

Financial Guidelines for Refugee Sponsorship

Welcome to the Budgeting and Finance portion of sponsorship! There are many details, but do not worry - I am here to help you along the way! Please read all of the following information carefully, as it outlines in detail the financial responsibility of sponsors. Email refugeefinance@mcco.ca with any questions.

Purpose

The purpose of the finance and budget process is to create a sustainable standard of living for the newcomer family; one that they can feasibly maintain after the completion of sponsorship.

Sustainable: It often takes a few years for newcomers to become self-sufficient to the point of financial independence. At the end of 12 months, it is not unusual for a family to not be ready to be financially self-supporting, at least not completely. Most families will transition from the year of sponsorship onto Ontario Works (OW). Therefore, a sustainable budget is one that the family can maintain at the OW Rates. As such, we encourage groups to stick as close to these RAP rates as possible.

However, given the reality that the cost of living varies from city to city across Ontario, we suggest you take time to research rental costs in your community. We also recognize each individual and family can come with unique and unforeseen needs. We are open to discussing these needs with you on a case by case basis as the sponsorship unfolds.

IRCC Expectations *The following is taken from the [RSTP website](#)*

Overview of Sponsorship Responsibilities: When submitting a refugee sponsorship application, sponsors are committing to supporting the newcomers for 12 months at the point of arrival in Canada. The constituent group is responsible and held accountable to IRCC and MCC for the delivery and quality of the settlement and financial support of sponsored refugees as outlined in their respective settlement plans.

Financial Responsibilities: Constituent groups must provide financial support **at least** equal to the current RAP (Resettlement Assistance Program) rates in the community where the refugee(s) will settle. It is important to note that this is a minimum requirement and the cost of living in some communities may be higher. Sponsors are expected to create a budget plan using realistic and sustainable figures for the refugee(s) area of expected settlement.

Important Resources to Read

Sponsors should always refer to the following documents for current financial expectations:

- The Ontario RAP rates: [Click Here](#)
- IRCC's Frequently Asked Questions on Post-Arrival Financial Support: [Click Here](#)
- Sponsorship Costs Financial Calculator: [Click Here](#)

RAP (Resettlement Assistance Program) Rates

The Canadian Government has outlined a minimum standard of financial support required by sponsors for newcomers in their first year in Canada. These income rates are known as Resettlement Assistance Program (RAP) rates and are the standard regardless of where the income is coming from; government or private sponsors. This financial requirement consists of **initial start-up costs** and **monthly financial support** that must be disbursed directly to the family on a monthly basis. Please note:

- **Note:** newcomers who are above the age of majority in their community of settlement (18 and older) must be provided with start-up and monthly basic needs, communications and transportation allowances (and shelter, if required) according to the RAP rates for single persons (that is, they cannot be considered as dependents to the family when calculating financial support requirements).
- The [Financial Calculator](#) will give you an estimate of this amount. It is important to note that the minimum amount may change by the time the family arrives due to: a child's birth, a dependent turning 18, or the RAP rates increasing.

Start-Up Costs [\(click here for more info on start-up costs\)](#)

Start-up costs can be provided in three ways:

- Through direct payments. A portion of the start-up amount must always be provided through direct payments (via cheque, e-transfer, or other trackable payment method)
- Through in-kind donations (donated items), according to the estimated value of the items and within the maximum deduction limits.
- Through items purchased new, on behalf of, or with the sponsored refugee(s), documented with receipts of purchases.

Start-up costs are a one-time payment and/or in-kind support for:

- Household items (basic window coverings and common household products such as kitchen utensils, pots, pans, brooms, mops, detergents and cleaners, etc.)
- Furniture (beds, mattresses, dining set, couches, end tables, lamps, etc.)
- Linens (including bedding)
- Food staples
- Both winter and regular clothing

- School registration fees (if applicable)

Monthly Financial Support

Sponsors are required to provide the newcomers with monthly financial support based on the minimum RAP rates. See the [RAP Rates](#) and [Financial Calculator](#) for the detailed minimum amounts. The monthly support is made up of:

- Basic needs allowance
- Housing allowance
- Communication allowance
- Transportation allowance

Housing Supplement: This additional \$200 is given when housing costs exceed the housing allowance outlined in the RAP. The RAP shelter allowance is quite low compared to the average cost of housing in Ontario. The expectation of IRCC is that you will ensure the amount provided to the newcomers for housing meets their rental needs (including utility costs). For your purposes, we ask that you budget for housing expenses based on realistic rental housing costs in your area.

What if the sponsored refugees are going to live with me?

MCC requires that even if the sponsors plan to provide accommodation for the newcomers, they must still budget for the 12 months of sponsorship. Should the newcomers choose to live with the sponsors, then the sponsors will deduct the rental cost from the monthly financial support that the newcomers receive. In keeping with RAP guidelines, if the newcomers choose to live with their sponsors, they still must be provided with start up support and their monthly basic needs, communication and transportation allowances.

Special Allowances

CGs must also provide funds for certain special allowances, if they apply to their sponsorship, such as in the event of a pregnancy. These allowances include a maternity food allowance, maternity clothing allowance, newborn allowance and dietary allowance (due to health condition).

In-Kind Support

In-kind support includes donated goods, commodities or services (such as gently used furniture or clothing, or housing provided at no cost to the sponsored family). Only a certain percentage of the total value of in-kind donations can be subtracted from the financial support that must be provided to the sponsored refugee(s).

For **start-up costs**, in-kind donations could be clothing, furniture, household items.

Note: mattresses should always be purchased new. The government has outlined a maximum amount that can be deducted by in-kind donations. In-kind donations cannot be valued for more than either their actual value.

For **monthly costs**, shelter is the only allowance that can be provide in-kind.

In Kind Deductions	
Donated Item	% of RAP amount that can be deducted from total sponsorship cost
Ongoing Monthly Support	
Shelter (includes housing costs, utilities, etc)	100%
One Time Start Up Costs	
Clothing	70%
Furniture	70%
Household Needs	50%
Linens	100%
School Supplies	50%
Food Staples	50%

Quality Assurance and Documentation

All sponsors must keep evidence of monthly settlement support, including documentation such as receipts for major purchases (start-up), rent and other expenses. We highly recommend that cash not be used, but that e-transfers, cheques and other traceable methods be used instead. Such documentation may be requested by IRCC as part of its quality assurance program.

Sponsored Refugees Cannot Contribute to the Costs of Sponsorship

It is very important to note that a sponsor may not accept funds from the sponsored refugee either before or after their arrival in Canada for the submission of a sponsorship nor as a prepayment or repayment for lodging, care and settlement assistance.

Canada Child Benefit

For families with children under the age of 18, the Canada Child Benefit is a tax-free monthly payment that is not to be considered income for refugee resettlement. Therefore, you cannot count these payments towards the financial support requirements of sponsorships. However,

please help the newcomer apply for CCB upon arrival in Canada. The application usually takes a few months to process, so you will need to budget. The first payment from CCB is paid retroactively.

Blended Visa Office Referred (BVOR)

If you are sponsoring a newcomer through the BVOR program, the newcomers receive six months of financial support from the government for months 2-7 based on the current RAP rates. The sponsors are responsible for start-up costs, months 1, 8-12 as well as any top up that is needed during months 2-7.

One Year Window (OYW)

CGs are also responsible to provide financial support for One Year Window (OYW) cases for up to 12 months after their arrival in Canada, as per their commitment in the Sponsorship Undertaking. Please note OYW applicants typically arrive after the initial sponsorship year is over.

Transportation Loan

CGs are not responsible for covering the costs of the refugee's Transportation Loan. Repayment for the Travel Loan begins one year and one month after the loan was issued. CGs are also not responsible for any debt that a refugee takes on in Canada, unless they have co-signed loans. For more details about the Transportation Loan, [click here](#).

Employment

At MCC we encourage newcomers with limited English skills to focus on learning English before moving into the workforce. However, if the newcomer you have sponsored begins to earn income that is 50% or higher than the full RAP monthly support entitlement, then we advise, as outlined in RAP policy, that your financial assistance begin to be reduced dollar by dollar after that 50%. It is important to note that although newcomers should be encouraged to declare their income to their sponsors, this is voluntary and financial support cannot be withheld due to non-reporting.

Thank You!

Email refugeefinance@mcco.ca with any questions.

PLEASE - ALWAYS put the name of your constituent group in the subject line of EVERY email. This is extremely important in all communication with MCC.