an allowance for room and board expenses if a person is employed away from home
- a payment from the federal *Opportunities Fund for People with Disabilities* program if this payment is used to cover the costs of employment-related activities
- a payment received under the *Workers' Compensation Act*, subsection 147 (14) as it read on December 31, 1997

Excluded Financial Holdings

- Registered Retirement Savings Plan (RRSP), Registered Education Savings Plan (RESP) and Registered Disability Savings Plan (RDSP), including the interest generated within these plans
- a lump sum payment received as the result of a decision by a court or tribunal
- a lump sum insurance payment
- money received on the death or injury of a household member as damages or compensation for
 - pain and suffering
 - reasonable expenses
- an inheritance
- lottery winnings
- a loan to the individual

Excluded Income from Disposal/Withdrawal of Financial Holdings

- a *capital gain*
- the proceeds from the sale of personal assets such as furniture, equipment, or an automobile
- the proceeds from the sale of real estate

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- payments from an RDSP for a member of a family unit
- interest, dividends or other income received from or accrued within an RRSP or RDSP for a "child of the household"

Excluded Gifts

- a casual gift or casual payment of small value (gifts received on a regular basis (monthly, quarterly, etc) are not excluded)
- a donation from a religious, charitable, or benevolent organization

Excluded Interest Income

- interest accrued on a prepaid funeral plan
- interest, income, or dividends earned on a RRSP, RESP or RDSP

Excluded Education or Training Income

- an award or grant from the Ministry of Training, Colleges and Universities for a student (any age) at a post-secondary institution. This includes a loan or grant from
 - the Second Career Program
 - the Ontario Student Assistance Program (OSAP), and
 - amounts received through OSAP from the Canada Student Assistance Program

Note: all awards and grants received from the Ministry of Training, Colleges and Universities are excluded.

- a scholarship, fellowship or bursary received by a student for studies at a university, college or private career college in or outside Ontario
- a grant under the federal Employment Insurance Act received by a person receiving social assistance. This grant must be used to pay for a training course approved under the provincial Ontario Works Act
- a Canada Education Savings Grant if it is paid into a Registered Education Savings Plan for a child of a member of a family unit
- a bursary for a full-time secondary school student
- a payment from the Canada Millennium Scholarship Foundation
- income received by a full-time student at a recognized primary or secondary institution if the student

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- is a child of a member of the household
- has always lived with the household with the exception of short periods while in full-time attendance at a recognized educational institution
- does not have a spouse
- does not have children who are dependants
- income received by a full-time student in a recognized post-secondary institution if the student
 - is a child of a member of the household
 - has always lived with the household with the exception of short periods while in full-time attendance at a recognized educational institution
 - does not have a spouse
 - does not have children who are dependants
 - has not been out of secondary school for more than 5 years at the start of the current period of study

Excluded Income for Foster Children/Crown Wards

- payment from a Children's Aid Society for a child in care
- temporary care assistance for a child from Ontario Works
- income earned or received by a foster child who is living with the household
- extended care and maintenance allowances from a children's aid society. These are administered through Continued Care and Support for Youth agreements

Excluded Home Care Allowances

- allowance for services and supports provided under the *Services and Supports to Promote the Social Inclusion of Persons with Developmental Disabilities Act, 2008*
- payment received under the *Ontario Disability Support Program Act* to provide assistance for children with severe disabilities
- subsidies for adoptive parents provided under the *Child and Family Services Act*, s.175(f)
- payments from a trust or life insurance policy or gifts or voluntary payments made on behalf of a disabled person, that will not be reimbursed, including
 - expenses for items or services needed because of the household member's disability

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- education or training expenses incurred because of the household member's disability

Excluded Income for Veterans and Victims of War

- a periodic or lump sum war reparation payment
- a benefit from Veterans Affairs Canada under the Veterans Independence Program or a special allowance under the Veterans Disability Pension Program

Excluded Income for Aboriginal People

- a payment received from the federal government or a band for board and lodging of a student attending secondary school off the reserve
- a payment received from a treaty between a band and the government of Canada, other than funds for post-secondary education
- a payment from a band as an incentive to keep a *child of a household* in school
- a payment under Order in Council P.C. 1977-2496 made under section 40 of the *Indian Act* (Canada)
- a payment received as a result of a claim that relates to an aboriginal residential school

Excluded Compensation Payments

- a payment from the federal Extraordinary Assistance Plan
- a payment received under the *Ministry of Community and Social Services Act*
- a payment from any of the following agreements made with the Ontario government
 - Helpline Reconciliation Model Agreement
 - Multi-Provincial/Territorial Assistance Program Agreement
 - the Grandview Agreement
- a payment from the Walkerton Compensation Plan
- a payment from the Government of Alberta as compensation for sterilization
- a lump sum payment from the 1986 – 1990 Hepatitis C Settlement Agreement (a federal agreement)
- a payment from the Ontario Hepatitis C Assistance Plan

Verifying Income and Assets

This section reviews the types of documents RGI households must provide to verify their income and assets. Each person in the household who is 16 years of age or older must provide information. (See [Chapter 6](#) for the exception for a student who is a child of the household.)

Chapter 10, [Appendix 1](#) contains a sample income and asset review form. This form contains a list of documents that households should provide to verify their income.

If you do not use the City's income and asset review form, you must ensure that the form you use includes all the areas covered in the City's form.

In general, RGI Administrators should ask households for current year income documents and calculate RGI rent based on current income, because that may be different from prior year income.

RGI Administrators can use income documents from the prior year if a household's only income is fixed pension and/or long term disability income.

Examples include one or more of

- Old Age Security
- Guaranteed Income Supplement
- Canada Pension Plan
- Canada Pension Plan for the Disabled
- Worker's Safety and Insurance Board long term compensation
- Private pensions
- Private long term disability

For income from these sources, use Line 150 from the Canada Revenue Agency Notice of Assessment.

Note: Households submitting a Notice of Assessment must also submit a completed income and asset verification form each year. Each year, households with income from non-income producing assets must submit documents to verify the value of the assets.

If a household has fluctuating employment or self-employment income, see the sections below.

A. Documents for Verifying Income from Employment

Income from Regular Employment

- consecutive or year-to-date pay stubs covering a minimum of 8 weeks. **Use the year-to-date amounts.** The pay stubs must include the employer's name and address and which pay periods are covered, or
- if pay stubs are not available, a letter from an employer may be used. The letter must state gross annual income including any overtime pay or bonuses. This letter must be on company letterhead, recently dated, and contain the telephone number and signature of the letter writer.
- for individuals receiving tips or gratuities, ask for a *statutory declaration* stating the amount received during the period.

Fluctuating Employment Income (contract, short-term, intermittent)

- for the first year of fluctuating employment income, current income documents such as payroll stubs or a record of EI benefits and pay stubs (if receiving employment income and EI). Use a letter from an employer only if pay stubs are not available.
- after the first year, Notice of Assessment from Canada Revenue Agency

Income from Self-employment

Self-employment includes

- freelance workers/independent contractors – individuals who are not employees. They are sometimes represented by a company or an agency that sells their labour. Others are completely independent
- sole proprietors of a business
- a partner in a business

Self-employed individuals may have a business licence issued by the City of Toronto. As part of income reviews, RGI Administrators should ask RGI households if any of the household members has a current business licence. If they do, ask the household member to provide business income documents for the previous 12 months.

Business license holders are listed in the Business Licence Lookup on the following City of Toronto website:

<http://app.toronto.ca/LicenceStatus/setup.do?action=init>.

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Note that personal licences (licences without a place of business or business vehicle) are not included in the Business Licence Lookup.

If an individual has been self-employed **for less than one year**, ask them to provide

- a financial statement every 3 months. This statement does not have to be audited.

After the first year of business, you will need different documents depending on whether or not the business is incorporated. Most self-employed individuals will not incorporate their business; however, some may.

For a business that is not incorporated, ask them to provide

- a working copy of their Canada Revenue Agency personal income tax return, including the Statement of Business or Professional Activities and a Notice of Assessment (available from Canada Revenue Agency). Note: if the income is not the same on both documents, seek further information.

For an incorporated business, ask the household member to provide

- a T4 and T5, if any, for employment income and/or dividend income received from the business, or
- a copy of the household member's Canada Revenue Agency personal income tax return and Notice of Assessment. Note: if the individual's income is not the same on both documents, seek further information

Employment Insurance (EI)

- a copy of a benefit statement showing the gross weekly amount

Strike pay

- a cheque stub, or
- a letter from the union

B. Documents for Verifying Income from Assets or Investments

Income-producing assets

Income-producing assets are investments which produce income such as interest or dividends.

Interest-bearing bank or credit union accounts

- a current passbook or a monthly bank statement (showing the account number, the name and address of the bank or credit union, the total interest earned in the past year or the average monthly interest earned in the past year)

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- T3 or T5 slips issued by a bank or credit union for tax purposes, or
- a letter from a bank or credit union describing the amount of interest earned in the past year

Term deposits, GICs, treasury bills, bonds or debentures

- a letter from a bank or credit union, or
- documents or certificates from a bank or credit union which give the following details
 - the principal amount of investment
 - the interest rate
 - the amount of interest earned
 - the date of issue and the term
 - the identifying serial number
- T3 or T5 slips issued for tax purposes

Stocks, shares or mutual funds

- cheque stubs or copies of cheques, or
- T3 or T5 slips issued for tax purposes
- mutual fund company statements with value of investment

Mortgages or loans

- an amortization or loan payment schedule showing the principal and interest of each payment. Include **only** the interest portion of mortgage or loan payments in determining income for an RGI calculation. Do **not** include repayments of principal.

If the interest rate of the mortgage or loan is below the *imputed rate of return*, use the imputed rate of return to determine the income. See non-income producing assets below.

Registered Retirement Income Funds (RRIFs)

A RRIF may be held in a number of different investment forms, such as a bank account, GICs or investment account. All withdrawals from a RRIF are counted as part of a household member's income.

To verify income, use the

- current statement from the RRIF fund holder (bank or investment firm) showing the amount of annual withdrawals, or
- the T4RIF from the prior year's income tax return

Non-income-producing assets

RGI Administrators must establish the value of non-income-producing assets with each annual review. Non-income producing assets do not produce regular income or interest but do increase in value. If an appraisal establishes the value, ask the household to get a new appraisal every few years.

Note: RRSPs, RESPs and RDSPs and prepaid funeral plans are excluded from non-income-producing assets. Any income earned on an RRSP, RESP, RDSP or a prepaid funeral plan is **not considered income** under the HSA.

Non-interest-bearing bank or credit union accounts

- a copy of a bank passbook or other documents giving details of the account

Non-income-producing equity stake or share in business

- a financial statement or letter from an accountant, showing the value of the equity stake or share at the beginning and end of the reporting period

Taxi plate or licence

A **standard** taxi licence has substantial value and **is** an asset. Households need to provide an appraisal prepared by a Chartered Business Valuator.

An **ambassador** taxi licence is **not** considered to be an asset. Households do not need to provide information about its value.

The net income earned from driving a taxi and/or renting the taxi (the amount the owner charges to the other drivers), and/or renting the use of a taxi licence (only standard licences may be rented) is included in household income.

If the imputed rate of return on a standard taxi licence is greater than the net income earned from driving or renting the taxi, the income for RGI purposes is the imputed rate of return. In that case, the net income earned from driving or renting the taxi is excluded. For information about verifying self-employment income, see page 9 of this chapter.

Life insurance with a cash surrender value

- a letter from the insurance company indicating the policy number and the current cash surrender value

The value of the non-income producing asset is the current cash surrender value of the policy. If the person has borrowed against the insurance, reduce the value of the asset by the amount borrowed.

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Non-income producing stocks, shares, bonds, or mutual funds

- a letter or bank statement from a bank or credit union, or
- a document from a brokerage company or financial institution, giving the current value

Residential property suitable for year-round occupancy

- a written appraisal of the property done by a qualified appraiser

In most cases, any residential property suitable for year-round occupancy must be sold within six months of the household receiving RGI assistance. Until the property is sold, it is considered a non-income producing asset.

Note: The household is responsible for the cost of a property appraisal.

Residential property not suitable for year-round occupancy

- a written appraisal of the property done by a qualified appraiser

Non-residential property such as land

- a written appraisal of the property done by a qualified appraiser

Local Rule - Transferred Assets

In the three years (36 months) before receiving RGI assistance, an individual may have sold, leased or given an asset to someone who is not a member of the household. In that case, include imputed income from the transferred asset in household income.

Exception: Do not include the asset if you decide that the asset was

- transferred in good faith and
- not transferred to avoid including income from the asset in the RGI calculation.

If the household transferred an asset after beginning to receive RGI assistance, include the asset when you determine the individual's income. Treat it as a non-income producing asset.

Base the imputed income on the total value of the asset at the time of the transfer.

If the asset was real estate, then the individual needs to provide a written appraisal of the property from a qualified appraiser.

If the asset was a financial holding, the individual needs to provide

- a letter from a bank or credit union
- documents or certificates from a bank or credit union, or

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- a letter from an accountant

Be sure to document your decisions about transferred assets in the household's RGI file.

Note: RGI Administrators must use judgement in deciding if a household member transferred an asset in good or bad faith. If transferred in bad faith, include the imputed income in household income.

Example 1: A couple gave a cottage valued at \$100,000 to their daughter. A month later, the husband died unexpectedly. His widow applied for RGI assistance because her income declined after her husband's death. It appears that this asset was transferred in good faith and not to reduce income.

Example 2: A woman moved into social housing and then gave her daughter a cottage valued at \$100,000. She did this so she wouldn't have to pay RGI rent on the property that she wanted her daughter to inherit. This asset was transferred to avoid paying RGI rent, so include imputed interest on the value of the cottage at the date of transfer.

Life interest in real estate

An individual may receive a life interest in real estate through a will or other document. You can determine the value of this non-income producing asset through a written appraisal of the value of the life interest which reflects the individual's ability to sell or rent the real estate.

For example, a widow may be granted the right to live in her current home, even though the title to the property has been transferred to her son. She lives there for a while, but then moves into social housing. She has the right to rent out the house during her lifetime, but doesn't exercise that right. Her son's family moves into the home. In this situation, the life interest has no value so it is not included.

C. Documents for Verifying Income from Pensions or Support Agreements

Pension, long-term disability, or annuity income

- a copy of a current cheque stub which shows the gross amount of income and how often it is paid or
- a slip issued for income tax purposes showing the annual amount of the pension, disability or annuity income or
- a letter from the pension manager stating the amount of the payment

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- Canada Revenue Agency Notice of Assessment - Line 150 (use for households with fixed pension and/or long-term disability income - see page 10)

Receiving child or spousal support payments

- a copy of the support agreement or court order, **and**
- a letter from a lawyer or the *Family Responsibility Office*, **or**
- a statutory declaration stating how much the person receives and how often they receive it

Paying child or spousal support payments

- a copy of the support agreement or court order, **and**
- copies of cancelled cheques (showing support paid)

D. Documents for Verifying Income from Social Assistance (OW/ODSP)

Ontario Works or Ontario Disability Support Program payments

- a Proof of Eligibility Letter from the caseworker to verify OW and ODSP beneficiaries
- a copy of the benefit statement from the City or the Province

Do not request other information from households receiving social assistance unless

- the statement of assistance shows there is another source of income or
- not all household members are listed on the Proof of Eligibility Letter

Households with other sources of income must provide documents to verify this non-benefit income as well as their social assistance benefits.

Determining Gross Monthly Income

To determine the RGI Rent for a household, you must first calculate the gross monthly income (net of excluded income) of each individual in the household who is 16 years of age or older.

Rounding amounts up and down

Do not work with cents in your calculations. For example, if an individual's gross monthly income is \$1,533.34, you would round this amount down to \$1,533. If the gross monthly income is \$1,533.55, then you would round it up to \$1,534.

A. Determining Income from Employment

Regular employment income

Remember, you must base your RGI calculation on **gross monthly income**. *Gross income* is an employee's income **before** deductions for income tax, EI payments, CPP payments, union dues, and so on. To find an employee's gross **monthly** income, find out how often the person is paid and convert the amount to monthly income.

Regular employees are usually paid

- at the middle and the end of each month (semi-monthly), or
- every 2 weeks (bi-weekly)

Semi-monthly pay is received 24 times a year. Bi-weekly pay is received 26 times a year.

Use the following table to determine gross **monthly** amounts.

Income Frequency	Calculation Factor
Annual	Divide by 12
Semi-monthly (twice a month)	Multiply by 2
Weekly	Multiply by 4.333
Bi weekly (every 2 weeks)	Divide by 2 and multiply by 4.333
Daily	Multiply by 21.66

Tips, gratuities, or commissions

Include any money that an individual receives from tips, gratuities and commissions.

Employees that normally receive such income include

- wait staff
- taxi drivers
- barbers and hairdressers

Fluctuating (irregular) Income

For the first year of fluctuating income, calculate the household's RGI rent at the end of every three month period based on their income for the previous three months.

After the first year, calculate the household's RGI Rent based on the income stated in the Notice of Assessment from their Canada Revenue Agency personal income tax return. If there is income from self-employment, the household must also provide the Statement of Business or Professional Activities.

Example: a single mother starts a job as a home care worker on an on-call basis. Ask her to submit income documents every three months. Base her RGI Rent for the next three months on the income from the past three months. After the first year, calculate her RGI Rent based on her previous year's income. Since this is self-employment income, use the working copy of the prior year's income tax return, including the Statement of Business or Professional Activities **and** the Notice of Assessment.

If a household member's income fluctuates in an identical or similar pattern each year, calculate their RGI rent using the annual income of the prior year shown on the Notice of Assessment from Canada Revenue Agency. Examples include individuals who are regularly laid off and rehired in the same type of employment with the same or a different employer, such as landscapers, crossing guards and contract teachers.

Mid-Year Changes in Fluctuating Income

Households may provide new income documents and RGI Administrators may recalculate RGI rent between annual reviews if:

- there is a significant and ongoing decrease in the amount or type of fluctuating income received by a household member, and
- based on current year-to-date income, the decrease in fluctuating income would result in a significant reduction from the prior year's annual income

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Households must provide the Notice of Assessment for the year in which the housing provider had recalculated RGI rent. If the actual annual income was higher than the reported income, the housing provider must recover the difference in RGI rent from the household. See "Error in Calculation" in the RGI Administration Manual, [Chapter 6](#).

Example: A teacher's assistant is employed on contract. Contracts may be very short-term or may extend 10 months through the school year. During the summer, he receives Employment Insurance.

In the first year, the housing provider calculated his RGI rent every three months based on income for the previous three months. After the first year, the housing provider calculated his RGI rent using the annual income of the prior year shown on the Notice of Assessment from Canada Revenue Agency.

In September of this year, he received a short term contract ending in October. On October 31, he asks for his RGI rent to be recalculated.

The housing provider determines that, based on his year-to-date income, his income for the current year will not be significantly lower than it was the previous year. So the housing provider decides not to adjust to RGI rent.

Self-employment income

If a household member has been self-employed for less than a year, ask for statements of revenue and expenses every three months. These statements do not have to be audited. You will have to calculate RGI every three months based on the earnings of the past three months.

If the household member has been self-employed for more than a year but the business is not incorporated, determine the **net** business income from the working copy of the income tax return, including the Statement of Business or Professional Activities and the Notice of Assessment.

If Canada Revenue Agency has allowed the following deductions, you must add them back to the net income of the business. These are

- depreciation of capital assets
- rent for their RGI unit
- child care expenses

Divide the net business income by 12 to determine the gross monthly income.

<p>Note: Negative income from self-employment must be counted as zero income.</p>
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After the first year of self-employment, base the household's RGI rent on the average income of the prior year. Adjust the RGI rent retroactively if the Statement of Business and Professional Activities and the Notice of Assessment did not reflect the actual income of the prior year.

Employment Insurance benefits

Benefits are paid bi-weekly but stated in weekly amounts. Remember to use the factor of 4.333 to determine gross monthly benefit amount.

Income from a Child of the Household

The legislation defines a *child of the household* as a child of any member of the household who

- has always lived at home except for short periods while in full-time attendance at a recognized educational institution
- has never had a spouse, and
- is not the parent of a child living in the household

Children who are 16 years of age or older who are not full-time students must report their income. If a child earns more than \$75 a month and does not qualify as a student, you must do a separate calculation to determine the child's income. See [Chapter 6](#).

There is no age limit. For example, you would treat the income of a 30-year-old daughter who has always lived at home in this way as long as she has always been single and doesn't have any children living with her.

Student Income of a Child of the Household

Do not include the student's income in the household income if:

- a *child of the household* attends **primary** or **secondary** school
- a *child of the household* is in full-time attendance at a *recognized post-secondary educational institution* (for example, a college, university, or private career college) and the student has not been out of secondary school for more than five years at the start of his or her study program.

Full-time attendance

Full-time attendance means taking at least 60% of a full course load. For a student with a permanent disability, full-time attendance means taking 40% of a full course load.

Recognized educational institution

A recognized educational institution is

- a school as defined in the *Education Act*
- a university
- a college of applied arts and technology established under the *Ontario Colleges of Applied Arts and Technology Act, 2002*
- a private career college, as defined in the *Private Career Colleges Act, 2005*• a private school as defined in the *Education Act*.

Note: A recognized educational institution, other than a post-secondary institution (university, college or private career college), must be within the Province of Ontario

Do not ask a child of the household who is a student to provide income documents if the student has provided documents to confirm their status as a full-time student.

To document full-time school attendance, the student must provide

for secondary school

- a letter from the principal or registrar, or
- a certified timetable

for post-secondary institutions

- a document from a funding agency that outlines the name of the educational institution and the number of courses the student is taking, or
- a confirmation of enrolment prepared by an educational institution, or
- a receipt from the educational institution showing the tuition fees paid

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B. Determining Income from Assets or Investments

Income-producing assets

(interest bearing bank accounts, credit union and trust company accounts, term deposits, bonds or debentures, GICs)

Take any income earned and add it to the individual's gross monthly income. For example, if an individual has a Guaranteed Income Certificate (GIC) which produced \$90 of interest in the past year, divide the amount of the interest earned by 12 and add \$8 to the gross monthly income.

$$\$90 \div 12 = \$7.50 \qquad \textbf{Rounded to \$8.}$$

Non-income-producing assets

(non-interest bearing bank accounts and non-residential real estate)

Use the *imputed rate of return* to estimate the financial benefit to an individual from the *non-income producing asset*. Add this amount to the individual's monthly income.

Note: The *imputed rate of return* is the interest rate for the first year of the November 1st issue of Canada Savings Bonds, rounded down to the nearest whole per cent. The current imputed rate of return is 00%.

Ignore the first \$5,000 of each family member's total assets in non-interest bearing bank accounts when you calculate the RGI assistance. If the average minimum monthly balance in a family member's non-interest bearing bank account is \$5,000 or less, do not include the asset.

For example, an individual has a non-interest bearing bank account with a minimum monthly value of \$8,000. Subtract the first \$5,000. If the imputed rate of return were three per cent, the imputed annual amount would be \$90. Divide this amount by 12. Add \$8 to the household's gross monthly income.

$$\begin{aligned} \$8,000 - \$5,000 &= \$3,000 \\ \$3,000 \times 3\% &= \$90 \\ \$90 \div 12 &= \$7.50 \qquad \textbf{Rounded to \$8} \end{aligned}$$

If two family members each have non-interest bearing bank accounts with \$5,000 as the minimum monthly balance, each family member would be entitled to the \$5,000 exemption. In this case, you would count the asset as \$0 for both family members.

If an individual has two non-interest bearing bank accounts, he or she is eligible for a \$5,000 exemption on his or her total assets in the non-interest bearing accounts. If he or

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she has two non-interest bearing accounts, one with a balance of \$6,000 and one with a balance of \$7,000 for a total of \$13,000, exempt the first \$5,000 of the total, and count the asset as \$8,000.

Note: If two or more family members have a joint account, the balance should be assigned to one family member only so that the deduction is applied only once.

Transferred Assets

If an asset was transferred in order to reduce RGI rent, then the value of the asset at the point of transfer is included in non-income-producing assets.

Include this asset value as long as the household continues to receive RGI assistance. For assets that were partially depreciated before 2007 (under the previous policy, the value of the transferred asset declined each year), use the last depreciated value.

Life Insurance

Include the cash surrender value (if any) of a life insurance policy. Include any dividend income from the insurance.

C. Determining Income from Pensions and Agreements for Support

Pensions, child or spousal support, long-term disability payments

If a member of the household **receives** child or spousal support, you must add it to their monthly income.

Note: If a member of the household **pays** child or spousal support, you must subtract it from their income.

D. Determining Income from Social Assistance

Ontario Works, Ontario Disability Support Program

If a household member receives income primarily from OW or ODSP, you determine the RGI Rent using the tables in Chapter 6.

An individual who receives OW or ODSP may also have income from employment, assets, or pensions or support payments. This is called non-benefit income.

See [Chapter 6](#) for more information about determining RGI rent for social assistance recipients.