



Backgrounder: Strengthening the Canada Child Benefit

Introduced in 2016, the Canada Child Benefit (CCB) is a key initiative of the Government to strengthen the middle class and help those working to join it. Nine out of 10 families get more than they did under the previous benefit system. Families who need it most get more money in their pocket to help them with the cost of raising children under 18 years of age.

Whether the extra money is used for things such as after-school care, tutoring, or a new pair of skates, the CCB helps parents with the high costs of raising their kids. The CCB is:

- **simple** — families receive a single payment every month
- **tax-free** — families do not have to pay back part of the amount received when they file their tax returns
- **targeted to those who need it most** — low- and middle-income families get higher payments, and those with the highest incomes receive less than under the previous system of child benefits
- **generous** — on average, families benefitting from the CCB receive about \$6,800 in CCB payments annually.

The CCB provides greater support to those who need it most: low- and middle-income families. About 65 per cent of families receiving the maximum CCB amounts are single parents, of whom 90 per cent are single mothers.

In the 2016–17 benefit year, over 3.3 million families received more than \$23 billion in CCB payments, and the nine out of 10 families who are better off as a result of the CCB received on average almost \$2,300 more in benefits, tax-free. The CCB has helped lift about 300,000 children out of poverty. Thanks to the CCB, by the end of this year, it is estimated that child poverty will have been reduced by 40 per cent from what it was in 2013.

The CCB is a major plank of the Government's plan to give Canadians the tools, skills and resources they need to be successful. The CCB has helped millions of families pay down debt, save for post-secondary education and buy daily necessities for their kids. This has led to increased consumer confidence and household spending, which is now helping Canada lead the G7 in economic growth, and significantly improving the Government's fiscal outlook. With this added flexibility, the Government is now able to reinvest directly into the middle class, and those working hard to join it.

In this *Fall Economic Statement*, the Government proposes to strengthen the CCB by increasing the benefits annually to keep pace with the rising cost of living as of July 2018. In the fall of 2016, the Government committed to index the CCB to inflation starting July 2020, but a growing economy and improved fiscal track means the Government can deliver on this commitment two years sooner.

Indexing the CCB sooner will ensure that it will continue to play a vital role in supporting Canadian families and reducing child poverty.

Effects of Indexation Beginning in the 2018–19 Benefit Year			
CCB amounts and phase-out thresholds (\$)	Current Benefit Year	2018–19	2019–20 (projected)
Maximum amount per child under 6	6,400	6,496	6,626
Maximum amount per child aged 6 through 17	5,400	5,481	5,591
First income threshold	30,000	30,450	31,059
Second income threshold	65,000	65,975	67,295

Source: Department of Finance. Indexation: 1.5% for 2018 and 2.0% (projected) for 2019.

As an example of the benefit of this proposed change, for the 2019–20 benefit year, for a single parent with \$35,000 of income and two children (one under the age of 6 and one aged 6 to 17), the accelerated indexation of the CCB will contribute \$560 towards the increasing costs of raising his or her children.

Indexing the CCB for the 2018–19 benefit year will provide an additional \$5.6 billion in support to Canadian families over the 2018–19 to 2022–23 period.