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REGISTERED DISABILITY SAVINGS PLAN

Helping Canadians with disabilities
save for the future



CANADA'S ECONOMIC

**ACTION
PLAN**



Canada 

Helping Canadians with disabilities save for the future

The Registered Disability Savings Plan (RDSP) is a long-term savings plan that helps Canadians with disabilities and their families save for the future.

The Government will deposit a Canada Disability Savings Bond of up to \$1,000 a year into the RDSPs of low-income and modest-income Canadians. You do not need to contribute money to receive the bond!

In addition, if you, your family or your friends contribute to an RDSP, the Government will deposit a Canada Disability Savings Grant of up to \$3,500 a year.

Keep reading to find out more about the RDSP!



Getting more with the RDSP

The Canada Disability Savings Bond (the bond)

The bond is money that the Government deposits into the RDSPs of low-income and modest-income Canadians. If a person with a disability has an RDSP and qualifies for the bond, the Government will put up to **\$1,000** a year into their RDSP. This can add up to **\$20,000** over that person's lifetime.

The person with a disability who will receive the money from the RDSP in the future is called the beneficiary and, in this booklet, "you" refers to the beneficiary.

Most importantly, if you qualify for the bond, you don't need to put money into the plan to receive it. You just need to open an RDSP and apply for the bond with a financial organization.

For example, you could get \$1,000 each year without putting any money into your RDSP if your annual family income is less than \$25,500. If your annual family income is between \$25,500 and \$43,900, you could still be eligible for part of the \$1,000 each year. These income amounts are examples only and increase every year. Visit www.esdc.gc.ca/disabilitysavings for more information regarding income levels.

You are eligible for the bond up to and including the year you turn 49. The Government must receive your bond application by December 31 of the year you turn 49. Call a financial organization to ask about the bond. For a list of participating financial organizations, visit www.esdc.gc.ca/disabilitysavings.

The Canada Disability Savings Grant (the grant)

The grant is money that the Government deposits into an RDSP to help you save. The grant is up to **three times** the amount of money that you, your family and friends put into your RDSP, up to **\$3,500** per year, up to **\$70,000** over your lifetime.

Beneficiaries with lower family income receive more grant money than beneficiaries with higher family income, but every beneficiary gets a grant as long as someone puts money into the RDSP.

For example, if your annual family income is about \$87,900 or lower, you could get \$720 per year in grant money by putting \$20 in the RDSP each month.

Even if your family income is more than \$87,900, you could get \$240 per year in grant money by putting \$20 in the RDSP every month. For more detailed information on the grant, visit www.esdc.gc.ca/disabilitysavings.

You are eligible to receive the grant up to and including the year you turn 49. The grant will be paid based on any money you, your family and your friends put into your RDSP by December 31 of the year you turn 49. Call a financial organization to ask about the Canada Disability Savings Grant. For a list of participating financial organizations, visit www.esdc.gc.ca/disabilitysavings.

Contributing to an RDSP

Anyone can put money into an RDSP by December 31 of the year in which you turn 59, if they have the written permission of the person who manages it. There is no annual contribution limit, but there is a lifetime contribution limit of \$200,000. Any bonds or grants received from the Government or interest earned do not count toward the contribution limit.

Effects of an RDSP on other government benefits

Money paid out of an RDSP will not affect your eligibility for federal government benefits such as the Canada Child Tax Benefit, the Goods and Services Tax/Harmonized Sales Tax Credit, Old Age Security 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 further details.

Catching up on missed bonds and grants

You can catch up on up to 10 years of bonds and grants you were eligible for but missed out on (starting in 2008 when RDSPs first became available). To do so, you must open the plan before the end of the year you turn 49. The Government must receive your bond and grant application by December 31 of the year you turn 49. Grant entitlements are based on the amount contributed by December 31 of the year you turn 49. Bond and grant amounts will also be based on your family income in those years.

To find out more about how family income is determined, visit the Canada Revenue Agency website at www.cra.gc.ca/disability or call 1-800-959-8281 (TTY users call 1-800-665-0354).

Transferring other savings into an RDSP

In most cases, when someone dies, the money from their Registered Retirement Savings Plan, Registered Retirement Income Fund and Registered Pension Plan can be transferred into the RDSP of a financially dependent child or grandchild with a disability. For more information, visit www.cra.gc.ca/disability.

Also, under certain circumstances the earnings from a Registered Education Savings Plan can be transferred into an existing RDSP. For more information, visit www.cra.gc.ca/disability.



Opening an RDSP

Apply for the Disability Tax Credit

Before you can open an RDSP, you must first be eligible for the Disability Tax Credit (called the *disability amount* on your tax return). The disability amount is a non-refundable tax credit used to reduce income tax payable for individuals who have a severe and prolonged impairment in physical or mental functions.

All or part of the disability amount may be transferred to a spouse or common-law partner, or another supporting person, such as a parent or legal guardian.

To apply for the Disability Tax Credit, fill out form T2201 (Disability tax credit certificate), have it certified by a medical practitioner and send it to the Canada Revenue Agency (CRA).

For more information, visit the CRA website at www.cra.gc.ca/disability or call 1-800-959-8281 (TTY users call 1-800-665-0354).

Step 1: Identify the person who will receive the money in the future (the beneficiary)

The beneficiary must:

- be a Canadian resident;
- be eligible for the Disability Tax Credit (see page 7 for more information about this); and
- have a Social Insurance Number.

An RDSP can be opened at any time up until December 31 of the year the beneficiary turns 59. The Government must receive the application by that date. However, remember that to qualify for the bond and grant, you must apply by December 31 of the year you turn 49.

You can be named as the beneficiary for only one RDSP. Each RDSP can have only one beneficiary.



Step 2: Identify the person who will manage the RDSP (the holder)

For beneficiaries **under** the age of majority (which varies across provinces and territories), the person who manages the RDSP can be a legal parent, legal representative or public department.

Beneficiaries who have reached the age of majority could manage their own RDSP or, if applicable, a legal guardian, legal representative or public department may manage it for them.

Some adult beneficiaries do not have a legal representative and haven't opened an RDSP because of concerns about their ability to enter into a contract. The list of people who may open the plan on their behalf has been expanded until the end of 2016 to allow a spouse, common-law partner or parent to manage an RDSP on their behalf. If you have questions, call a participating financial organization.

The person who manages the RDSP must have a Social Insurance Number. If a public department is applying on behalf of a beneficiary who is in care, a Business Number would be required.



Step 3: Contact a financial organization

Contact a participating financial organization to find out how to apply. The financial organization will help you complete an application to open an RDSP, as well as an application for the bond and grant.

For a list of participating financial organizations and their telephone numbers, visit www.esdc.gc.ca/disabilitysavings.

Withdrawing money from an RDSP

Earnings grow tax-free until taken out of the RDSP.

Money can be taken out at any age. However, you need to begin to take out money annually by December 31 of the year you turn 60.

Bonds and grants should remain in the RDSP for 10 years. If you take money out of the RDSP earlier, all or some of the bonds and grants the Government paid during the previous 10 years may have to be returned to the Government.

Also, all bonds and grants that have been in the RDSP for less than 10 years must be repaid to the Government if:

- the RDSP is closed; or
- the beneficiary dies; or
- the beneficiary no longer qualifies for the Disability Tax Credit (but if this is expected to be temporary, the Government may allow the RDSP to remain open for up to five years).

All other money in the RDSP, including the investment income earned, will be paid to the beneficiary or the beneficiary's estate.

For more information on taking money from an RDSP, visit the Canada Revenue Agency website at www.cra.gc.ca/disability or call 1-800-959-8281 (TTY users call 1-800-665-0354).

Using the money from an RDSP

You can use the money withdrawn from an RDSP however you want.

For more information about the bond and grant:

Visit: www.esdc.gc.ca/disabilitysavings

Call: 1 800 0-Canada (1-800-622-6232)

TTY: 1-800-926-9105

Email: rdsp-reei@hrsdc-rhdcc.gc.ca

For more information about the Registered Disability Savings Plan:

Visit: www.cra.gc.ca/rdsp

Call: 1-800-959-8281

TTY: 1-800-665-0354

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