

Appendix 2: Earnings exemptions

Some earnings from employment are exempt under the income test. This allows welfare recipients to earn a certain amount of money without affecting their benefits, creating a modest work incentive. Each social assistance program has its own way of calculating earnings exemptions, but there are generally three approaches:

1. A *flat-rate amount* permits a recipient to earn a certain amount after which welfare benefits are reduced dollar for dollar.
2. A *percentage of earnings* approach means that welfare benefits are reduced by a certain percentage. For example, a 50 per cent reduction rate means that welfare benefits are reduced by 50 cents for every dollar earned.
3. A *combination of flat-rate and a percentage* means that once the flat rate is exceeded, benefits are reduced by a percentage amount.

The table below shows the earnings exemption levels in effect as of January 1, 2017. Any changes that occurred during the year are described in the footnotes to the table.

Monthly earnings exemption levels as of January 2017¹

	Single person considered employable	Single person with a disability	Single parent, one child	Couple, two children
AB	<p>Applicants: support is reduced dollar for dollar on all earned income</p> <p>Recipients: The first \$230 of net earnings is exempt, a 25% reduction rate applies thereafter</p>	<p>Applicants: support is reduced dollar for dollar on all earned income</p> <p>Recipients: The first \$230 of net earnings is exempt, a 25% reduction rate applies thereafter</p>	<p>Applicants: support is reduced dollar for dollar on all earned income</p> <p>Recipients: The first \$230 of net earnings is exempt, a 25% reduction rate applies thereafter</p>	<p>Applicants: support is reduced dollar for dollar on all earned income</p> <p>Recipients: For each earner, the first \$115 of net earnings is exempt, a 25% reduction rate applies thereafter</p>
AB, AISH ²	Not applicable	The first \$800 of net earnings is exempt, a 50% reduction rate applies thereafter	The first \$1,950 of net earnings is exempt, a 50% reduction rate applies thereafter	The first \$1,950 of net earnings is exempt, a 50% reduction rate applies thereafter

1 Earning exemptions are for those applying for social assistance as well as those receiving it unless otherwise stated.

2 AISH refers to the Assured Income for the Severely Handicapped program in Alberta.

	Single person considered employable	Single person with a disability	Single parent, one child	Couple, two children
BC ^{3 4}	<p>Applicants: support is reduced dollar for dollar on all earned income</p> <p>Recipients: The first \$200 of net earnings is exempt, support is reduced dollar for dollar thereafter</p>	<p>Applicants: support is reduced dollar for dollar on all earned income</p> <p>Recipients: The first \$9,600 of net <i>annual</i> earnings is exempt, support is reduced dollar for dollar thereafter⁵</p>	<p>Applicants: support is reduced dollar for dollar on all earned income</p> <p>Recipients: The first \$400 of net earnings is exempt, support is reduced dollar for dollar thereafter</p>	<p>Applicants: support is reduced dollar for dollar on all earned income</p> <p>Recipients: The first \$400 of net earnings is exempt, support is reduced dollar for dollar thereafter</p>
MB ^{6,7}	<p>Applicants: The first \$200 of net earnings is exempt, support is reduced dollar for dollar thereafter</p> <p>Recipients: The first \$200 of net earnings is exempt, a 30% reduction rate applies thereafter</p>	<p>Applicants: The first \$200 of net earnings is exempt, support is reduced dollar for dollar thereafter</p> <p>Recipients: The first \$200 of net earnings is exempt, a 30% reduction rate applies thereafter</p>	<p>Applicants: The first \$200 of net earnings is exempt, support is reduced dollar for dollar thereafter</p> <p>Recipients: The first \$200 of net earnings is exempt, a 30% reduction rate applies thereafter</p>	<p>Applicants: The first \$200 of net earnings is exempt, support is reduced dollar for dollar thereafter</p> <p>Recipients: For each earner, the first \$200 of net earnings is exempt, a 30% reduction rate applies thereafter</p>

- 3 In BC, the recipient amount applies to those on assistance for at least one month.
- 4 In October 2017, earnings exemption levels for Income Assistance recipients increased by \$200 per month. For a single employable person, it increased to \$400. For a single parent with one child and a couple with two children, it went up to \$600.
- 5 In 2015, BC replaced the monthly earnings exemption for persons receiving Disability Assistance with an annualized earnings exemption. In October 2017, the maximum annual exemption for a single person with a disability increased to \$12,000 per year.
- 6 Manitoba also provides the Rewarding Work Allowance (RWA) to all employed adults without disabilities on income assistance. The RWA is \$100 for people without disabilities working more than 80 hours or 10 days in a month, or \$50 for those working less. Employed persons with disabilities receive similar benefits.
- 7 In Manitoba, the recipient amount applies to those on assistance for at least one month.

	Single person considered employable	Single person with a disability	Single parent, one child	Couple, two children
NB ⁸	Applicants: support is reduced dollar for dollar on all earned income Recipients: The first \$150 of net earnings is exempt, a 30% reduction rate applies thereafter	Applicants: support is reduced dollar for dollar on all earned income Recipients: The first \$500 of net earnings is exempt, a 30% reduction rate applies thereafter	Applicants: support is reduced dollar for dollar on all earned income Recipients: The first \$200 of net earnings is exempt, a 30% reduction rate applies thereafter	Applicants: support is reduced dollar for dollar on all earned income Recipients: The first \$200 of net earnings is exempt, a 30% reduction rate applies thereafter
NL	The first \$75 of net earnings is exempt, a 20% reduction rate applies thereafter	The first \$150 of net earnings is exempt, a 20% reduction rate applies thereafter ⁹	The first \$150 of net earnings is exempt, a 20% reduction rate applies thereafter	The first \$150 of net earnings is exempt, a 20% reduction rate applies thereafter
NS ¹⁰	Applicants: support is reduced dollar for dollar on all earned income Recipients: The first \$150 of net earnings is exempt, a 30% reduction rate applies thereafter	Applicants: support is reduced dollar for dollar on all earned income Recipients: The first \$300 of net earnings is exempt, a 30% reduction rate applies thereafter ¹¹	Applicants: support is reduced dollar for dollar on all earned income Recipients: The first \$150 of net earnings is exempt, a 30% reduction rate applies thereafter	Applicants: support is reduced dollar for dollar on all earned income Recipients: For each earner, the first \$150 of net earnings is exempt, a 30% reduction rate applies thereafter

8 All amounts refer to the Transitional Assistance program except for a single person with a disability. In this case, the amount refers to the Extended Benefits program.

9 This applies to a single person with a disability requiring supportive services.

10 In Nova Scotia, families already in receipt of assistance may also earn up to \$3,000 annually through the Harvest Connection program without these earnings affecting their basic Income Assistance payment.

11 This applies to persons with disabilities participating in supported employment.

	Single person considered employable	Single person with a disability	Single parent, one child	Couple, two children
NT	The first \$200 of net earnings is exempt, a 15% reduction rate applies thereafter	The first \$200 of net earnings is exempt, a 15% reduction rate applies thereafter	The first \$400 of net earnings is exempt, a 15% reduction rate applies thereafter	The first \$400 of net earnings is exempt, a 15% reduction rate applies thereafter
NU ¹²	The first \$200 of net earnings is exempt, support is reduced dollar for dollar thereafter	The first \$200 of net earnings is exempt, support is reduced dollar for dollar thereafter	The first \$400 of net earnings is exempt, support is reduced dollar for dollar thereafter	The first \$400 of net earnings is exempt, support is reduced dollar for dollar thereafter
ON ^{13,14}	Applicants: support is reduced dollar for dollar on all earned income Recipients: The first \$200 of net earnings is exempt, a 50% reduction rate applies thereafter	The first \$200 of net earnings is exempt, a 50% reduction rate applies thereafter ¹⁵	Applicants: support is reduced dollar for dollar on all earned income Recipients: The first \$200 of net earnings is exempt, a 50% reduction rate applies thereafter	Applicants: support is reduced dollar for dollar on all earned income Recipients: The first \$200 of net earnings is exempt, a 50% reduction rate applies thereafter
PE	The first \$75 of net earnings is exempt, a 10% reduction rate applies thereafter	The first \$75 of net earnings is exempt, a 10% reduction rate applies thereafter	The first \$125 of net earnings is exempt, a 10% reduction rate applies thereafter	The first \$125 of net earnings is exempt, a 10% reduction rate applies thereafter

12 In July 2017, earnings exemptions in Nunavut increased. On top of the amounts shown above, an additional 50 per cent of the next \$600 in earnings is also exempt.

13 All amounts refer to the Ontario Works (OW) program except for a single person with a disability. In this case, the amount refers to the Ontario Disability Support Program (ODSP).

14 In Ontario, the recipient amount applies to those on assistance continuously for at least 3 months.

15 In addition, a \$100 Work-Related Benefit is paid to each eligible adult family member in any month they receive earnings.

	Single person considered employable	Single person with a disability	Single parent, one child	Couple, two children
QC	The first \$200 of net earnings is exempt, support is reduced dollar for dollar thereafter ¹⁶	The first \$100 of net earnings is exempt, support is reduced dollar for dollar thereafter ¹⁷	The first \$200 of net earnings is exempt, support is reduced dollar for dollar thereafter ¹⁸	The first \$300 of net earnings is exempt, support is reduced dollar for dollar thereafter ¹⁹
SK ²⁰	TEA: Support is reduced dollar for dollar on all earned income	SAP: The first \$200 of net earnings is exempt, a 25% reduction rate applies thereafter	TEA: Support is reduced dollar for dollar on all earned income SAP: The first \$125 of net earnings is exempt, support is reduced dollar for dollar thereafter ²¹	TEA: Support is reduced dollar for dollar on all earned income SAP: The first \$125 of net earnings is exempt, support is reduced dollar for dollar thereafter ²¹
SK, SAID ²²	Not applicable	The first \$200 of net earnings is exempt, a 25% reduction rate applies thereafter	The first \$200 of net earnings is exempt, support is reduced dollar for dollar thereafter	The first \$200 of net earnings is exempt, support is reduced dollar for dollar thereafter

16 This applies to a person with no severe limitations to employment in the Social Assistance program.

17 This applies to a person with severe limitations to employment in the Social Solidarity program.

18 This applies to a person in the Social Assistance program with temporary limitations to employment.

19 This applies to couples in the Social Assistance program regardless of the type of limitations to employment.

20 TEA refers to the Transitional Employment Allowance program; SAP refers to Saskatchewan Assistance Program.

21 Families with monthly earnings over \$125 on either SAP or TEA are eligible for the Saskatchewan Employment Supplement.

22 SAID refers to the Saskatchewan Assured Income for Disability program.

	Single person considered employable	Single person with a disability	Single parent, one child	Couple, two children
YT	<p>Applicants: The first \$100 of net earnings is exempt, support is reduced dollar for dollar thereafter</p> <p>Recipients: The first \$100 of net earnings is exempt. A 50% reduction rate is applied to any extra earnings for the first 36 months and then a 25% reduction rate is applied</p>	<p>Applicants: The first \$100 of net earnings is exempt, support is reduced dollar for dollar thereafter</p> <p>Recipients: The first \$100 of net earnings is exempt. A 50% reduction rate is applied to any extra earnings for the first 36 months and then a 25% reduction rate is applied²³</p>	<p>Applicants: The first \$150 of net earnings is exempt, support is reduced dollar for dollar thereafter</p> <p>Recipients: The first \$150 of net earnings is exempt. A 50% reduction rate is applied to any extra earnings for the first 36 months and then a 25% reduction rate is applied</p>	<p>Applicants: The first \$150 of net earnings is exempt, support is reduced dollar for dollar thereafter</p> <p>Recipients: The first \$150 of net earnings is exempt. A 50% reduction rate is applied to any extra earnings for the first 36 months and then a 25% reduction rate is applied</p>

²³ Persons who qualify for the Yukon Supplementary Allowance (payable to persons with disabilities and the elderly) are eligible for an additional annual earned income exemption of up to \$3,900.