

Policy Summary of the Annualized Earnings Exemption Regulation, October 1, 2017

Schedule B, Section 3 - Annual Exemption – Qualifying Income

Key definitions in the regulation¹ [s. 3(1)]

Base amount

The base amount is used to calculate the amount of a PWD family unit's annual earnings exemption by multiplying the base amount for the family unit by the number of remaining qualifying months in the calendar year. The base amounts are as follows:

- \$1,000, in the case of a family unit that includes only one PWD recipient,
- \$1,200, in the case of a family unit that includes two recipients, only one of whom is designated as PWD, and
- \$2,000, in the case of a family unit that includes two recipients who are designated PWD

Initial qualifying month

Refers to the first month within a calendar year for which the PWD family unit is eligible for the annual earnings exemption.

Qualifying income

Either of the following:

- earned income, and
- unearned income that is compensation paid under section 29 or 30 of the Workers Compensation Act

Qualifying month refers to

- the initial qualifying month for the family unit in the calendar year, and
- any subsequent month in the calendar year that is a month for which the family unit is eligible to receive disability assistance under the Act

Recognized family unit refers to a family unit that forms during the calendar year, and includes at least one person who is designated as a person with disabilities, and was previously a recipient in another family unit that was eligible to receive disability assistance under the Act in the calendar year.

¹ See EAPWD Regulation, Schedule B, Section 3(1) for full legal definitions

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How to determine if a client’s qualifying income is exempt in a specific calendar month [s. 3(2)]

Amount exempted is the lesser of:

- The family unit’s income for the month as reported on the “monthly report” for that month; and
- The family unit’s remaining exemption limit based on the calculations below.

See #1 for a family unit’s initial qualifying month and #2 for each subsequent qualifying month [s. 3(3)]

1. Initial Qualifying Month in the Calendar year [s. 3(4)]

The Initial Qualifying Month is January except for: [s. 3(5)]

- A. a family unit who applied mid calendar year, in which case the initial qualifying month is the month of eligibility [s. 3(5)(a)(i)];
or the month after if they must serve one month wait [s. 3(5)(a)(ii)]
- B. a couple who has separated in which case the initial qualifying month is the month following separation [s. 3(5)(b)]
- C. a couple who has formed in which case the initial qualifying month is the month of formation [s. 3(5)(c)(i)];
or the month after if they must serve one month wait [s. 3(5)(c)(ii)]

Note: Separation from or addition of a spouse results in the formation of a new family unit. This new family unit’s AEE limit will begin with an initial qualifying month. See Table 1 for AEE limit calculation for initial qualifying month.

Table 1: To calculate the exemption limit for the initial qualifying month use one of the following calculations:

	Description of Family Unit	Resulting Change	Calculation (per family unit)
A.	PWD singles, couple with one PWD, or couples with two PWDs [s.3(4)(a)]		Family’s monthly base amount multiplied by (12 minus # of months in the calendar year prior to the initial qualifying month)
B.	Separation of recipients last calendar month [s. 3(4)(b)] The calculation resets the exemption limit the month after the separation and identifies each PWD recipient as a “Recognized Family Unit” for future calculations.	From a couple to a single PWD	\$1,000 multiplied by (12 minus # of months in the calendar year prior to the initial qualifying month)
C.	Addition of a recipient to the family unit within the calendar month [s. 3(4)(c)] The calculation adjusts the exemption to accommodate members of the new family unit and identifies the family as a “Recognized Family Unit” for future calculations.	From a single PWD to either - a couple with one PWD <u>or</u> - a couple with two PWDs where at least one is from a recognized family unit	Sum of the “Carryover Amount” for each recipient (see table 2 for this calculation)

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Table 2: To calculate the Carryover Amount for each recipient [s. 3(6)]

Description of Each Recipient in a Family Unit	Resulting Change	Calculation (per recipient)
Recipient without PWD Designation [s. 3(6)(a)]		\$200 multiplied by (12 minus # of months in the calendar year prior to the initial qualifying month of the recognized family unit)
Recipient with PWD Designation whose last family unit was a single PWD [s. 3(6)(b)] Calculation allows for cases with or without a break in eligibility since the change family unit.	From single PWD to a couple with 1 PWD <u>or</u> a couple with 2 PWDs	Exemption limit of the single PWD for the last qualifying month minus the single's income from the last qualifying month. Where there was a period of ineligibility: deduct (\$1,000 multiplied by # of months after the last qualifying month and before the initial qualifying month of the recognized family unit)
Recipient with PWD Designation who separated from another spouse <u>last</u> calendar month [s. 3(6)(c)] To be used only for recipients who separate from one spouse and join with another spouse in either the same or following month. The calculation resets the exemption the month after the separation.	From a couple with 1 or 2 PWDs to a couple with a different spouse	\$1,000 multiplied by (12 minus # of months in the calendar year prior to the initial qualifying month of the recognized family unit)

2. Exemption Limit for Each Subsequent Qualifying Month (called "index qualifying month" in regulation) [s. 7]

This calculation is for family units who have had at least one qualifying month within the calendar year. The exemption limit for the index qualifying month is calculated as follows:

The **greater of** zero (\$0), and

the exemption limit for the last qualifying month **minus** income in the last qualifying month, **and** any of the following that apply to the family unit:

- For a couple with 2 PWDs, where 1 recipient's PWD designation was rescinded in the last calendar month:
 - **Deduct** \$800 **multiplied by** (12 **minus** # months before the index qualifying month)
- For a couple with 1 PWD, where the PWD recipient's spouse was approved for the PWD designation in the last calendar month:
 - **Add** \$800 **multiplied by** (12 **minus** # months before the index qualifying month)
- Where there was a period of ineligibility between the family unit's last qualifying month and before the index qualifying month:
 - **Deduct** (the base amount for the family from the last calendar month before rescission or designation described above) **multiplied by** (# of calendar months after the last qualifying month and before the index qualifying month)