



RDSP Handout

RDSP stands for **Registered Disability Savings Plan**. It is a long term savings plan offered by the federal government. This plan has grants and bonds that the government contributes to help it grow. By opening an RDSP and contributing, you could qualify for **up to \$90,000** from the Government of Canada.

What is the eligibility for an RDSP & what is a **beneficiary**?

The beneficiary for the RDSP would be the person with a disability who directly benefits from the opening of this account. This person must:

- Be a Canadian resident.
- Have a social insurance number.
- Be eligible for the Disability Tax Credit.
- Open the RDSP by December 31st of the year in which the beneficiary turns 59 years old (however it really needs to be opened by 49 to get the bond and grant).

Who can open an RDSP & what is a **holder**?

The holder is the person who will manage the RDSP. If you are under the age of majority (this varies across provinces and territories), your legal parent, your legal representative, or a public department can manage your RDSP for you. If you have reached the age of majority, you are eligible to manage your own RDSP. However, if you are not able to enter into a contract, a legal guardian, legal representative, or a public department can manage it for you.

A holder must be above the age of majority and have a valid Social Insurance Number. A public department applying on behalf of a beneficiary who is in care must have a business number.



Contributing to an RDSP

Anyone with the written permission of the person who manages the RDSP can put money into it, up until December 31 of the year the beneficiary turns 59. There is no annual contribution limit, but there is a lifetime contribution limit of \$200,000. Grants and bonds you receive from the government, and any interest earned, do not count toward the contribution limit.

Another way contributions can be made to an RDSP is through rolling over another plan. When a parent or grandparent dies, money from their RRSP, RRIF, RPP, SPP, or PRPP can be transferred to the RDSP of a financially dependent child or grandchild. Under certain circumstances, the earnings from an RESP can be transferred to an RDSP.

Money transferred to an RDSP from these savings products will count toward the lifetime contribution limit of \$200,000, but the government does not pay a matching grant on these money transfers.

For all contribution and income thresholds, the net-adjusted family income will be used for the calculations. For individuals 18 and under the net-adjusted family income will be the household income (including parents). For individuals turning 19 or older, the beneficiary income will be used. The calculations for net-adjusted family income are the same as the Canada Child Benefit.



How do I get access to **FREE** money?

Bonds

The Canadian Disability Savings Bond (CDSB) is money that the government deposits into the RDSPs of low-income and modest-income Canadians with disabilities. If you have an RDSP and are eligible for the bond, the government will put up to \$1,000 a year into your RDSP—up to \$20,000 over your lifetime. To apply for the bond, you need to open an RDSP with a participating financial organization. **You do not need to put money into an RDSP to get the bond.**

Net Income ≤ \$32,797 Per year	Net Income between \$32,797 - \$50,197	Net Income > \$50,197
\$1000 RDSP Bond	A portion of \$1000 bond (prorated)	NO Bond this year

*These income amounts are based on 2022 numbers and change each year based on the rate of inflation.

You can apply for the Bond up until December 31 of the year you turn 49. A participating financial organization must receive your bond application by December 31 of that year.



Grants

The Canadian Disability Savings Grant (CDSG) is money that the government deposits into an RDSP to match contributions that you, your family or your friends put into your RDSP, up to \$3,500 per year and up to \$70,000 over your lifetime. Beneficiaries with lower family income receive more grant money than beneficiaries with higher family income.

You are eligible to receive the grant up to and including the year you turn 49. The grant amount will be paid based on any money you, your family or your friends put into your RDSP by December 31 of the year you turn 49.

Net Income < \$100,392	Net Income > \$100,392
On the First \$500 3:1 Matching (300%)	On the First \$1000 1:1 Matching (100%)
On the next \$1000 2:1 Matching (200%)	*These income amounts are based on 2022 numbers and change each year based on the rate of inflation.

So, if your income is less than \$100,392, you could get up to \$3500/year by contributing \$1500 per year. If it's higher than \$100,392 the most you could qualify for is \$1000 with a matching contribution of \$1000. It's best to start these plans early so time is on your side and you can take advantage of compound interest for longer!

Catching up on missed grants and bonds

You may be eligible for up to 10 years of grants and bonds if you did not receive them but were approved for the Disability Tax Credit at the time. To catch up, you need to open an RDSP at a participating financial organization, and submit your grant and bond application before December 31 of the year you turn 49. Grant amounts are based on how much is contributed to your RDSP by that date.



STEPS TO OPEN AN RDSP

1. Apply for the DTC (Part A is done by you, part B is done by a medical practitioner)
 - a. You may qualify for the DTC if you:
 - i. are blind;
 - ii. receive life-sustaining therapy;
 - iii. or have an impairment that affects one or more of the following basic activities of daily living: walking, speaking, dressing, hearing, feeding, mental functions necessary for everyday life, or elimination (bowel or bladder functions).
 - b. [T2201-21e.pdf](#), Print & Fill ; [T2201-fill-21e.pdf](#) Fill on computer
 - i. *We recommend writing a statement on how this disability has affected you. That way the medical practitioner has an idea of how the disability affects your life and is better equipped to answer the questions on the DTC paperwork.
 - c. Send it to the Canada Revenue Agency. There is no fee to apply for the tax credit, but some medical practitioners charge a fee to complete Part B of the form.
2. Identify the **beneficiary** and the **holder** for the plan.
3. Contact a financial organization to have them help you set up the RDSP.
 - a. They will do an investor questionnaire, choose investments, and apply for the bonds & grants on your behalf.
 - b. *Be sure to speak with someone who has experience with the RDSP and not a generalist, as many advisors are not familiar with this plan*
4. Begin contributing. grants and bonds must remain in the RDSP for at least 10 years.



Withdraw from an RDSP

Begin withdrawals (typically after the age of 60). If you take money out before age 60, you must repay some or all of the grants and the bonds that the government paid to your RDSP in the 10 years before the withdrawal. There are 2 types of payments:

Disability Assistance Payments (DAP)

These are singular withdrawals from an RDSP on an as-needed basis. This amount is determined by who has contributed more money to the account: The government or the individual.

Lifetime Disability Assistance Payments (LDAP)

- This is a series of recurring withdrawals and MUST begin by the end of the calendar year in which the beneficiary turns 60, until the year in which they turn 83.
- Minimum 1 withdrawal per year (offered yearly or monthly)
- Payments are intended to act like a pension.
- The amount they receive differs; based on the investments in the RDSP at the time.

Both payments can be individually or together each year, however certain conditions apply.

Normal rules for withdrawals are relaxed if the beneficiary's life expectancy is 5 years or less; your medical practitioner would have to attest in writing. The holder has an opportunity to convert the RDSP into a Specified Disability Savings Plan (SDSP). Once the plan is designated an SDSP, no contributions from any source (including grants and bonds) are allowed into the RDSP except for rollovers from an RRIF or RRSP. With the SDSP designation, you are allowed to withdraw \$10,000 per year of taxable amounts and their associated contribution amount. If the LDAP formula results in a taxable amount that is greater than \$10,000, there is no limit to how much you can withdraw per year. The rules in this area are complex so any decision must be made carefully. Work closely with your financial advisor, pay particular attention to the form required at any time and keep a copy of all the required documentation.



Taxes

When **you put money** into the RDSP they are considered after-tax dollars and will **never be taxed** upon withdrawal.

Bond and grant amounts, any investment income, and any proceeds from a rolled-over amount **are taxable**, but only if you withdraw a certain amount. Financial institutions report the taxable part of the RDSP withdrawals on your T4A. You (beneficiary) report this amount on your personal income tax return . Please consult directly with your financial professional where your RDSP is held on the process and rules.

The RDSP issuer, aka your financial institution, will automatically make a 'withholding for tax' before issuing the payment. This is not the same as paying the tax. Instead, the financial institution will report both the gross taxable amount and the withholdings to the Canada Revenue Agency (CRA), and to the beneficiary through a tax form. Note also that if the holder is not the beneficiary, they may not receive the tax form. One way to avoid this is for the holder to have authorized access to the account of the beneficiary at the CRA.

FAQ's

Impact of an RDSP on other government benefits:

Your RDSP does not affect your eligibility for federal government benefits, such as the Canada Child Benefit, the Goods and Services Tax Credit, the Harmonized Sales Tax Credit, the Old Age Security pension or Employment Insurance. Provinces and territories fully or partially exempt RDSPs from the calculation for income assistance payments. Contact your provincial or territorial government for more details.

What if I am no longer eligible for the RDSP?

In 2019, the federal government eliminated the requirement to close an RDSP when the person with a disability no longer qualifies for the DTC. The RDSP will



remain open and any grants and bonds remaining in the RDSP will not need to be repaid back to the government. However, once DTC eligibility is lost, no government contributions will be made to the RDSP.

List of Financial Institutions & Professionals:

Participating RDSP Institutions:

- 1) ATB <https://www.atb.com/personal/investing/disability/>
- 2) BMO <https://www.bmo.com/main/personal/investments/rdsp/>
- 3) Scotiabank
<https://www.scotiabank.com/ca/en/personal/investing/disability-savings-plan.html>
- 4) Vancity <https://www.vancity.com/Investments/TypesofInvestments/RDSP/>
- 5) CIBC <https://www.cibc.com/en/personal-banking/investments/disability-rdsp.html>
- 6) Desjardins <https://www.desjardins.com/ca/alberta/>
- 7) Investors Group
<https://www.ig.ca/en/media-room/media-releases/investors-group-expands-rdsp-solutions-with-more-investment-opti>
- 8) Edward Jones
<https://www.ig.ca/en/media-room/media-releases/investors-group-expands-rdsp-solutions-with-more-investment-opti>
- 9) Mackenzie Investments <https://www.mackenzieinvestments.com/en>
- 10) RBC <https://www.rbcroyalbank.com/investments/rdsp.html>
- 11) TD <https://www.td.com/ca/en/personal-banking/products/personal-investing/registered-plans/rdsp/>
- 12) Central 1 - Credit Union <https://www.central1.com/>



Family
Resource
Centres

13) National Bank Financial <https://nbfwm.ca/>

Direct Contacts:

<p>Stephen Sicoli RDSP Coordinator</p> <p>Mobile 825-994-2411</p> <p>stephens@autismalberta.ca</p>	<p>Autism Alberta's Family Resource Centre</p> <p>Main Phone: 825-407-8659</p>
---	--

Survey - <https://forms.gle/8x2Mz5BJ7MxUzaGdA>



Links

CRA RDSP -

<https://www.canada.ca/en/revenue-agency/services/tax/individuals/topics/registered-disability-savings-plan-rdsp.html>

CRA RDSP -

<https://www.canada.ca/en/employment-social-development/programs/disability/savings/how-much.html>

CRA RDSP Current Income thresholds -

<https://www.canada.ca/en/employment-social-development/programs/disability/savings/issuers/bulletins/notice-2021-433.html>

RDSP Taxation -

<https://www.canada.ca/en/employment-social-development/programs/disability/savings/withdraw.html>

AHS DTC & RDSP -

<https://www.albertahealthservices.ca/y2a/Page16533.aspx#:~:text=You%20can%20open%20a%20RDSP,benefits%2C%20like%20AISH%20%26%20PDD>

DTC infographic -

<https://aidecanada.ca/learn/financial/the-disability-tax-credit-infographic>

Foundation First -

<https://www.firstfoundation.ca/financial/registered-disability-savings-plan-rdsp/>

DTC eligibility -

<https://www.canada.ca/en/revenue-agency/services/tax/individuals/segments/tax-credits-deductions-persons-disabilities/disability-tax-credit/eligible-dtc.html>

BC RDSP Resource - <https://www.rdsp.com/>

Toronto RDSP Resource - <https://www.planningnetwork.ca/Resources/intro-to-the-rdsp>

SIN - <https://www.canada.ca/en/employment-social-development/services/sin.html>

Stats Can Disabilities -

<https://www150.statcan.gc.ca/n1/pub/89-654-x/89-654-x2019002-eng.htm>

Facebook Groups

- <https://www.facebook.com/groups/disabilitytaxcredit/>
- <https://www.facebook.com/groups/disabilitytaxcreditcanada>
- <https://www.facebook.com/RDSPCanada>

Short Explainer Video - <https://vimeo.com/89847944>

Survey - <https://forms.gle/8x2Mz5BJ7MxUzaGdA>