Registered Disability Saving Plan, Canada Disability Saving Grant and Canada Disability Saving Bond Providers User Guide

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Registered Disability Saving Plan, Canada Disability Saving Grant and Canada Disability Saving Bond Providers User Guide

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OVERVIEW

How to Use this Guide

The Employment and Social Development Canada (ESDC) is pleased to provide this *Registered Disability Savings Plan (RDSP) Provider User Guide*.

It has been developed to support RDSP issuer's knowledge and understanding of the guiding principles, systems and processes associated with:

- The Registered Disability Savings Plan (RDSP)
- The Canada Disability Savings Grant (grant)
- The Canada Disability Savings Bond (bond)

This Introduction provides an overview of how information in this guide is organized.

In this overview

1 Who Should Read this Guide?

Any person involved in offering Registered Disability Savings Plans (RDSPs) to the public will benefit from using the *RDSP Provider User Guide*.

The Guide includes step-by-step procedures associated with the grant and bond processes, as well as knowledge-building components. In addition, it provides access to reference information, quick reference tools, and links to downloadable forms, all of which have been designed to help you in assisting your clients to apply for and receive the applicable grant and bond on behalf of eligible beneficiaries.

Please note that throughout the Guide, the term **RDSP Provider** is used as a common way to refer to any person(s) involved in the processes associated with offering RDSPs and the grant and bond. The nature of each individual's involvement with a particular process (e.g. submitting electronic transactions to the Canada Disability Savings Program System), will depend on how such responsibilities have been assigned within each organization.

2 How Information is organized

The information in this Guide has been organized into four main sections:

Section 1: Introduction – This section introduces the grant and bond administered by the Canada Education Savings Program (CESP)[1], Employment and Social Development Canada (ESDC). In addition, it provides background information about Registered Disability Savings Plans (RDSPs) and outlines fundamental principles and systems associated with the grant and bond application and payment processes.

Section 2: Registered Disability Savings Plan– This section provides detailed information on RDSPs. It covers contributions, payments, Specified Disability Savings Plans, transfers, rollovers of retirement and education savings, payments from a designated provincial program and RSDP closures.

Section 3: Grant and Bond - This section provides detailed description(s) of the grant and bond, as well as associated regulations, principles, and processes.

Section 4: CDSP System and Transactions – This section provides a basis for resolving common reoccurring problems and will help you bring contracts to a registered status and facilitate the payment of grant and bond.

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[1] The Canada Educations Savings Program (CESP) provides the delivery mechanism and necessary system supports for the effective administration of the grant and bond.

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Disclaimer

Consult this page frequently for newer versions. The following laws and regulations take precedence over information contained in the RDSP Provider User Guide in the event of discrepancies:

- *Income Tax Act*
- *Canada Disability Savings Act*
- *Canada Disability Savings Regulations*

C H A P T E R

1-1

Registered Disability Savings Plan, Grant and Bond

The Registered Disability Savings Plan (RDSP) helps Canadians with disabilities and their families save for the future. Through the Canada Disability Savings Grant, the Government of Canada provides matching grants depending on the amount contributed and the beneficiary's family income. Through the Canada Disability Savings Bond, the Government of Canada deposits money into the RDSPs of low-income and modest-income Canadians. No contributions are required to receive the bond. This chapter provides an at-a-glance overview of the grant and bond. It also outlines the roles and responsibilities of the individuals and organizations that facilitate and participate in the process associated with the grant and bond as well as the legislation in place that guides the administration of these payments.

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1 Overview

The RDSP is a long-term savings plan to help Canadians with disabilities and their families **save for the future**.

The "**beneficiary**" of the Registered Disability Savings Plan (RDSP) is the person who will receive the money from the RDSP in the future.

Anyone can contribute to an RDSP if they get the written permission from the RDSP "**holder**" (the person or organization that opens and manages the RDSP). Depending on the circumstances, the holder and the beneficiary may be the same person. Further clarification regarding holders and beneficiaries is found later in this guide.

To help save, the Government of Canada will pay up to $3,500 per year in matching **Canada Disability Savings Grant** (grant), depending on the amount contributed into the RDSP and the beneficiary's family income. Further details regarding the grant are found later in this guide.

The Government also pays up to $1,000 a year in **Canada Disability Savings Bond** (bond) into the RDSPs of low-income and modest-income Canadians. Further details regarding the bond are found later in this guide.

The grant and the bond increase an RDSP's value and earning potential. Even small savings can accumulate with time.

The *Canada Disability Savings Act* authorizes the payment of the grant and the bond.

An RDSP could also include **provincial payments** paid from designated provincial programs. Payments made into an RDSP through a designated provincial program do not attract federal grants or bonds. These payments are not considered to be contributions to an RDSP.

1.1 The Grant at-a-Glance

The Canada Disability Savings Grant (grant) is a **matching grant** paid into an RDSP by the Government of Canada.

Depending on the beneficiary's family income* and the amount contributed to the RDSP, the Government of Canada may pay matching grants of **300%**, **200%**, or **100%**.

- **The maximum annual grant is $3,500.**
- **The maximum lifetime grant is $70,000.**

Exceptions to these limits occur in instances where the carry forward provision applies. **See Chapters 3-1, Section 3 – Grant Limits and Carry Forward and Chapters 3-2, Section 3 – Bond Limits and Carry Forward** for more information on the carry forward provision.

The grant may be paid into an RDSP on contributions made **on or before December 31** of the year in which the beneficiary turns **49 years old**.

In order to receive the grant, an **income tax return should be filed** every year. If no income tax return is filed, only the minimum grant payment will be made into an RDSP as the Government of Canada will be unable to verify the beneficiary's family income for the higher matching rate. However, a beneficiary under the care of an organization that receives a payment under the *Children's Special Allowances Act* (for at least one month in the year) is entitled to receive a grant at a matching rate of 300% and 200% without having to file an income tax return.

To learn more about grant eligibility criteria, information requirements, Program-related rules and application processes, see **Chapter 3-1: The Canada Disability Savings Grant (grant)**.

Income thresholds are indexed annually by the Canada Revenue Agency.

1.2   The Bond At-a-Glance

The Canada Disability Savings Bond (bond) is paid into an RDSP by the Government of Canada. No contributions are required to receive the bond.

Depending on the beneficiary's family income*, the Government of Canada may pay **up to $1,000 annually** in bond into an RDSP. **The maximum lifetime limit for bonds is $20,000.**

The bond may be paid into an RDSP on applications made **on or before December 31** of the year in which the beneficiary turns **49 years old**.

In order to receive the bond, an **income tax return must be filed** every year. If no income tax return is filed, no bond payment will be made into an RDSP as the Government of Canada will be unable to verify the beneficiary's family income; however, for beneficiaries for whom an organization receives a special allowance under the *Children's Special Allowances Act*, no income tax return is required for the bond to be paid.

To learn more about bond eligibility criteria, information requirements, Program-related rules and application processes, **see Chapter 3-2: The Canada Disability Savings Bond (bond)**.

Income thresholds are indexed annually by the Canada Revenue Agency.

1.3   Grant and Bond Entitlements and Carry Forward

As of January 2011, RDSP holders can claim **unused grant and bond entitlements from the past 10 years** (going back no further than 2008,

the year that RDSPs became available). This applies for existing RDSPs and those opened in January 2011 and after.

To receive unused grant and bond entitlements, the beneficiary must be eligible to receive the grant and bond and must have been eligible to receive the grant and bond in the years for which the carry forward is being requested. The contributions and the grant and bond request must be made no later than the end of the year in which the beneficiary turns **49 years old**.

The amount of grant and bond available is calculated for each previous year and **depends on the beneficiary's family income** in each of those years. The Government of Canada's matching rate will be the same as the one that would have applied if the contribution had been made in the year in which the grant entitlement was earned. The matching rate is paid in **descending order**, using up any grant entitlements (beginning with the oldest year or entitlement) at the **highest available matching rate first**, followed by those at lower rates.

Grants and bonds will be paid on unused entitlements, **up to an annual maximum of $10,500 for grants and $11,000 for bonds.**

2 Roles and Responsibilities of Partners

There are three main partners responsible for the administration of RDSPs:

- Financial institutions (FI), which includes issuers, agents and service providers
- Employment and Social Development Canada (ESDC); and
- the Canada Revenue Agency (CRA).

Each partner shares information and manages processes that enable ESDC to deposit grants and bonds into an RDSP of an eligible beneficiary.

2.1 Financial Institutions

An issuer is a trust company that is **licensed to provide trust services** in Canada. The issuer must receive approval for an RDSP specimen plan from the CRA's Registered Plans Directorate (RPD) and sign an Issuer Agreement with ESDC in order to offer RDSP contracts to the public and administer the grant and the bond.

The issuer **may contract or delegate certain authorities** to an agent and/or a service provider. Generally, an agent provides administrative services to clients and a service provider provides electronic support services, both on the issuer's behalf.

In accordance with the Issuer Agreement, when an **agent** is involved, usually it is the agent who electronically transmits RDSP information to

ESDC, receives grant and bond payments and sends grant and bond repayments to the Government of Canada.

As per the Issuer Agreement:

"The issuer shall provide the Minister with the name of any agent that exercises the obligations referred to in subparagraph 2.9 (b) in the form and manner acceptable to the Minister, as outlined in the *Canada Disability Savings Program – Notice of Delegation of Duties to an Agent* form or such other form approved by the Minister. It is understood that once the agent has been approved, the Minister shall deal directly with that agent in respect of those specific obligations, as those obligations shall have been deemed to have been performed by the issuer."

If the issuer enters into an arrangement with an agent to allow the agent to carry out administrative or other duties under the specimen plan, the ultimate responsibility for the specimen plan and the specimen plan trust remains with the issuer.

Generally, **service providers** provide support services regarding RDSPs as well as compile and forward electronic transactions to the Canada Disability Savings Program (CDSP) System.

For purposes of this guide, the term FI is used to refer to **the entity that is offering the RDSP product directly to clients**, whether it is an issuer, an agent or, rarely, a service provider. If one of the terms issuer, agent or service provider is used, the information is specific to that type of entity only.

To be able to offer RDSP contracts and/or enter into agreements with agents and/or service providers to enable them to offer RDSP contracts, an **issuer must first submit a copy of its specimen plan to RPD for written approval**. The terms of the plan must meet the requirements of section 146.4 of the *Income Tax Act*. In addition, the issuer must have **entered into an agreement with the Minister of ESDC** to administer the grant and the bond.

Specifically, FIs develop and manage systems to support delivery of the RDSP program; prepare and submit grant/bond requests to ESDC; accept responses to grant/bond requests from ESDC; and record and track funds on behalf of grant and bond holders and recipients.

2.2   Employment and Social Development Canada

ESDC is a department of the Government of Canada.

ESDC's mission is to build a stronger and more competitive Canada, to **support Canadians** in making choices that help them live productive and rewarding lives, and to improve Canadians' quality of life.

ESDC ensures that children, families, seniors, and people with disabilities have the support and information they need to maintain their wellbeing and facilitate their participation in society.

ESDC is responsible for all the legislative aspects related to the *Canada Disability Savings Act* (CDSA) and the *Canada Disability Savings Regulations* (Regulations).

2.2.1 The Canada Education Savings Program

The Canada Education Savings Program (CESP) provides the delivery mechanism and necessary system supports for the effective administration of the grant and the bond.

The CESP offers:

- The Canada Disability Savings Grant (grant)
- The Canada Disability Savings Bond (bond)

For FIs, the CESP directorate of the Learning Branch serves as a **point of contact** for grant and bond issues. ESDC enters into **agreements** with issuers. The CESP also provides **customer services** to individuals seeking grant and bond information. Among its various activities, the CESP develops **training materials** for the administration of the RDSP, the grant and the bond, provides **training sessions** to FIs, and establishes parameters and **tools** for consistency. For example, the Interface Transaction Standards (**ITS**) outline the data elements that a FI must submit as well as describes the process for the **transmission of electronic information** to the Government of Canada.

Specifically, the CESP:

- administers the issuer and agent **enrolment process** including the signing of the **Issuer Agreements**;
- **receives** the FI, beneficiary, and holder **information** needed to register Disability Savings Plan (DSP) contracts, verifies this information, and sends it to the CRA to confirm registration;
- **validates** beneficiary and holder Social Insurance Numbers (SIN);
- receives and **processes monthly grant and bond applications** and payments, and collects information on behalf of the CRA (CDSA 2007, Ch. 35, s. 136, ss. 15), including information associated with the RDSP contract, the beneficiary, the holder and the various financial transactions;
- facilitates the **correction of transactions** where grant/bond was denied in error;
- maintains the **CDSP System**; and
- conducts testing and monitoring of system-specific issues and **compliance** reviews.

2.2.2 The Office for Disability Issues

The Office for Disability Issues (ODI) is a focal point within the Government of Canada for key partners working to promote the full inclusion and participation of Canadians with disabilities in all aspects of society and community life.

ODI is the **policy and program authority** for the grant and the bond.

Specifically, ODI is responsible to:

- provide policy and program oversight through **interpretation** of the *Canada Disability Savings Act* **(CDSA)** and **Regulations** and **related instruments,** decisions about policy direction, and suggestions for legislative changes;
- define grant and bond strategic outcomes, objectives and performance measures to meet program goals/objectives and **provide reporting** on program measures/outcomes;
- negotiate with the Department of Finance, in collaboration with CRA, concerning changes to the *Income Tax Act* (ITA) that have an impact on ESDC, and **implements policy changes** that result from amendments to the ITA, CDSA and the Regulations;
- develop and update the content of **Issuer Agreements**;
- develop and update the **forms** necessary to administer the grant and bond in compliance with legislative requirements;
- lead the development of provincial and territorial **partnerships**; and
- manage and deliver all grant and bond **communications and outreach activities.**

2.2.3 The Social Insurance Registration Office

When an RDSP is opened, the SIN of the beneficiary and the holder is required. The Social Insurance Registration (SIR) Office is responsible for validating beneficiary and holder SINs. SIR validates the following five fields:

- Last name
- First name
- Social Insurance Number
- Date of birth
- Gender

2.3   Canada Revenue Agency

CRA is responsible for the administration of the *Income Tax Act* and oversees:

- tax laws for the Government of Canada and for most provinces and territories; and
- various social and economic benefit and incentive programs delivered through the tax system.

2.3.1 The Registered Plans Directorate

The Registered Plans Directorate (RPD) is responsible for all program activities related to the provisions of the *Income Tax Act* for the **registering and monitoring** of disability savings plans.

Specifically, RPD:

- **approves specimen plans** which are comprised of the following documentation:
  o The declaration of trust which outlines the disability savings plan conditions, including appendices and other documentation related to the contract.
  o The disability savings plan holder application form and any addenda which form an integral part of the application.
- **validates** certain information related to the RDSP contract;
- **confirms the registration** of RDSP contracts or nullifies the registration of contracts when the contract information is not valid or complete;
- **de-registers** contracts if they are not compliant with the terms outlined in subsection 146.4(11) of the ITA;
- **provides support** to financial institutions and the public on all questions related to section 146.4 of the ITA, including ongoing registration and administration of RDSP contracts;
- **reviews RDSP non-compliance** and applies waivers to the terms and conditions of registration if warranted and applicable;
- ensures **compliance activities** with respect to section 146.4 of the ITA; and
- **creates policies** for issues relating to section 146.4 of the ITA.

2.3.2 The Benefit Programs Directorate

The Benefit Programs Directorate (BPD) supports the public for services including, the **Disability Tax Credit** (DTC) and the **Canada Child Tax Benefit** (CCTB).

Specifically, the BPD:

- provides the ESDC with **residency** and **income-related** information for adult beneficiaries and primary caregivers;
- provides support to financial institutions and the public with respect to the eligibility to the **Disability Tax Credit** (also known as the "disability amount"); and
- **determines eligibility** for the Canada Child Tax Benefit, Children's special allowance and Child Disability Benefit.

3 Key Players in an RDSP

There are three key players involved in an RDSP:

- The financial institution
- The holder
- The beneficiary

3.1 The Financial Institution

In terms of establishing RDSPs, the roles and responsibilities of FIs include:

- **offering** RDSPs to the public and strives to ensure that its premises and services are accessible to people with disabilities;
- obtaining the beneficiary's **SIN** as well as the SIN or the Business Number (**BN**) of each entity that becomes a holder of an RDSP (ITA 146.4(2)(b));
- collecting **contract registration** information and providing the information to the Government of Canada;
- ensuring that RDSP contracts are in **compliance** with the terms and the conditions for registration;
- **submitting an application** to ESDC for the grant and/or the bond on behalf of the holder;
- **receiving** and **depositing** grant and/or bond to the proper RDSP account;
- informing the holder of the RDSP **account status** (if grant and/or bond was paid or not);
- maintaining and submitting **monthly records** of RDSP transactions through the CDSP System;
- making Disability Assistance Payments (**DAPs**), if applicable and lifetime Disability Assistance Payments (**LDAPs**) to the beneficiary;
- **repaying** grant and/or bond, as required;
- **correcting errors** in a timely manner; and
- **keeping copies** of all documents, books of accounts, and records for CRA and ESDC compliance reviews. This material must be kept for a period of six (6) years following the year in which the RDSP is terminated.

3.2 The Holder

The holder **opens and manages the plan** and signs a contract with the FI for the benefit of a beneficiary. The plan must have at least one holder at all times.

The holder deposits the contributions into the RDSP for the benefit of a beneficiary. The holder can also provide others with permission in writing to contribute to the RDSP.

Depending on the circumstances, a holder can be one of the following:

- The beneficiary
- A legal parent of the beneficiary
- A guardian, tutor, curator, or an individual legally authorized to act on behalf of the beneficiary
- A public department, agency or institution legally authorized to act on behalf of the beneficiary
- A qualifying family member (beneficiary's parent(s), spouse or common-law partner)
- A qualified entity that is given rights under the RDSP as successor or assignee of a plan holder

Joint holders are possible, such as in the case where two legal parents wish to enter into the contractual agreement with the FI. Alternatively, the holder can be a single entity.

Budget 2012 announced that "**qualifying family members**" may become the holder of an RDSP that is opened for the first time for an adult individual whose contractual competence may be in doubt and who does not have a legal representative appointed under provincial legislation.

This temporary measure came into force on June 29, 2012 and will **expire after December 31, 2023**. This measure is intended to provide provinces and territories time to develop long-term solutions to address legal representation issues. An individual who becomes a holder of an RDSP under these rules will generally be able to remain a holder of the RDSP after 2023. As of 2024, a qualifying family member will only be able to open a disability savings plan when he/she is transferring an existing plan for which he/she is the holder.

3.2.1 Eligibility Requirements

The holder must provide the FI with the following:

- If the holder is an individual:
  - his or her SIN; and
  - his or her full name, date of birth, and gender.

- If the holder is a public department, agency, or institution legally authorized to act for the beneficiary, its BN; and
- The beneficiary's name, address, date of birth, gender and SIN.

3.3   The Beneficiary

The beneficiary is named on the RDSP by the holder. The beneficiary of the RDSP is the person **who will receive the money** from the RDSP.

The RDSP is operated exclusively for the benefit of the beneficiary. Once the holder has named the beneficiary of the RDSP, the decision is irrevocable and the beneficiary must remain the same for the duration of the RDSP. A beneficiary **can have only one RDSP** at any given time.

3.3.1 Eligibility Requirements

To open an RDSP, the beneficiary:

- must be a **Canadian resident**;
- must have been assessed as having a severe and prolonged impairment in physical or mental functions and be **eligible for the Disability Tax Credit** (DTC);
- must be **no more than 59 years of age** by December 31 of the calendar year the RDSP is opened (unless the RDSP is opened as a result of a transfer from the beneficiary's prior RDSP); and
- must have a **valid SIN.**

4 Privacy Requirements

4.1   The Protection of Information

Certain eligibility criteria associated with the RDSP and the bond and grant, require FIs to collect or verify information provided by the holder. Consequently, two federal privacy laws are applicable:

- The *Privacy Act* (PA)
- The *Personal Information Protection and Electronic Documents Act* (PIPEDA)

Federal and provincial privacy legislations stipulate how organizations in the private sector must manage the collection, storage and **use of personal information**. Therefore, when assisting clients who are applying for the grant or the bond, it is important to be aware of and understand the privacy legislation in place within each jurisdiction.

FIs can assure their clients that any information provided during the RDSP and the grant and the bond application process will **respect the client's privacy** in compliance with federal and provincial privacy legislation.

4.1.1 The *Privacy Act*

The *Privacy Act* (PA) imposes obligations on federal departments regarding an individual's privacy rights by **limiting the collection, use and communication of personal information**. The PA also gives all individuals present in Canada access to federal information about themselves and specifies how the government can collect, use, disclose, and retain personal information. The information can be:

- age;
- medical record;
- identification, number or symbol unique to an individual
- family status; and
- Social Insurance Number.

PA requires that government institutions develop and maintain an index of personal information holdings called **Personal Information Banks** (PIBs).

The index is a means of organizing information for the purpose of public access and ensures that Personal Information Banks (PIBs) are registered, approved, and identified in InfoSource.

For more information about the *Privacy Act*, visit the Web site for the Office of the Privacy Commissioner of Canada.

4.1.2 *The Personal Information Protection and Electronic Documents Act*

The *Personal Information Protection and Electronic Documents Act* (PIPEDA) is federal legislation that **protects personal information**. PIPEDA sets out principles that organizations, individuals, associations, partnerships, and trade unions must follow when collecting, using, and disclosing personal information in the course of a commercial activity.

PIPEDA applies to the commercial activities of the federally regulated private sector (such as banks), the retail sector, publishing companies, the service industry, manufacturers, and other provincially regulated organizations

4.2 The Collection, Use and Sharing of Personal Information

FIs must collect and share information about the holder, the beneficiary and a child's parent(s), family members, legal guardian and/or primary caregiver for the purposes of registering an RDSP and applying for the grant and the bond.

4.2.1 Sharing of Client Personal Information

The authority of the Government of Canada to **collect, use, and share personal information** and other information included on the form, "Application for the Canada Disability Savings Grant and/or Canada Disability Savings Bond", for the purposes described on the form, is provided under the *Canada Disability Savings Act*, the *Department of Employment and Social Development Act* and the *Income Tax Act*.

Once under the control of ESDC, that information is administered in accordance with all applicable laws including the *Canada Disability Savings Act*, the *Privacy Act* and the *Department of Employment and Social Development Act*. Once under the control of the CRA, that information is administered in accordance with all applicable laws including the *Privacy Act* and the *Income Tax Act*.

The information included on this form and the information regarding the RDSP **may be used by and shared between ESDC, CRA, and the FI** for the administration (which may include policy analysis, research and evaluation) of the *Canada Disability Savings Act* and the *Income Tax Act*.

Collect, use and sharing of client personal information for RDSP contract registration and payment of grant and bond

FI collects from grant/bond application form:		FI collects from RDSP contract:
• Holder(s) name and SIN (or BN)	**Step 1** (Contract created with FI)	• Holder(s) SIN (or BN), name, beneficiary's SIN, and date of birth
• Beneficiary name, SIN, and date of birth	**Step 2** (Issuer reports to the HRSDC)	
• Primary caregiver(s) name, and SIN (or BN)	**Step 3** (CDSP System validation)	
	Step 4 (SIR validation)	ESDC sends the information to the Social Insurance Registry for validation: • Holder(s) SIN (or BN), and name • Beneficiary SIN, name and date of birth
ESDC sends the information to the Canada Revenue Agency to verify: • Eligibility for the Disability Tax Credit • Canadian residency • Beneficiary's Family Income	**Step 5** (CRA verification)	
	Step 6 (Contract registration)	
	Step 7 (Grant and Bond payment)	Information is communicated back to the FI in their monthly reports

5 Exchange of Information

To determine if an RDSP is eligible to be registered, to pay grant or bond or to report statistical data, the **CDSP System exchanges information** with the following:

- Financial institutions
- The Canada Revenue Agency (CRA)
    - Registered Plans Directorate (RPD)
    - Benefit Programs Directorate (BPD)
- ESDC
    - The Social Insurance Registration Office (SIR)
    - The Canada Education Savings Program's CDSP System
    - The Office for Disability Issues (ODI)
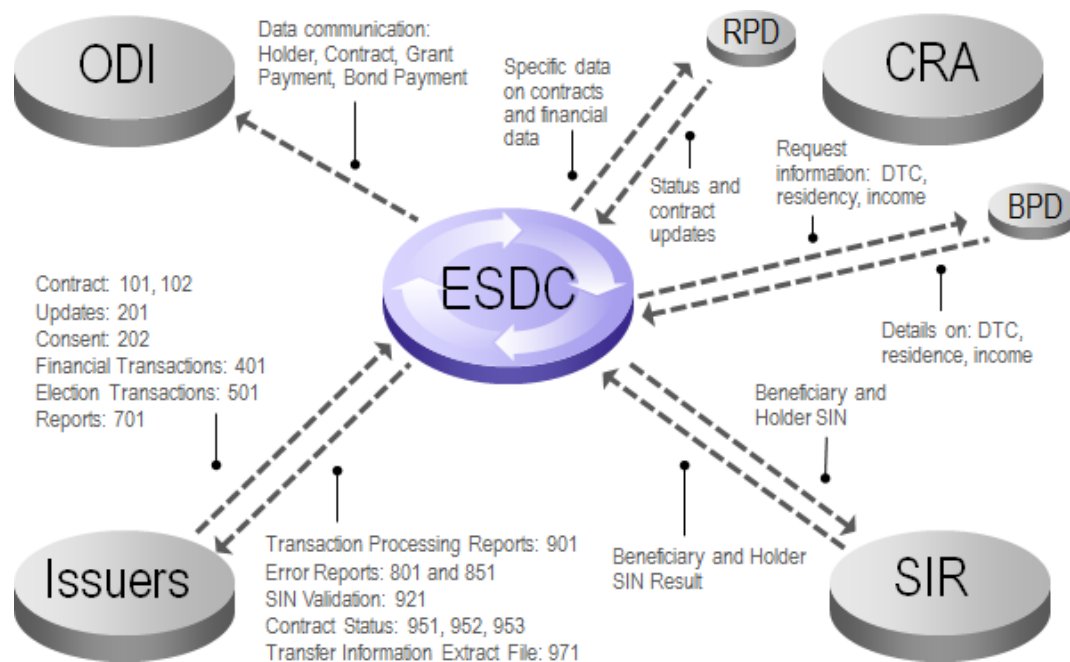
The FI sends to the CDSP System:

- Contract registration transactions
- Non-financial RDSP updates and modifications
- Financial transactions
- Reporting transactions

The CDSP System sends to SIR, CRA or ODI:

- Beneficiary and holder personal information to SIR
- Beneficiary, holder, contract and financial information to CRA
- Information on plans, contracts, grant and bond payments, and RDSP fair market value reports to ODI

SIR:

- Validates beneficiary and holder identity
- Sends result to the CDSP System
- Sends to the CDSP System updates on SIN Usability

CRA validates information received from the CDSP System with two directorates:

- RPD reviews contracts for registration purposes and verifies their status.
- BPD provides beneficiary's DTC eligibility, residency, and family income.

The Office for Disability Issues:

- Receives, for statistical purposes, information from the CDSP System regarding contracts, grant and bond payments and the fair market value of plans.

6 RDSP Process Overview

6.1 Opening an RDSP

There are three steps in opening an RDSP:

Step 1: Choosing the financial institution

A list of the financial institutions that offer RDSPs can be found on ESDC's website at: http://www.esdc.gc.ca/eng/disability/savings/rdsp.shtml

Step 2: Providing the Required Information

The holder who opens the RDSP must ensure that they provide the FI with all the relevant information regarding themselves, the primary caregiver (if applicable) and the person named as the beneficiary of the RDSP.

Step 3: Making a Contribution and/or Applying for Grant and Bond

Only the holder, or those who have received the written consent of the RDSP holder, may deposit contributions into the RDSP. The contributions are made

in trust to the FIs to be invested, used, or applied by the FI for the purpose of making payments to the beneficiary.

Contributions cannot be made if the beneficiary has died.

Contributions are required to trigger the grant. No contributions are required to trigger the bond.

6.2   Application and Payment Process

The following illustration provides an at-a-glance snapshot of the RDSP application and payment process.
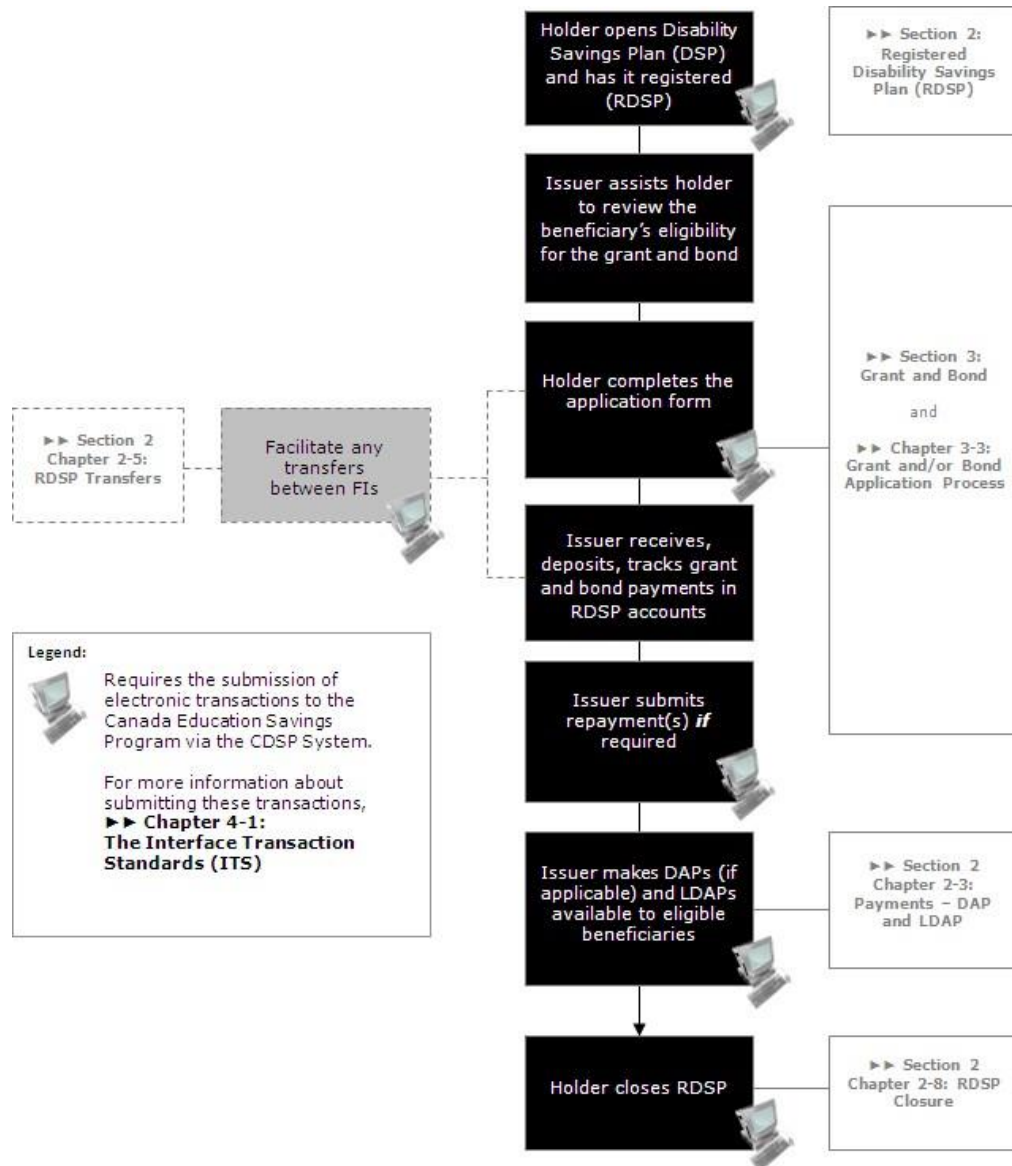
1-2

Key Concepts

There are a number of legislative and program elements governing the delivery and administration of the Canada Disability Savings Grant (CDSG) and the Canada Disability Savings Bond (CDSB), which is administered by Employment and Social Development Canada (ESDC).

In this Guide, these elements are referred to as *Key Concepts*.

Understanding these key concepts will allow Registered Disability Savings Plan (RDSP) issuers to assist the holder in applying for and receiving the CDSG and the CDSB for which the beneficiary qualifies.

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1 Legislative authorities – ESDC and CRA

Employment and Social Development Canada (ESDC) and the Canada Revenue Agency (CRA) work together in administering the CDSG and the CDSB under these legislative authorities:

- The *Canada Disability Savings Act* (CDSA), which authorizes payment of the CDSG and the CDSB.
- The *Canada Disability Savings Regulations* (Regulations) set out the requirements for the payment of the CDSG and the CDSB, the terms and conditions of the Issuer Agreement, and authorize the collection of information.
- The *Income Tax Act* (ITA) governs Registered Disability Savings Plans (RDSPs).

1.1   The *Canada Disability Savings Act*

The purpose of the CDSA is to encourage long term savings through RDSPs to help people with severe and prolonged disabilities and their families save for the future.

The CDSA **establishes the CDSG and the CDSB** and outlines some of the conditions and obligations with respect to the payment and re-payment of the CDSG and the CDSB.

The CDSA establishes the **amount of CDSG** that may be paid into a beneficiary's RDSP in respect of contributions made to the plan and establishes the **amount of CDSB** that may be paid. The CDSA also sets out the conditions and obligations related to the payment of CDSG and CDSB.

1.2   The *Canada Disability Savings Regulations*

The Regulations complete the legal framework established by the CDSA for the payment and repayment of the CDSG and the CDSB as well as **ensure consistent treatment and application of program rules**. The Regulations also establish the requirements for the payment of the CDSG and the CDSB, the terms and conditions that must be included in the agreements between ESDC and the issuer authorized to offer the RDSP, the circumstances under which the CDSG and the CDSB must be repaid, and the type of personal information that may be collected by ESDC which is disclosed to CRA.

1.3   The *Income Tax Act*

Section 146.4 of the ITA provides measures that allow for the **creation and the administration of the RDSP** – the vehicle used for depositing the CDSG and the CDSB. The ITA sets clear guidelines on the conditions required

in order for the Disability Savings Plan (DSP) of a beneficiary to become an RDSP.

The ITA describes the eligibility criteria for holders and beneficiaries, the types of payment that can be made from the plan, the contribution limits and the taxation of the Disability Assistance Payment (DAP) and the Lifetime Disability Assistance Payment (LDAP).

2 Registered Disability Savings Plan

As previously noted, an RDSP is a long-term savings plan designed to help people with severe and prolonged disabilities and their families **save for the future**. The holder initiates the RDSP registration process by entering into a DSP with an RDSP issuer and requesting that the DSP be registered with the CRA. Once successfully registered, the DSP becomes an RDSP and, as such, the repository for contributions, grants and/or bonds, and accumulated earnings. **See section 2: Registered Disability Savings Plan (RDSP)**.

The payment of the CDSG and the CDSB has specific requirements. These are addressed in the related chapters. **See section 3: Grant and bond**.

3 Specified Disability Savings Plan

A Specified Disability Savings Plan (SDSP) is a measure to provide beneficiaries who have a **shortened life expectancy** with greater flexibility to access their RDSP savings. Withdrawals from an SDSP will not trigger a repayment of the assistance holdback amount (AHA) (or the proportional repayment rule) (**see chapter 3-6**). To designate the RDSP as an SDSP, the holder needs to make an election (**see chapter 2-3**).

However, once the election is made, no contributions can be made and the plan will not be entitled to any new CDSG or CDSB. Furthermore, beneficiaries will not be eligible to carry forward any CDSG or CDSB amounts for those years. Education savings rollovers are not permitted when the plan is an SDSP; only rollovers of retirement savings proceeds are permitted.

The SDSP designation will be removed if the holder requests that the election be reversed or if one of the SDSP conditions is broken.

4 RDSP contribution limits

For contributions, there is no annual limit, but there is a **lifetime limit of $200,000**.

5 Social Insurance Number

The Social Insurance Number (SIN) is a key information element used by the Canada Disability Saving Program (CDSP) System. **See chapter 4-1: How to resolve common problems.**

To establish and register a DSP, a SIN is needed for the beneficiary and all holders. A business number (BN) is needed if the holder is a public department, agency or institution.

The CDSB requires additional SIN information for the primary caregiver. Therefore, when applying for CDSG or CDSB, see **section 3 – Grant and bond** for SIN requirements.

5.1   SIN – A unique identifier

A SIN is needed for the beneficiary in order **to establish and register a DSP**.

The beneficiary's SIN is used by the CDSP system to:

- provide the CRA with registration information about the plan;
- record RDSP activities; and
- pay CDSG or CDSB.

5.2   Importance of accurate information

The beneficiary's SIN is subject to rigorous validation checks. In order to ensure payment of the CDSG and the CDSB, it is critical to verify the accuracy of the beneficiary's SIN and associated information when completing the RDSP process and applying for the CDSG and the CDSB. **Inaccurate SIN information will delay the DSP's registration** as well as the approval of the payments of the CDSG and the CDSB.

The beneficiary's SIN is electronically validated against the ESDC Social Insurance Registry's (SIR) database in the following manner:

- Every beneficiary information transaction is initially **validated with the SIR** to ensure that the SIN, Given Name, Surname, Birth Date, and Gender reported on the transaction correspond with the information held on file at the SIR.
- If the SIR reports that the information provided in the transaction does not match its records, then the CDSP System rejects the transaction and **reports the error** to the issuer in the error report.
- CDSG and CDSB payment will be **delayed until the correction is made,** resubmitted to the CDSP System, and successfully validated at the SIR.

5.3   The holder's SIN or business number

To establish and register a DSP, the holder must provide the issuer with his or her **SIN**.

If the holder is a public department, agency, or institution that is legally authorized to act on behalf of the beneficiary, the business name, address and **BN** must be provided to the issuer to establish and register a DSP.

5.4   Applying for a Social Insurance Number

The SIN application form and instructions can be obtained from any Service Canada office or online at:
http://www.servicecanada.gc.ca/eng/sc/sin/index.shtml

6 The RDSP account

An RDSP is comprised of the following:

- Contributions made to the RDSP by the holder (or by any entity with the written permission of the holder), including rollovers
- CDSG
- CDSB
- Provincial incentives
- Earnings

When a financial transaction is processed for the beneficiary, funds are deposited into or withdrawn from the RDSP.

The **CDSP System tracks these various activities** to ensure CDSG and CDSB limits are not exceeded. If these limits are exceeded, the plan may risk losing its registration status.

RDSP issuers must track financial transactions within the beneficiary's RDSP.

7 Key concepts specific to grant & bond

There are other important key concepts that are associated with, and unique to, each of the CDSG and the CDSB. These are defined and elaborated on within each related chapter of **section 3: Grant and bond**.

C H A P T E R

2-1

Registered Disability Savings Plan

The Registered Disability Savings Plan (RDSP) is a Disability Savings Plan (DSP) that is registered with the Canada Revenue Agency (CRA). It is a long-term savings plan designed to help Canadians with disabilities and their families save for the future. More specifically, it is an arrangement between the RDSP issuer and holder(s).

The holder makes or authorizes contributions to an RDSP. In return, the RDSP issuer agrees to use the accumulated funds to make disability assistance payments (DAPs) to the beneficiary designated by the holder. RDSP earnings are not taxable until they are withdrawn from the RDSP.

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1. Overview

An RDSP is a long-term savings plan intended to help Canadians with severe and prolonged disabilities and their families **save for the future**. The beneficiary named under an RDSP must be eligible to receive the Disability Tax Credit (DTC).

All funds in the plan are intended to be used solely for the beneficiary. When the plan holder names the beneficiary of the RDSP, that beneficiary remains as beneficiary for the duration of the plan.

An RDSP is a trust arrangement between a holder and a trust company in Canada. The RDSP contract includes terms and conditions that the holder must agree to, for the continued registration and operation of the plan, such as:

- contribution eligibility and limit;
- minimum withdrawal requirements and maximum withdrawal limits;
- conditions for requesting elections in the RDSP; and
- holder eligibility.

The RDSP contract may include terms that determine:

- whether contributions will be intermittent or on a regular basis (at the discretion of the holder);
- fees;
- investment options; and
- whether a DAP, which is not a Lifetime Disability Assistance Payment (LDAP) is allowed.

RDSPs are subject to rules that govern eligibility, contributions, payments, earnings, plan closure or continued registration and the transferring of monies. Compliance with these rules ensures the continued registered status of the RDSP.

With the **written permission** of the plan holder, anyone can contribute to an RDSP until the end of the calendar year in which the beneficiary turns 59 years of age. Contributions are not tax deductible; however, the earnings generated on contributions are tax-exempt while in the plan.

When DAPs or LDAPs are made from the plan, the portion representing contributions (that are not rollovers) is not included in the income of the beneficiary. However, the grant, the bond, payments from designated provincial programs, earnings in the plan and any retirement and education savings amounts that have been rolled over into the plan – including their earnings, will be included in the beneficiary's income for tax purposes when paid out of the RDSP.

Note: Retirement savings rollovers and education savings rollovers count as contributions when determining if an RDSP is a primarily government assisted plan or not. They also count towards reducing the $200,000 lifetime contribution limit.

On the request of the holder, the issuer invests the funds contributed. When the beneficiary is eligible to receive payments, all available amounts in the plan are used to make DAPs and/or LDAPs.

The **main parties involved** in the RDSP are:

- the holder;
- the beneficiary;
- the issuer;
- Employment and Social Development Canada (ESDC); and
- CRA.

1.1. How it works

Application process - A holder must meet with a participating RDSP issuer, open an RDSP, and name an eligible beneficiary.

Eligibility criteria - The holder and participating RDSP issuer ensure that all eligibility criteria for the registration of the RDSP have been met.

RDSP contributions - The holder, or anyone with written permission from the plan holder, makes and authorizes contributions to the RDSP.

Grants and bonds - An application can be made by the holder to obtain matching grants and bonds.

Payments from an RDSP - DAPs and LDAPs can only be made to the beneficiary, or to the beneficiary's estate. The identity of the beneficiary appears in the plan documentation.

1.2. When contributions must stop

Contributions can be made to an eligible beneficiary's RDSP until the earliest of:

- December 31 of the calendar year in which the beneficiary reaches **59 years** of age;
- the time when contributions to the plan (and any prior RDSP of the beneficiary) total **$200,000**; and
- the beneficiary's **death**.

1.2.1. When contributions must stop temporarily

- **Loss of DTC**
- **Non-residency**

Contributions can begin after the beneficiary regains their DTC and residency.

1.3. RDSP lifespan

There is **no specific time limit** set out in legislation prescribing the date when an RDSP must be terminated. The *Income Tax Act* (ITA) sets out the circumstances when an RDSP must be closed. They include: loss of prolonged mental or physical impairment; RDSP non-compliance; beneficiary's death; transfer; or voluntary RDSP termination.

2. Key elements of an RDSP

2.1. Eligibility

An RDSP can be established if:

- the beneficiary has a valid Social Insurance Number (SIN);
- the holder has either a valid SIN or Business Number (BN);
- the beneficiary is eligible for the DTC;
- the beneficiary is resident in Canada; and
- the beneficiary is 59 years of age or less at the end of the calendar year that the RDSP is opened. This age limit is not applicable when a beneficiary's RDSP is opened as a result of a transfer of an RDSP from a previous issuer to a new issuer.

For an RDSP to be registered by CRA, the following steps must be completed:

- the issuer must provide ESDC with accurate and complete information;
- the Social Insurance Registry must validate the SINs of the beneficiary and the holder (or if the holder is an organization, its BN); and
- CRA must confirm and successfully validate the beneficiary's DTC eligibility and residency.

2.2. Process to open an RDSP

There are three steps that a holder needs to follow to open an RDSP.

2.2.1. Step 1: Choose an issuer

The holder chooses an issuer that offers the RDSP. A list of participating issuers can be found on the ESDC Web site at: https://www.canada.ca/en/employment-social-development/programs/disability/savings/rdsp.html#financial.

2.2.2. Step 2: Provide the required information

The holder must provide the issuer with all relevant information concerning themselves, along with the required information on the beneficiary of the RDSP.

2.2.3. Step 3: Make a contribution (optional)

The holder, or anyone with written permission from the RDSP holder, may contribute to an RDSP. Contributions are made in trust to the issuer and will be invested, used or applied by the issuer to make funds available for use by the beneficiary. Contributions are not required to attract the bond.

3. Beneficiary

The beneficiary of an RDSP is the individual who receives money from the plan in the future. To be named the beneficiary of an RDSP, an individual must:

- have a valid SIN;
- be **resident in Canada** at the time the RDSP is opened*;
- be eligible for the **DTC**; and
- be 59 years of age or less on December 31 of the calendar year the plan is opened*.

*A non-resident, and/or an individual aged 60 and over, can be named the beneficiary of an RDSP if the plan is opened as a result of a transfer from their prior RDSP.

Once the holder has named the beneficiary for the RDSP, the beneficiary will remain for the duration of the RDSP. The decision is irrevocable. A beneficiary can **have only one RDSP** at any given time. However, in the case of a transfer, two RDSPs may be opened for a limited period of time.

3.1. Contractual competency

Common Law presumes that a person is competent to enter into a contract once he or she has attained the age of majority. It can be difficult to determine whether a person lacks the capacity to enter into a contract as there may be medical and/or legal considerations. Also the standards for capacity and competence are not the same in all provinces. When doubt exists, legal and/or medical advice should be sought.

Under current rules, when an RDSP is established for a beneficiary who is of age of majority, the plan holder must be either the beneficiary or, if the beneficiary lacks the capacity to enter into a contract, the beneficiary's guardian or other legal representative.

However, a number of adults with disabilities have experienced difficulties in establishing a plan because their capacity to enter into a contract is in doubt. Questions of appropriate legal representation in these cases are a matter of provincial and territorial responsibility. In many provinces and territories, the only way that an RDSP can be opened in these cases is for the individual to be declared legally incompetent by a court or tribunal and have someone named as their legal guardian – a process that can involve a considerable amount of time and expense and may have significant repercussions for the individual.

In 2012, the federal government introduced a temporary measure to allow qualifying family members (spouses, common-law partners or parents) to become plan holders of the RDSP for an adult who might not be able to otherwise enter into a contract. The Qualifying Family Member measure seeks to ensure that individuals who might not be contractually competent and who do not have a legal representative can still benefit from RDSPs.

3.2. Death of the beneficiary

In the event of the beneficiary's death, the RDSP must be closed no later than **December 31 of the following calendar year**.

4. Holder

The holder of the RDSP is **the person or organization that opens and manages the RDSP** and makes or authorizes contributions to the RDSP. To be a holder, an individual or organization must have a valid SIN or BN. The holder does not need to be a resident of Canada.

The table below illustrates who can be the holder in light of provincial legislation setting out the age of majority, the general law on competency to enter into contracts, and federal legislation governing the establishment of RDSPs.

Who can be the holder when an RDSP is opened?			Beneficiary	Legal parent	Qualifying family member	Legal representative
For a beneficiary under the age of majority			No[1]	Yes	No	Yes
For an adult beneficiary	who **is not** contractually competent		No	No	No	Yes
	who **is** contractually competent		Yes	No[2]	No	No
	whose contractual **competency is in doubt**		No	No (Yes as QFM)	Yes	No[3]

[1] Some exceptions may apply.
[2] Exception when transferred.
[3] If a legal representative is opening an RDSP, then the beneficiary is not contractually competent, therefore this situation is not applicable.

The holder must provide the issuer with:

- their SIN;
- full name, date of birth and gender;
- the beneficiary's full name, address, date of birth, gender and SIN; and
- if the holder is a public department, agency or institution, it must provide the issuer with its BN.

Budget 2012 announced that certain family members may become the holder of an RDSP for an adult individual who might not be contractually competent to enter into an RDSP.

This temporary measure came into force on June 29, 2012 and will expire on December 31, 2023. An individual who becomes a holder of an RDSP under these rules will generally be able to remain the holder of the RDSP after 2023. After 2024, a qualifying family member will only be able to open a disability savings plan, because he/she is transferring an existing plan for which he/she is the holder.

4.1. Beneficiary reaches the age of majority

When the beneficiary of an RDSP reaches the age of majority in the province/territory where he or she resides, one of the following two situations will apply to the holder:

- **If the RDSP holder is the legal parent,** the beneficiary may be added to the RDSP as a joint holder if he or she so wishes and the specimen plan of the issuer permits this. In all other cases, the beneficiary is the only one who can be a holder of the plan once he or she has reached the age of majority and is legally able to enter into a contract.
- **If the RDSP holder is someone other than the legal parent,** that person or body must be removed as the holder of the plan. In such a case, the beneficiary must be added as the holder. If the beneficiary is not contractually competent, then the legal representative of the beneficiary, such as a court appointed guardian, can be the holder.

Who can be the holder now that the beneficiary has reached the age of majority*? *beneficiary was under the age of majority when the RDSP was opened		Beneficiary	Legal parent	Legal representative
	The beneficiary **is** contractually competent	Yes	The legal parent may remain the holder or one of the holders if he/she was already the plan's holder before the beneficiary has reached the age of majority	No
	The beneficiary **is not** contractually competent	No		Yes

Joint holders are also possible as in the case where two legal parents wish to enter into the contractual agreement with the issuer or it can be a single entity. A holder can also be an entity who attains rights under the RDSP as a successor or assignee of a plan holder.

4.2. Qualifying family member

For an adult who might not be contractually competent to enter into an RDSP, qualifying family members (QFM) may become the holder of an RDSP if:

- the beneficiary has attained the age of majority and is not a beneficiary under another disability savings plan;
- there is no entity that is legally authorized to represent the beneficiary; and
- after reasonable inquiry, the issuer is of the opinion that the beneficiary's contractual competence to enter into a disability savings plan contract is in doubt.

4.2.1. Who can be a qualifying family member

- a **legal parent** of the beneficiary;
- a **spouse or common-law partner** of the beneficiary who is not living apart and separate from the beneficiary because of a breakdown of their marriage or common-law partnership.

A QFM ceases to be the holder of the plan and is replaced by either the beneficiary or a qualifying person[1] when:

- the beneficiary is **determined to be contractually competent** or, in the issuer's opinion, after reasonable inquiry, the beneficiary's contractual competence to enter into a RDSP is no longer in doubt. The beneficiary notifies the issuer that he/she chooses to become the holder of the plan; or
- an **entity is legally authorized to act** on behalf of the beneficiary. The qualifying person must notify the issuer of its appointment. The qualifying family member ceases to be holder and the qualifying person becomes the new holder.

4.3. Holder replacement

Over the lifetime of an RDSP and under certain conditions, the holder can change. If at any time the plan holder (other than a QFM) ceases to be an eligible holder, they must be replaced with someone who is eligible to be a holder. There must always be at least one holder at all times. For example, if the beneficiary's mother is the plan holder and she dies, the beneficiary or the beneficiary's subsequent legal guardian will need to replace the deceased parent as the new plan holder.

A **new grant/bond application form** is needed if grant and bond are requested by the new holder. If the new holder is not requesting grant and bond, there is no need to complete a form.

For further information on contract law and legal representation, contact the government of the respective province or territory.

For further information on who can be a holder, contact the Registered Plans Directorate, CRA:

Toll free in Canada

- For service in English 1-800-267-3100
- For service in French 1-800-267-5565

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[1] A qualifying person as defined in the *Income Tax Act*, section 146.4

> TTY users can call 1-800-665-0354 for bilingual assistance during regular business hours.

4.4. Issuer responsibility

If there is a dispute regarding the issuer's acceptance of a qualifying family member as a plan holder, the holder is required to avoid actions that would reduce the fair market value of the plan's property.

No action lies against an issuer if after entering into a disability savings plan with a qualifying family member, it is determined that the RDSP beneficiary is contractually competent.

5. Legal representative

A legal representative is an individual or institution that is legally authorized to act on behalf of the beneficiary. Provincial and territorial laws as well as Common Law govern can be a legal representative. Generally, a legal representative can be:

- a **legal parent** of the beneficiary who has not reached the age of majority;
- a **legal guardian, tutor, curator or an individual** who is legally authorized to act on behalf of the beneficiary;
- a **public department, agency or organization** that is legally authorized to act on behalf of the beneficiary.

5.1. Contractual competency

Where a beneficiary has reached the age of majority and is not contractually competent, as determined by a medical doctor, the beneficiary's **legal representative** will be required to assume and carry out their contractual obligations.

Parental authority does not automatically provide the right to be a legal representative of a beneficiary who has reached the age of majority. This remains true whether the adult beneficiary is contractually competent or not.

As previously mentioned, a temporary measure in which a **QFM** may become the holder for an adult beneficiary who is not contractually competent was announced. This measure will apply until December 31, 2018.

6. Primary caregiver

For a beneficiary who has not yet reached the age of majority (and for beneficiaries celebrating their 18th birthday in the current year), ESDC validates certain information against the CRA Canada child benefit (CCB) database.

6.1. Primary caregiver(s)

The primary caregiver is:

- the individual who is eligible to receive the CCB and **whose name appears on the CCB payment**; or
- the Department, Agency or Institution that **receives the allowance payable under the *Children's Special Allowances Act***.

The information on the primary caregiver is:

- used to verify eligibility for the **DTC** as well as **residency;**
- used to verify **family income**;
- required for **contract registration** purposes;
- required for each **grant and bond request** submitted to ESDC; and
- required until the end of the calendar year the beneficiary turns 18.

6.2. Shared custody

Parents that share the custody of a child are able to receive and share CCB and credits for children throughout the year.

There could be two different income levels for a beneficiary aged 18 or under (one for each primary caregiver) for each month in the year. The Canada Disability Savings Program (CDSP) system will choose the income level that is the most advantageous for the beneficiary to determine the grant entitlements.

See Chapter 3-1, Section 2.5 and Chapter 3-2, Section 2.5 for more information on shared custody.

7. Social Insurance Number/business number

A person's SIN or an organization's BN is a key piece of information used to establish and maintain an RDSP. SINs and BNs are also key elements used by the CDSP system for the grant and the bond.

To establish and register a DSP, a SIN is also needed for the **beneficiary** and either a SIN or a BN is needed for the **holder(s)**.

The grant and the bond require SIN information for the **primary caregiver**. Therefore, when applying for grant or bond, verify SIN requirements outlined in **Section 3 – Grant and Bond**.

The SIN/BN is used to:

- register the DSP;
- apply for the grant and/or the bond;
- ensure that accurate RDSP records are maintained;
- track contributions to the RDSP;
- verify eligibility for the grant and bond;
- track grant and/or bond payments to the RDSP;
- track repayment of the Assistance Holdback Amount (AHA) or proportional repayment amount when withdrawals are made from the RDSP; and
- track DAPs and LDAPs.

7.1. Applying for a SIN

Visit www.servicecanada.gc.ca (keyword search 'SIN') to find out which documents are required, or call 1 800 O-Canada (1 800 622-6232) for more information, or visit your local Service Canada Centre.

8. DTC

The DTC, also known as the disability amount, is a non-refundable tax credit that reduces the amount of income tax that an individual with a severe and prolonged disability may have to pay. Families, who care for a child under age 18 and are eligible to receive the CCB, will receive the Child Disability Benefit (CDB) if the child is also eligible for the DTC.

An individual must be eligible for the DTC in order to be the beneficiary of an RDSP and for that RDSP to receive grant and bond.

To be eligible for the DTC, a qualified medical practitioner must certify on the CRA Form T2201- Disability Tax Credit Certificate that the person with the impairment meets the criteria established under the ITA, and the CRA must approve the application.

8.1. Loss of DTC eligibility

Should a beneficiary no longer be eligible for the DTC, the RDSP must be closed no later than December 31 of the calendar year following the

first full calendar year that the beneficiary is no longer eligible for the DTC and the beneficiary remains DTC-ineligible in this second year.

However, in the case where a beneficiary becomes DTC-ineligible and might, due to the nature of their condition, be eligible for the DTC once more at a later date, the period for which an RDSP may remain open may be extended if the holder elects to do so. See Chapter 2-6: Closing an RDSP for more information.

For further information on the DTC, contact CRA:

- For service in English: 1-800-959-8281
- For service in French: 1-800-959-7383
- TTY: 1-800-665-0354

Web site: http://www.cra.gc.ca/disability

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9. Residency

A person is considered resident in Canada for RDSP purposes if that person is also considered a resident for income tax purposes.

The beneficiary of an RDSP must be **resident in Canada** for the following purposes:

- RDSP contract registration (unless the RDSP is being established by way of a transfer from an existing RDSP);
- contributions to be made to the RDSP;
- immediately before the bond is paid into the RDSP; and
- rollover of Registered Retirement Savings Plan (RRSP), Registered Retirement Income Fund (RRIF), Registered Pension Plan (RPP), Pooled registered Pension Plan (PRPP), Specified Pension Plan (SPP), or Registered Education Savings Plan (RESP) proceeds into the RDSP

Residency is not required for the following purposes:

- for the holder to open an RDSP;
- for the beneficiary to receive payments (DAP/LDAP) from the RDSP.

For further information on Canadian residency, contact International Tax Services Office, CRA at 1-855-284-5942 (toll free in Canada and the United States), or 613-940-8495 (for service in English), or 613-940-8496 (for service in French).

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10. Contributions

10.1. What is a contribution?

Contributions are deposits made into an RDSP that become the **property of its beneficiary**. At the time the contribution is made, the beneficiary must be:

- **resident** in Canada;
- eligible for the **DTC**; and
- **59 years of age or under** as of December 31 of the year the contribution is made.

Contributions to an RDSP can be made by:

- the **holder**(s);
- any entity with the **written permission** of the holder of the plan.

No contribution is permitted if the beneficiary has died.

Contributions to RDSPs cannot be deducted from taxable income of the individual making the contribution. Contributions that are withdrawn (other than retirement savings rollovers and education savings rollovers) are not to be included as income of the beneficiary when paid out of an RDSP.

10.2. Contribution limits

While there are **no annual limits** on the amount of contributions that can be made in respect of a beneficiary, the total amount of all contributions made into any RDSP for the beneficiary must not exceed the **lifetime limit of $200,000**.

10.3. What is not considered a contribution

- the grant
- the bond
- payments made by a designated provincial program
- amounts transferred from another plan
- earnings within the RDSP
- retirement savings rollovers*
- investment income from an education savings rollover*

*Retirement savings rollover and education savings rollover count as a contribution when determining if a RDSP is a primary government

assisted plan or not as well as towards the $200,000 lifetime contribution limit.

10.4. Over-contributions

When the total amount of contributions deposited into an RDSP exceeds the lifetime limit, an over-contribution occurs. Issuers are required to ensure that contributions to an RDSP do not exceed this limit. An **RDSP is considered non-compliant** when contributions have exceeded the lifetime limit. Should this happen, it could result in the termination of the RDSP.

11. Investments, fees, losses and bankruptcy

11.1. Investments

ESDC does not regulate the investment strategies and business practices of the issuers offering RDSPs. Consumers are encouraged to review all pertinent information before signing a contract.

Many of the institutions marketing RDSPs are regulated by provincial securities commissions. These commissions are responsible for administering securities laws and policies, and protecting investors from improper investment practices or violations of securities law. At the federal level, the Financial Consumer Agency of Canada (FCAC) provides Canadians with information about their rights and responsibilities when dealing with issuers. The FCAC also ensures compliance with the federal consumer protection laws that apply to banks and federally incorporated trust, loan and insurance companies.

Investments held in an RDSP must be qualified investments as per the ITA.

11.2. Fees

The issuer **may charge fees** for acting as an administrator and trustee of a plan. However, if fees are charged against funds within the plan, they must not be deducted from the AHA of the RDSP. See Chapter 3-6 for more information on the AHA.

11.3. Losses

The fair market value (FMV) of the RDSP is equal to the total of:

- accumulated earnings;
- contributions;

- rollovers from RRSP, RPP, RRIF, PRPP, SPP, RESP proceeds;
- payments made by a designated provincial program;
- the grant and bond amounts in the RDSP.

Where the FMV is lower than the total of all these amounts, there is an investment loss. All investment losses are first attributed to accumulated earnings, then contributions and finally to retirement savings or education savings rollovers. When losses have reduced these amounts to nil, then the remaining losses – if any – are divided proportionally between the grant account, the bond account and amounts that represent payments from a designated provincial program to the RDSP.

11.4. Bankruptcy

In the case of the bankruptcy of a beneficiary, consult the *Bankruptcy and Insolvency Act.*

C H A P T E R

2-2

Payments

Two types of payment can be made from a Registered Disability Savings Plan (RDSP): a disability assistance payment (DAP) and a lifetime disability assistance payment (LDAP). This chapter explains the general conditions and limits of both types of payment as well as how to apply the DAP/LDAP formulas.

In this chapter

Table of Contents

1. Overview

The following terms and acronyms are used throughout this chapter.

Term	Definition
advantage tax	A tax that the RDSP holder pays under section 207.05 of the *Income Tax Act* in respect of the plan or in respect of a prior RDSP for the beneficiary that was held by the holder. This amount does not include an amount that has been waived, cancelled, or refunded. This amount also does not include an amount that was included in the year or a prior year's non-taxable amount portion of a DAP that was made from the plan or from a prior RDSP for the beneficiary that was held by the holder.
annuity	A contract in which an entity agrees to make a number of payments over a set period of time.
assistance holdback amount (AHA)	The AHA is made up of all the Canada Disability Savings Grant (grant) and the Canada Disability Savings Bond (bond) that have been paid into the RDSP within a 10 calendar year period for a beneficiary by the Government of Canada (less any amounts previously repaid).
disability assistance payment (DAP)	Any payment from an RDSP to the beneficiary or the beneficiary's estate.
fair market value (FMV)	The value of the funds in the RDSP.
lifetime disability assistance payment (LDAP)	Payments which, once started, are payable at least annually until either the plan is terminated or the beneficiary dies.
non-primarily government assisted plan (non-PGAP)	When the total amount of private contributions are greater than or equal to the total amount of government contributions at the beginning of a calendar year. This includes amounts that may have been withdrawn, repaid or lost due to a market fluctuation.

primarily government assisted plan (PGAP)	When the total amount of government contributions are greater than the total amount of private contributions at the beginning of a calendar year. This includes amounts that may have been withdrawn, repaid or lost due to a market fluctuation.
specified maximum amount	The greater of either: • the LDAP formula result, and • 10% of the FMV (the FMV amount excludes locked-in annuity payments) plus the total of all periodic payments paid to the trust from a locked-in annuity during the year, or if the trust disposed of the right to such locked-in annuity payments it is an estimate of the payments that the trust would have paid in the year.
specified year	A specified year begins when the issuer receives the medical certificate attesting that a beneficiary is most likely not to survive beyond five years, and continues for: • each of the five years following the date of the attestation signed by a medical doctor or nurse practitioner if the beneficiary has an RDSP in a specified year. Note that these five years are reduced if the medical certificate is not given to the issuer in the first year; • each subsequent year if the beneficiary has an SDSP. A specified year will exclude any calendar year prior to the one in which a medical certificate attesting the beneficiary's shortened life expectancy is provided to the issuer. For example, a medical doctor or nurse practitioner signs the attestation in 2015 but the issuer doesn't receive the attestation until 2017. In this case 2015 and 2016 are not specified years.

2. Types of payment

RDSPs may offer **two types** of payment:
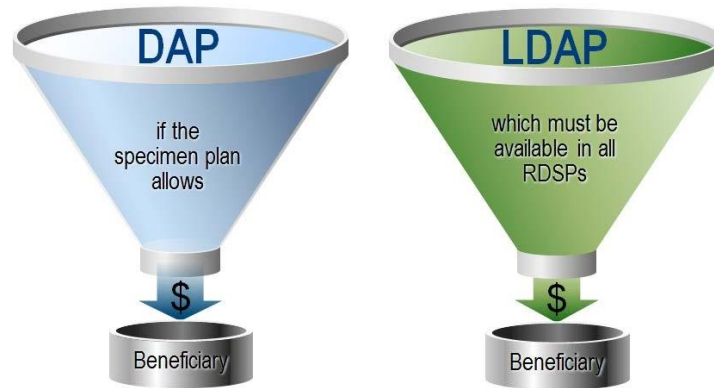
2.1. Disability assistance payment

DAPs are **discretionary payments** from the RDSP that can normally be made at any time to a beneficiary or a beneficiary's estate.

It must be stipulated in the specimen plan if DAPs are permitted by the issuer.

2.2. Lifetime disability assistance payment

LDAPs are payments which, **once started, are payable at least annually** until either the plan is terminated or the beneficiary dies.

LDAPs must begin no later than the end of the calendar year in which the beneficiary turns 60.

> **Example:** John turns 60 years old on August 4, 2034. LDAPs must begin no later than December 31, 2034.

If the beneficiary is 60 years of age or older in the year the plan is established as a result of an RDSP transfer, the new issuer must honour the payment commitments of the prior plan. The new issuer must determine how much (if any) LDAP was paid in the year from the prior plan. The issuer must ensure that any payments that should have been made from the prior plan are paid to the beneficiary under the new plan. The issuer must also ensure that the total of payments made from the prior plan plus the payments from the new plan meet the minimum and maximum payment rules for the year.

2.3. Who can request a DAP or an LDAP

A **holder** can request a DAP or an LDAP **at any time** within the maximum limits. However, in a year where the plan is considered to be a PGAP, a beneficiary who is 27 to 58 years of age (inclusive), can request DAPs and LDAPs without the holder's consent, up to the specified maximum amount. At any other time, holder consent is required.

3. Payment rules

A payment cannot be made from a plan if the FMV of the plan, after the payment, will be less than the AHA.

If the FMV is less than the AHA then…

__NO PAYMENT__

FMV

AHA
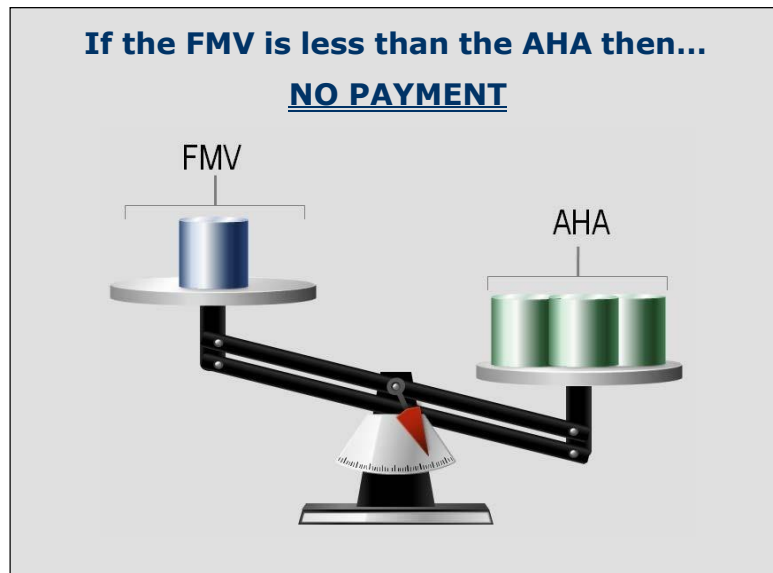
The following table shows annual minimum and maximum payment rules **starting in 2014**:

RDSP in a regular year		PGAP			Non-PGAP		
		DAP	LDAP	DAP+LDAP	DAP	LDAP	DAP+LDAP
Before the end of the calendar year in which the beneficiary turns 59	Max amount	Specified maximum amount**	Formula* result	Specified maximum amount**	No max amount	Formular esult*	No max amount
	Min amount	No min amount	$1.00	$1.00	No min amount	$1.00	$1.00
Beginning the year the beneficiary turns 60	Max amount	Always combined with LDAP	Formula* result	Specified maximum amount**	No max amount	Formula result*	No max amount
	Min amount		Formula result*		Always combined with LDAP	Formula result*	

RDSP in a specified year		DAP	LDAP	DAP+LDAP
Before the end of the calendar year in which the beneficiary turns 59	Max amount	No maximum		
	Min amount	No minimum	$1.00	$1.00
Beginning the year the beneficiary turns 60	Max Amount	No maximum		
	Min Amount	Always combined with LDAP	Formula result*	

SDSP in a specified year		DAP	LDAP	DAP+LDAP
Beneficiary any age	Max amount	$10,000 in taxable amount or no maximum if formula results in taxable amount greater than $10,000		
	Min amount	Formula result*		

*ITA legislated formula, paragraph 146.4(4)(l)
** See ITA 146.4(1), definition "specified maximum amount"

3.1. Payments during specified years

When a medical doctor or nurse practitioner certifies, in writing, that the beneficiary's state of health is such that he/she has a life expectancy of five years or less, the beneficiary is considered to have a shortened life expectancy for the purpose of the RDSP.

A specified year starts when the issuer receives the written attestation. However, the specified year duration starts on the date of the attestation.

> **Example:** The doctor or nurse practitioner signs the attestation in 2015 but the issuer doesn't receive the attestation until 2016. In this case, 2015 is not a specified year. Although the issuer received the attestation in 2016, the specified year duration will nonetheless end in 2020 (five years from the date of the attestation).

In this case, the RDSP holder can choose one of the following options:

- keep the plan as an RDSP in a specified year; or
- designate the plan as an SDSP.

3.1.1. Payment from an RDSP in a specified year

If the holder chooses to keep the plan as an RDSP in a specified year, the beneficiary can receive a payment of any amount. For example, he or she can receive all the funds in the RDSP in a lump sum, or the funds may be spread over the remaining specified year period. There is no yearly maximum limit for payments, but the AHA (or the proportional repayment rule) still applies.

3.1.2. Payment from an SDSP

If the holder chooses to designate the plan as an SDSP by making an SDSP election due to a shortened life expectancy, he or she can withdraw a portion of the plan's assets without having to repay the AHA or the proportional repayment amount.

Payments must start **no later than the year after the year** the RDSP is designated as an SDSP.

> **Example:** An RDSP is designated as an SDSP on March 25, 2021. Payments must begin no later than December 31, 2022.

The total yearly amount of payments from an SDSP must be at least equal to the legislated formula* result. This requirement does not apply if it is the first year of the SDSP's existence. Normally the maximum amount that the beneficiary can receive in the year is a taxable amount of $10,000 and its associated contribution portion. However, if the legislative formula results in a taxable amount that is greater than $10,000, there is no maximum payment amount for that year.

In addition, the holder will not have to repay the AHA or the proportional repayment amount.

*ITA legislated formula, paragraph 146.4(4)(l)

4. Proportional repayment rule

When a payment is requested, the issuer repays to the Government of Canada, **the lesser** of the following amounts:

$3 for every $1 that is withdrawn	**or**	**the assistance holdback amount**

Don't forget: **After the payment, if the FMV is less than the AHA then... NO PAYMENT**.
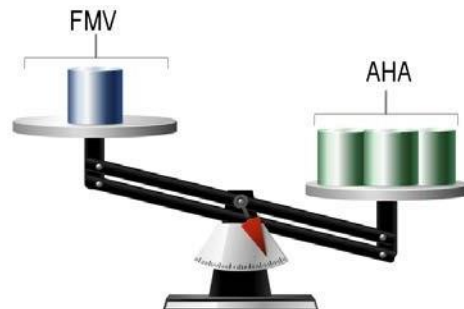
Example: John is the beneficiary of an RDSP that has been in existence for 13 years. The AHA for his RDSP is $7,000. He withdraws an amount of $3,000. Based on the proportional repayment rule, how much is John required to repay?

Solution: $7,000 since the AHA ($7,000) is less than the proportional repayment amount of $9,000 ($3,000 X 3).

4.1 Repayment order

The issuer must repay grants and bonds in the order in which they were paid into the plan, **from the oldest to the newest**, during the AHA period preceding the payment.

Example: Peter opened an RDSP in 2008. In 2014, he withdraws $2,500. He must repay an amount of $7,500, which represents a proportional repayment of $3 for each $1 withdrawn.

Repayment of $2,500 x 3 = $7,500

Based on the payment order, the amounts paid from 2008 to 2011 have to be fully repaid, plus an amount of $1,000 paid in 2012, for a total of $7,500.

Year	Contribution	Grants and bonds	Repayment	Balance of grants and bonds
2008	$500	$1,500	$1,500	$0
2009	$1,500	$3,500	$3,500	$0
2010	$500	$1,500	$1,500	$0
2011	$0	$0	$0	$0
2012	$1,000	$2,500	$1,000	$1,500
2013	$100	$300		$300
2014	$500	$1,500		$1,500
Total	**$4,100**	**$10,800**	**$7,500**	**$3,300**

4.2 Overlapping proportional repayment and AHA

On occasion, an AHA trigger event (a payment is made, the RDSP is terminated, the RDSP is no longer compliant with the ITA, the beneficiary ceases to be DTC-eligible or if the beneficiary dies) may occur that includes a period in which a proportional repayment amount has already been repaid to the Government of Canada. The following example shows how the AHA will be calculated considering this previous grant and bond repayment.

Since she opened her RDSP in 2008, Annette has received the maximum grant and bond payable every year. In 2019, she requests a DAP in the amount of $2,500. Since the 3 for 1 proportional repayment amount ($7,500) is less than the AHA ($45,000), $7,500 is repaid to the Government of Canada.
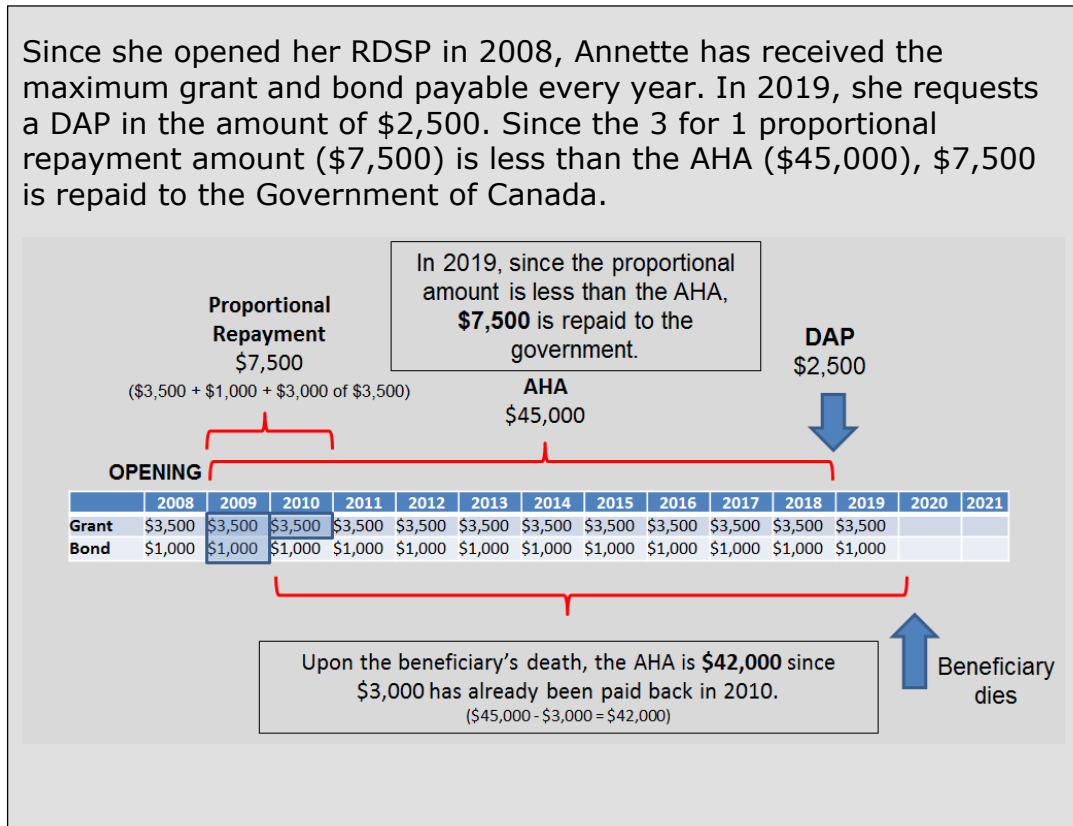
Upon the beneficiary's death in 2020, the AHA must be repaid to the government. Given that this new AHA overlaps the previous repayment amount, that repayment amount will have to be subtracted from the new AHA period total. You cannot repay an amount that has already been repaid.

$45,000 − (repaid grant & bond of $3,000) = **$42,000**

Therefore, the AHA to be repaid to the Government of Canada upon the beneficiary's death will be $42,000.

5. Taxation

Contributions are not tax deductible when they are deposited into an RDSP and they are not taxed when taken out of the RDSP. Note that while retirement savings plan and education savings plan rollovers are not taxable when they are rolled into the RDSP, these amounts are taxable when withdrawn from the RDSP. The investment income earned in the RDSP accumulates tax free within the plan.

However, grants, bonds, payments from designated provincial programs and the investment income earned within the plan are included for tax purposes in the beneficiary's income in the year in which a payment is made.

DAPs and LDAPs include:
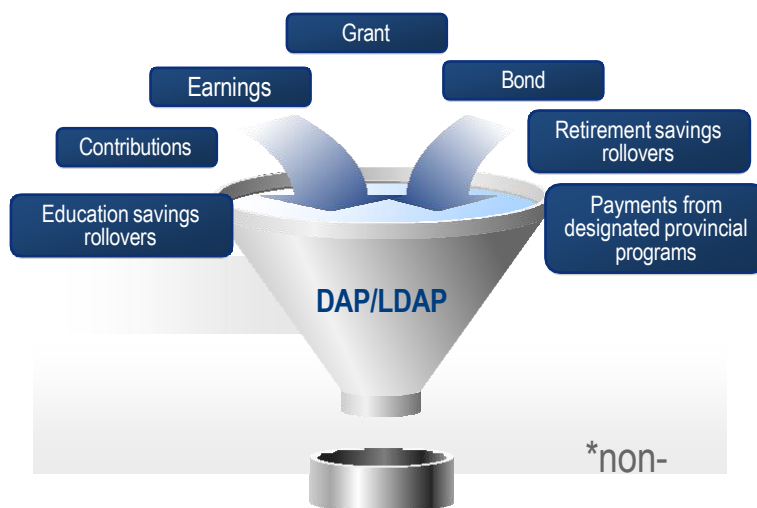
In any DAP or LDAP, there are **taxable and non-taxable portions**.

Taxable portion
- grants   - bonds   - earnings   - payments from designated provincial programs   - rollover of retirement savings proceeds   - rollover of education savings
Non-taxable portion
contributions
Note: in the case of a significant plan loss, grant and bond will count as non-taxable amounts.

If a payment is made after the beneficiary's death, the taxable portion of the payment must be included in the income of the beneficiary's estate in the year in which the payment was made.

6. How to calculate a DAP/LDAP

Here is an overview of the steps needed to calculate a DAP/LDAP. Templates have been added at the end of this chapter to assist in calculations:

Step 1:

Identify the plan type

Determine whether the plan is:

- an RDSP in a regular year;
- an RDSP in a specified year (go to Step 3); or
- an SDSP (go to Step 3).

Step 2:

Determine if PGAP or non-PGAP

At the beginning of the calendar year, determine whether, during its lifetime, the plan contained:

- more private contributions, or
- more government contributions.

Step 3:

Identify the required formulas

Find which formulas are needed.

If the plan is:

- a PGAP RDSP in a regular year, go to 7.1;
- for all other plans, go to 7.2.

Step 4:

Min and Max Rules

Find the applicable minimum and maximum payment rules in section 3.

Step 5:

Find the FMVs

Find the FMV of the property held in the plan:
• on January 1 of the current year; and
• on the date just prior to the DAP.

Step 6:

Beneficiary's age on Jan. 1 & Dec. 31

Determine the age of the beneficiary on:
• January 1; and
• December 31
of the current year.

Step 7:

Grant and Bond

Determine the grant and bond amounts that are older than 10 years (are not part of the AHA).

Step 8:

Determine the AHA

Determine the assistance holdback amount as of the current date.

Step 9:

Begin the calculations

Begin calculating the required formula results needed for a payment.

7. Plans

7.1. RDSP in a regular year - PGAP

If the plan is:

• an **RDSP** in a **regular year – PGAP**

you must calculate the following formula results. These results will be used for reporting and/or to determine the correct minimum and maximum payment requirements. See section 3 for additional information on payment requirements.
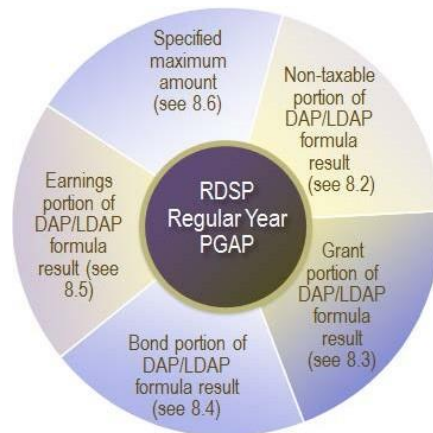
7.2. All other plans

If the plan is:

- an **RDSP** in a **regular year - non-PGAP**

    or

- an **RDSP** in a **specified year**

    or

- an **SDSP**

you must calculate the following formula results. These results will be used for reporting and/or to determine the correct minimum and maximum payment requirements. See section 3 for additional information on payment requirements.
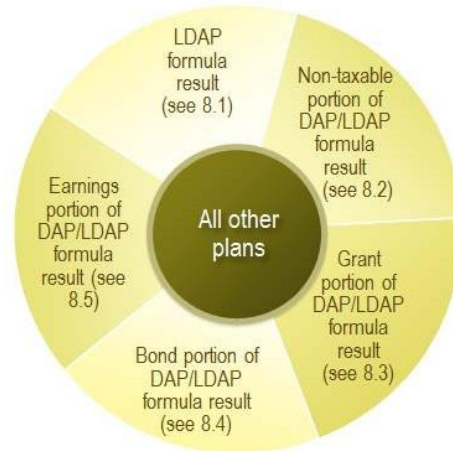
8. Formulas

8.1. LDAP legislated formula

To calculate the minimum and maximum payment requirements, the following formula is applied (see paragraph 146.4(4)(l) of the ITA).

$$A \div (B + 3 - C) + D$$

"A" is the FMV of the property held in the plan on January 1 of the calendar year (excluding the value of locked-in annuity contracts held by the plan trust).

"B" is the greater of 80 and the age of the beneficiary on January 1 of the calendar year.

"C" is the age of the beneficiary on January 1 of the calendar year.

"D" is the total of all periodic payments paid to the trust from a locked-in annuity during the calendar year, or if the trust disposed of the right to such annuity payments it is an estimate of the payments that the trust would have paid in the calendar year.

The result of this formula is used to determine the minimum and maximum payment requirements for a calendar year.

This formula result only needs to be calculated once a year.

8.2. Non-taxable portion of a DAP/LDAP

To calculate the non-taxable portion of a DAP/LDAP, the LDAP legislative formula result must already have been determined (see 8.1) to ensure that the limits are not exceeded. It will not be used in the ensuing calculation unless the amount of the payment is equal to the result of the formula.

The non-taxable portion of a DAP/LDAP **is the lesser of**:

- the **DAP/LDAP**; and
- the amount determined by the **formula**

$$A \times B \div C + D$$

If this is a:

- DAP request, **"A"** is the amount of the DAP request.
- LDAP request, **"A"** is always the amount of the LDAP request (see section 8.1).

"B" is the contributions made to the RDSP that have not already been used to determine the non-taxable portion of previous DAPs/LDAPs.(Do not include variable "D" when determining the non-taxable portion of previous DAPs/LDAPs).

"C" is the result of the AHA being subtracted from the FMV (at the time immediately before the payment). If this amount is negative, no payment can be made.

"D" is the amount of advantage tax that the RDSP holder pays in respect of the plan or in respect of a prior RDSP for the beneficiary that was held by the holder.

8.3. The grant portion of a DAP/LDAP

To calculate the grant portion:

$$A \times B \div C$$

If this is a:

- DAP request, **"A"** is the amount of the DAP request.
  LDAP request, **"A"** is always the amount of the LDAP request (see section 8.1).

"B" is the amount of grant in the RDSP that is over 10 years old, thus not part of the AHA.

"C" is the result of the AHA being subtracted from the FMV (at the time immediately before the payment). If this amount is negative, no payment can be made.

8.4. The bond portion of a DAP/LDAP

To calculate the bond portion:

$$A \times B \div C$$

If this is a:

- DAP request, **"A"** is the amount of the DAP request.
- LDAP request, **"A"** is always the amount of the LDAP request (see section 8.1).

"B" is the amount of bond in the RDSP that is over 10 years old, thus not part of the AHA.

"C" is the result of the AHA being subtracted from the FMV (at the time immediately before the payment). If this amount is negative, no payment can be made.

8.5. The earnings portion of a DAP/LDAP

To calculate the earnings portion:

Subtract the formula results of the non-taxable (contributions), grant and bond portions **from** the amount of the DAP/LDAP request.

DAP/LDAP – non-taxable portion – grant portion – bond portion

"DAP/LDAP" is the amount of the DAP/LDAP request.

"Non-taxable portion" is the amount calculated in section 8.2 - Non-taxable part of a DAP/LDAP.

"Grant portion" is the amount calculated in section 8.3 - The grant portion of a DAP/LDAP.

"Bond portion" is the amount calculated in section 8.4 - The bond portion of a DAP/LDAP.

8.6. Specified maximum amount

The specified maximum amount is the greater of either the LDAP legislated formula result (see 8.1) and 10% of the FMV (the FMV amount excludes locked-in annuity payments) plus the total of all periodic payments paid to the trust from a locked-in annuity during the year, or if the trust disposed of the right to such annuity payments it is an estimate of the payments that the trust would have paid in the year.

Greater of either: the LDAP formula result and 10% of the FMV (excludes locked-in annuity payments) plus any locked-in annuity payments

"LDAP formula result" is the amount calculated in section 8.1 - LDAP legislated formula.

"FMV" is the FMV of the property held in the plan on January 1 of the calendar year.

9. DAP/LDAP calculation examples

9.1. LDAP: RDSP regular year, non-PGAP, 60 or over

SCENARIO:

Linda is the sole provider for her spouse Paul, who was 40 years old in 2014. Starting in 2014, Linda contributes $10,000 annually to Paul's RDSP for the next 20 years. The grant matching rate has remained constant at 100% throughout the years. Paul is not eligible for the bond.

After 20 years, the fair market value (FMV) of the RDSP on January 1, 2034 is $261,448. Paul will also turn 60 years old in 2034. No DAPs were made from the RDSP since it was set up.

Snapshot of account balances

Contributions: $200,000
($10,000 X 20 - 2014 to 2033 inclusively)

Grant: $16,000
($1,000 X 16 - 2008 to 2023 inclusively)

Bond: $0

Earnings: $45,448

FMV: $261,448
(As of January 1, 2034)

AHA: $0

Annuities: $0

Advantage tax: $0

Previous DAP paid: $0

Previous AHA repaid: $0

STEPS:

Step 1: RDSP in a regular year

Step 2: Non-PGAP

Step 3: LDAP formula, non-taxable, grant, bond and earnings parts of the LDAP

Step 4: Min & Max = formula result

Step 5: FMV on Jan. 1: $261,448

Step 6: Age on Dec. 31: 60 or over Age on Jan. 1: 59 years old

Step 7: Grant = $16,000 Bond = $0

Step 8: AHA: $0

Step 9: Begin calculations

RULES:

Since Paul turns 60 in 2034, he must receive an LDAP amount that is equal to the LDAP formula result. A one-time yearly LDAP is requested on January 1, 2034. (See Section 3)

RDSP in a Regular Year				
		Non-PGAP		
		DAP	LDAP	DAP+ LDAP
Beginning the year the beneficiary turns 60	Max Amount	No Max Amount	Formula Result	No Max Amount
	Min Amount	Always Combined with LDAP	Formula Result	

CALCULATIONS:

To determine the required amount that Paul must receive in 2034, you must calculate the LDAP formula result.

In 2034, the **LDAP** that Paul will receive is:

$$A \div (B + 3 - C) + D$$

$$\$261{,}448 \div (80 + 3 - 59) + \$0$$

$$\$261{,}448 \div 24$$

$$\boxed{\$10{,}893.67}$$

Where

"**A***" is the FMV on Jan. 1 less any locked-in annuities

"**B***" is greater of 80 and the age of the beneficiary on Jan. 1

"**C***" is the beneficiary's age on Jan. 1

"**D***" is the locked-in annuities amount

*for detailed definitions, see section 8.1

The **non-taxable portion** of the LDAP is:

$$A \times B \div C + D$$

$$\$10{,}893.67 \times \$200{,}000 \div \$261{,}448 + \$0$$

$$\boxed{\$8{,}333.34}$$

Where

"**A***" is the LDAP

"**B***" is the contributions not previously used to determine the non-taxable portions of previous DAPs/LDAPs

"**C***" is the FMV minus the AHA ($261,448 - $0); if negative, no payment

"**D***" is the advantage tax that the holder pays

*for detailed definitions, see section 8.2

The **grant portion** of the LDAP payment is:	**Where**
A X B ÷ C $$\$10,893.67 \times \$16,000 \div \$261,448$$ $\boxed{\textbf{\$666.67}}$	"**A***" is the LDAP "**B***" is the grant in the RDSP minus all grant that is part of the AHA at that particular time "**C***" is the FMV minus the AHA; if negative, no payment *for detailed definitions, see section 8.3
The **earnings portion** of the LDAP payment is: **A − B − C − D** $$\$10,893.67 - \$8,333.34 - \$666.67 - \$0$$ $\boxed{\textbf{\$1,893.66}}$	**Where** "**A***" is the LDAP "**B***" is the contribution portion or the non-taxable portion "**C***" is the grant portion "**D***" is the bond portion *for detailed definitions, see section 8.5

9.2. Two DAPs: RDSP regular year, PGAP, 59 and under

This scenario will illustrate how a DAP will affect the notional balances of an RDSP, which in turn will impact any future DAP request.

It will also explain how to calculate the LDAP formula to first determine the maximum DAP request allowed for the year, as well as how to apply the formulas to determine the proportions applicable to the DAP.

SCENARIO:

Judy and Richard are the legal parents, and joint holders of their 12-year-old daughter Lisa's RDSP. Every year since opening the RDSP in 2008, Judy and Richard contribute $1,500 to their daughter's plan during the first week of January. The grant matching rate has remained constant at 300% and 200%. A $1,000 bond was also paid into Lisa's RDSP from 2008 to 2013.

Lisa is 12 years of age as of January 1, 2020. A $2,000 DAP is requested in March 2020. A second DAP for the amount of $4,200 is requested in August 2020.

Snapshot of account balances as of March 2020

Grant: $45,500
($3,500 X 13 - 2008 to 2020 inclusively)

Bond: $6,000
($1,000 X 6 - 2008 to 2013 inclusively)

Contributions: $19,500
($1,500 X 13 - 2008 to 2020 inclusively)

FMV: $75,260
As of March 2020

Earnings: $4,260

AHA: $38,000
($35,000 in grant and $3,000 in bond - 2011 to 2020 inclusively)

Annuities: $0

Advantage tax: $0

Previous DAP paid: $0

Previous AHA repaid: $0

STEPS:

Step 1:
RDSP in a regular year

Step 2:
PGAP

Step 3:
Specified maximum amount, non-taxable, grant, bond and earnings parts of the DAP

Step 4:
Min = No min amount
Max = Specified Max Amount

Step 5:
FMV on Jan. 1: $75,260
FMV on DAP date: $75,260

Step 6:
Age on Jan. 1: 12 years old
Age on Dec. 31: 59 and under

Step 7:
Grant = $10,500
Bond = $3,000

Step 8:
AHA: $38,000

Step 9:
Begin calculations

RULES:

Because of Lisa's age, the maximum DAP amount that she can receive in the calendar year is limited

RDSP in a Regular Year				
			PGAP	
		DAP	LDAP	DAP+ LDAP
Before the end of the calendar year in which the beneficiary turns 59	Max Amount	Specified Maximum Amount	Formula result	Specified Maximum Amount
	Min Amount	No Min Amount	$1.00	$1.00

to the specified maximum amount. There is **no minimum** amount regarding the DAP.

CALCULATIONS:

To determine the DAP maximum amount allowed, you must determine the greater amount between: (a) the LDAP formula result and (b) 10% of the FMV + annuities (if applicable).

(a)   The LDAP formula result:

$$A \div (B + 3 - C) + D$$

$$\$75,260 \div (80 + 3 - 12) + \$0$$

$$\$75,260 \div 71$$

$$\boxed{\$1,060}$$

(b)   FMV as of January 1, 2020

$$A \times 10\% + D$$

$$\$75,260 \times 10\% + \$0$$

$$\boxed{\$7,526}$$

The maximum DAP amount allowed in 2020 is **$7,526**.

Where

"A*" is the FMV on Jan. 1 less any locked-in annuities

"B*" is greater of 80 and the age of the beneficiary on Jan. 1

"C*" is the beneficiary's age on Jan. 1

"D*" is the locked-in annuities amount

*for detailed definitions, see section 8.1

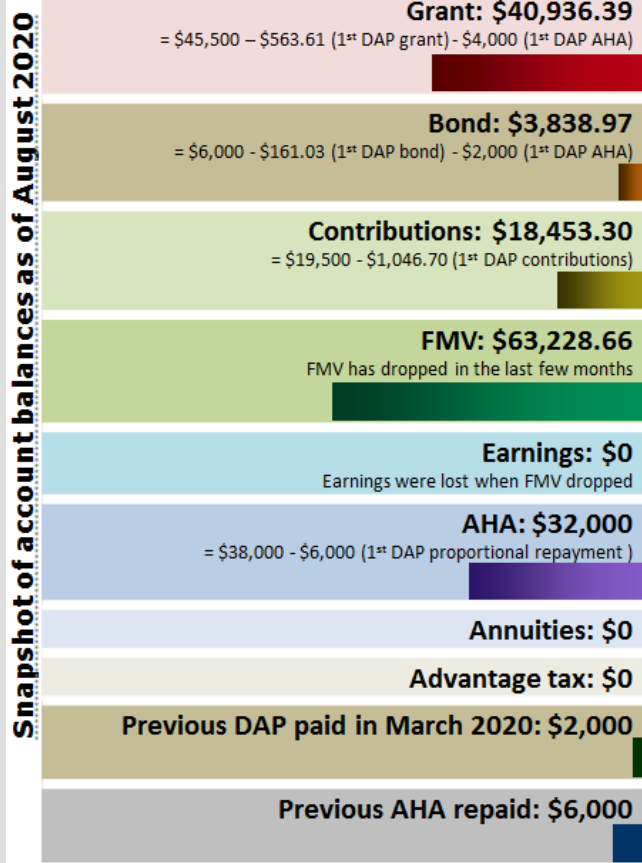| **Calculations for the first DAP request of $2,000 in March.**	
Since the DAP request is below the yearly maximum allowed of $7,526, it would therefore be authorized. When calculating the non-taxable and taxable amount formulas, you must use the FMV amount immediately before the DAP. FMV for this plan as of March 2020 has remained stable at $75,260.	

The **non-taxable** portion of the DAP is: **A X B ÷ C + D** $2,000 x $19,500 ÷ $37,260 + $0 **$1,046.70**	**Where** **"A*"** is the DAP request amount **"B*"** is the contributions not previously used to determine the non-taxable portion of previous DAPs/LDAPs **"C*"** is the FMV minus the AHA ($75,260 − $38,000). If negative, no payment **"D*"** is the advantage tax that the holder pays *for detailed definitions, see section 8.2
The **grant portion** of the DAP payment is: **A X B ÷ C** $2,000 x $10,500 ÷ $37,260 **$563.61**	**Where** "A*" is the DAP request amount "B*" is the grant in the RDSP minus all grant that is part of the AHA at that particular time ($45,500 - $35,000) "C*" is the FMV minus the AHA ($75,260 − $38,000). If negative, no payment *for detailed definitions, see section 8.3

The **bond portion** of the DAP payment is: **A X B ÷ C** $2,000 x $3,000 ÷ $37,260 **$161.03**	**Where** **"A*"** is the DAP request amount **"B*"** is the bond in the RDSP minus all bond that is part of the AHA at that particular time ($6,000 - $3,000) **"C*"** is the FMV minus the AHA ($75,260 – $38,000). If negative, no payment *for detailed definitions, see section 8.4
The **earnings portion** of the DAP payment is: **A – B - C - D** $2,000 - $1,046.70 - $563.61 - $161.03 **$228.66**	**Where** **"A*"** is the DAP request amount **"B*"** is the contribution portion or the non-taxable portion **"C*"** is the grant portion **"D*"** is the bond portion *for detailed definitions, see section 8.5

In March of 2020, Judy and Richard were **allocated a DAP of $2,000**. The proportional repayment rule was applied and **$6,000 of AHA had to be repaid**.
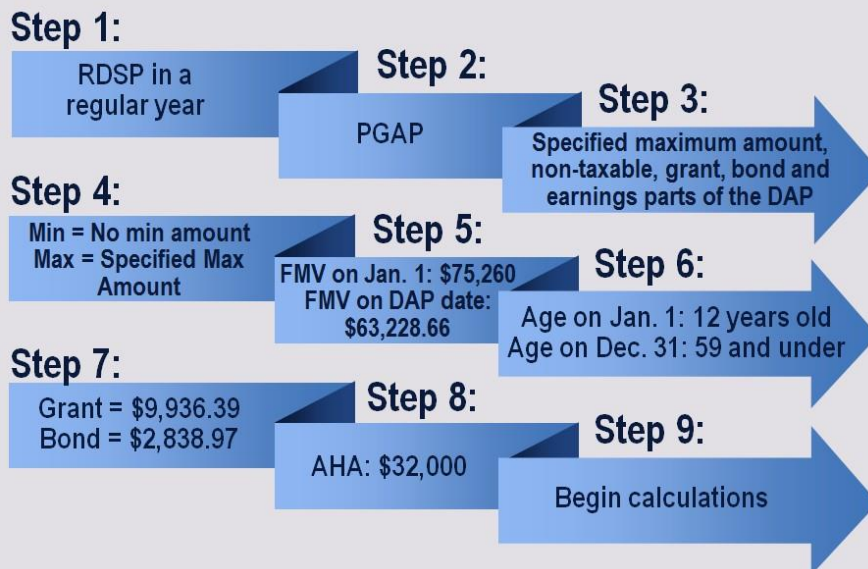
A second DAP is requested in August for $4,200.

Here is a snapshot of the notional account of the RDSP as of August 2020 after the first DAP:

Snapshot of account balances as of August 2020

Grant: $40,936.39
= $45,500 − $563.61 (1st DAP grant) - $4,000 (1st DAP AHA)

Bond: $3,838.97
= $6,000 - $161.03 (1st DAP bond) - $2,000 (1st DAP AHA)

Contributions: $18,453.30
= $19,500 - $1,046.70 (1st DAP contributions)

FMV: $63,228.66
FMV has dropped in the last few months

Earnings: $0
Earnings were lost when FMV dropped

AHA: $32,000
= $38,000 - $6,000 (1st DAP proportional repayment)

Annuities: $0

Advantage tax: $0

Previous DAP paid in March 2020: $2,000

Previous AHA repaid: $6,000

As previously calculated, the maximum amount that may be withdrawn from the RDSP for 2020 is $7,526. Since an initial DAP of $2,000 was paid out in March, the total of any subsequent DAPs will be limited to $5,526 ($7,526-$2,000).

STEPS:

Step 1:
RDSP in a regular year

Step 2:
PGAP

Step 3:
Specified maximum amount, non-taxable, grant, bond and earnings parts of the DAP

Step 4:
Min = No min amount
Max = Specified Max Amount

Step 5:
FMV on Jan. 1: $75,260
FMV on DAP date: $63,228.66

Step 6:
Age on Jan. 1: 12 years old
Age on Dec. 31: 59 and under

Step 7:
Grant = $9,936.39
Bond = $2,838.97

Step 8:
AHA: $32,000

Step 9:
Begin calculations

RULES:

Because of Lisa's age, the maximum DAP amount that she can receive in the calendar year is limited to the specified maximum amount.

RDSP in a Regular Year					
			PGAP		
			DAP	LDAP	DAP+LDAP
Before the end of the calendar year in which the beneficiary turns 59	Max Amount		Specified Maximum Amount**	Formula* result	Specified Maximum Amount**
	Min Amount		No Min Amount	$1.00	$1.00

There is **no minimum** amount regarding the DAP.

CALCULATIONS:

When calculating the non-taxable and taxable amount formulas, you must use the FMV amount immediately before the DAP. As of August 2020, the **FMV has dropped to $63,228.66**.

The **non-taxable portion of the DAP** is:

$$A \times B \div C + D$$

$4,200 x $18,453.30 ÷ $31,228.66 + $0

$$\boxed{\$2,481.82}$$

Where

"A*" is the DAP request amount

"B*" is the contributions not previously used to determine the non-taxable portion of previous DAPs/LDAPs

"C*" is the FMV minus the AHA ($63,228.66 −$32,000). If negative, no payment

"D*" is the advantage tax that the holder pays

*for detailed definitions, see section 8.2

The **grant portion of the DAP payment** is:

$$A \times B \div C$$

$4,200 x $9,936.39 ÷ $31,228.66

$$\boxed{\$1,336.36}$$

Where

"A*" is the DAP request amount

"B*" is the grant in the RDSP minus all grant that is part of the AHA at that particular time ($40,936.39 - $31,000)

"C*" is the FMV minus the AHA ($63,228.66 −$32,000). If negative, no payment

*for detailed definitions, see section 8.3

February 1, 2019

At the beginning of the year, there was $10,500 in grant that was excluded from the AHA period. $563.61 in grant was paid out in the first DAP, leaving a grant balance of $9,936.39.

The **bond portion of the DAP payment** is:

A X B ÷ C

$4,200 x $2,838.97 ÷ $31,228.66

$381.82

Where

"A*" is the DAP request amount

"B*" is the bond in the RDSP minus all bond that is part of the AHA at that particular time ($3,838.97 - $1,000)

"C*" is the FMV minus the AHA ($63,228.66 –$32,000). If negative, no payment

*for detailed definitions, see section 8.4

At the beginning of the year, there was $3,000 in bond that was excluded from the AHA period. $161.03 in bond was paid out in the first DAP, leaving a bond balance of $2,838.97.

The **earnings portion of the DAP payment** is:

A – B - C - D

$4,200 -$2,481.82 - $1,336.36 - $381.82

$0

Where

"A*" is the DAP request amount

"B *" is the contribution portion of the non-taxable portion

"C*" is the grant portion

"D*" is the bond portion

*for detailed definitions, see section 8.5

In August of 2020, Judy and Richard were **allocated a second DAP of $4,200**. The proportional repayment rule was applied and **$12,600 of AHA had to be repaid**.

9.3. LDAP & DAP – RDSP regular year, non-PGAP, 59 or under

SCENARIO:

From 2008 to 2026 inclusively, Kevin contributed $4,000 a year to his RDSP. The grant matching rates remained constant at 300% and 200%. A $1,000 bond was also paid into Kevin's RDSP from 2014 to 2017 inclusively as well as a one-time rollover of $12,000 in 2022.

On January 1, 2027, 47-year-old Kevin received an LDAP amount for the year.

Also, in July of that same year, Kevin requested a DAP of $12,000.

Snapshot of account balances as of Jan. 1st, 2027

Grant: $66,500
$3,500 X 19 - 2008 to 2026 inclusively

Bond: $4,000
$1,000 X 4 - 2014 to 2017 inclusively

Contributions: $76,000
$4,000 X 19 (2008 to 2026 inclusively)

FMV: $168,010
On January 1st, 2027

Earnings: $21,510
(includes $12,000 Rollover)

AHA: $36,000
$35,000 in grant and $1,000 in bond - 2017 to 2026 inclusively

Annuities: $0

Advantage tax: $0

Previous DAP paid: $0

Previous AHA repaid: $0

STEPS:

Step 1: RDSP in a regular year

Step 2: Non-PGAP

Step 3: LDAP formula, non-taxable, grant, bond and earnings portions of the LDAP

Step 4: Min = $1 Max = LDAP formula result

Step 5: FMV on Jan. 1: $168,010

Step 6: Age on Jan. 1: 47 years old Age on Dec. 31: 59 or under

Step 7: Grant = $31,500 Bond = $3,000

Step 8: AHA: $36,000

Step 9: Begin calculations

RULES:

The maximum LDAP amount that Kevin can receive in the year is the result of the LDAP formula.

The minimum LDAP that Kevin must receive in the year is $1.

RDSP in a Regular Year				
		Non-PGAP		
		DAP	LDAP	DAP+ LDAP
Before the end of the calendar year in which the beneficiary turns 59	Max Amount	No Max Amount	Formula Result	No Max Amount
	Min Amount	No Min Amount	$1.00	$1.00

CALCULATIONS:

To determine the maximum LDAP amount allowed, you must apply the LDAP formula.

The LDAP formula result:

A ÷ (B + 3 - C) + D

$168,010 ÷ (80 + 3 − 47) + $0

$168,010 ÷ 36

$4,666.94

The maximum LDAP amount allowed in 2027 is **$4,666.94**.

Where

"A*" is the FMV on Jan. 1 less any locked-in annuities

"B*" is greater of 80 and the age of the beneficiary on Jan. 1

"C*" is the beneficiary's age on Jan. 1

"D*" is the locked-in annuities amount

*for detailed definitions, see section 8.1

Calculations to determine the proportions of the LDAP payment.

Use the January 1 FMV amount to calculate the taxable and non-taxable portion amounts. The FMV for Kevin's plan as of January 1, 2027 is $168,010.

The **non-taxable** portion of the LDAP is:	**Where**
A X B ÷ C + D $4,666.94 x $76,000 ÷ $132,010 + $0 $$\boxed{\$2,686.82}$$	**"A*"** is the LDAP **"B*"** is the contributions not previously used to determine the non-taxable portion of previous DAPs/LDAPs **"C*"** is the FMV minus the AHA ($168,010 –$36,000). If negative, no payment **"D*"** is the advantage tax that the holder pays *for detailed definitions, see section 8.2
The **grant portion** of the LDAP payment is:	**Where**
A X B ÷ C $4,666.94 x $31,500 ÷ $132,010 $$\boxed{\$1,113.62}$$	**"A*"** is the LDAP **"B*"** is the grant in the RDSP minus all grant that is part of the AHA at that particular time ($66,500 - $35,000) **"C*"** is the FMV minus the AHA. If negative, no payment *for detailed definitions, see section 8.3

The **bond portion** of the LDAP payment is:	Where
$A \times B \div C$ $4,666.94 \times \$3,000 \div \$132,010$ **$106.06**	**"A*"** is the LDAP **"B*"** is the bond in the RDSP minus all bond that is part of the AHA at that particular time ($4,000 - $1,000) **"C*"** is the FMV minus AHA. If negative, no payment *for detailed definitions, see section 8.4
The **earnings portion** of the LDAP payment is: $A - B - C - D$ $4,666.94 - \$2,686.82 - \$1,113.62 - \$106.06$ **$760.44**	**Where** **"A*"** is the LDAP **"B*"** is the contribution portion or the non-taxable portion **"C*"** is the grant portion **"D*"** is the bond portion *for detailed definitions, see section 8.5

In January of 2027, Kevin **receives an LDAP of $4,666.94**. The proportional repayment rule was also applied and **$14,000.82 ($4,666.94 X 3) in grant and bond was to be repaid** to the Government of Canada.
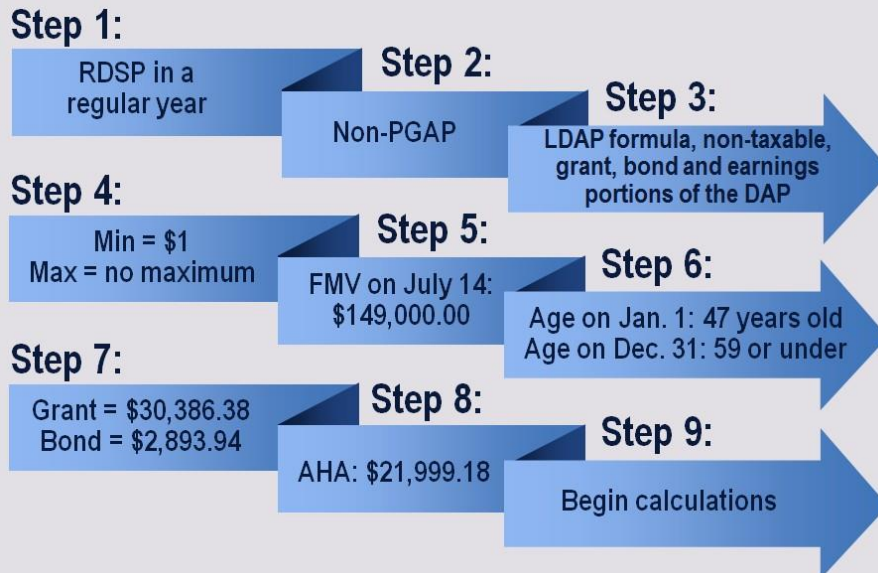
SCENARIO:

On July 14, 2027, Kevin requested a **DAP of $12,000**.

Snapshot of account balances as of July 14th, 2027

Grant: $52,385.55
= $66,500 - $1,113.62 (prior LDAPs grant) - $13,000.83 (prior LDAPs AHA)

Bond: $2,893.94
= $4,000 - $106.06 (prior LDAPs bond) - $1,000 (prior LDAPs AHA)

Contributions: $73,313.17
= $76,000 - $2,686.82 (prior LDAPs contributions)

Fair Market Value: $149,000.00
on July 14, 2027

Earnings: $20,407.34
= $149,000.00 - $52,385.55 - $2,893.94 - $73,313.17

AHA: $21,999.18
= $36,000 - $14,000.82 (prior LDAPs proportional repayment)

Annuities: $0

Advantage tax: $0

Previous DAP/LDAP paid: $4,666.94

Previous AHA repaid: $14,000.82

STEPS:

Step 1:
RDSP in a regular year

Step 2:
Non-PGAP

Step 3:
LDAP formula, non-taxable, grant, bond and earnings portions of the DAP

Step 4:
Min = $1
Max = no maximum

Step 5:
FMV on July 14: $149,000.00

Step 6:
Age on Jan. 1: 47 years old
Age on Dec. 31: 59 or under

Step 7:
Grant = $30,386.38
Bond = $2,893.94

Step 8:
AHA: $21,999.18

Step 9:
Begin calculations

RULES: The minimum LDAP that Kevin must receive in the year is $1. Kevin is not limited to a maximum DAP amount.

The **minimum** amount regarding the DAP is $1.

RDSP in a Regular Year				
		Non-PGAP		
		DAP	LDAP	DAP+ LDAP
Before the end of the calendar year in which the beneficiary turns 59	Max Amount	No Max Amount	Formula Result*	No Max Amount
	Min Amount	No Min Amount	$1.00	$1.00

CALCULATIONS:

As per the table above, there is no limit to the amount of DAP that Kevin can receive in the calendar year.

Calculations to determine the proportions of the DAP payment:

When calculating the proportions of a DAP for the non-taxable and taxable amounts, you must use the FMV amount right before the DAP is made. The FMV for this plan on July 14, 2027 is $149,000.00.

The **non-taxable** portion of the DAP is:

$$A \times B \div C + D$$

$12,000 x $73,313.17 ÷ $127,000.83 + $0

$$\boxed{\$6,927.18}$$

Where

"A*" is the DAP request amount

"B*" is the contributions not previously used to determine the non-taxable portion of previous DAPs/LDAPs

"C*" is the FMV minus the AHA ($149,000.00 – $21,999.17). If negative, no payment

"D*" is the advantage tax that the holder pays

*for detailed definitions, see section 8.2

The **grant portion** of the DAP payment is: $$A \ X \ B \div C$$ $12,000 x $30,386.38 ÷ $127,000.83 **$2,871.14**	**Where** **"A*"** is the DAP request amount **"B*"** is the grant in the RDSP minus all grant that is part of the AHA at that particular time ($52,385.55 - $21,999.17) **"C*"** is the FMV minus the AHA ($149,000.00 – $21,999.17). If negative, no payment *for detailed definitions, see section 8.3
At the beginning of the year, there was $31,500 in grant that was excluded from the AHA period. $1,113.62 in grant was paid out in the LDAP, leaving a grant balance of $30,386.38.	
The **bond portion** of the DAP payment is: $$A \ X \ B \div C$$ $12,000 x $2,893.94 ÷ $127,000.83 **$273.44**	**Where** **"A*"** is the DAP request amount **"B*"** is the bond in the RDSP minus all bond that is part of the AHA at that particular time ($2,893.94 - $0) **"C*"** is the FMV minus the AHA ($149,000.00 – $21,999.17). If negative, no payment *for detailed definitions, see section 8.4
At the beginning of the year, there was $3,000 in bond that was excluded from the AHA period. $106.06 in bond was paid out in the first 7 LDAPs, leaving a bond balance of $2,893.94.	

The **earnings portion** of the DAP payment is: **A – B – C – D** $12,000 - $6,927.18- $2,871.14 - $273.44 $$\boxed{\textbf{\$1,928.24}}$$	**Where** **"A*"** is the DAP request amount **"B*"** is the contribution portion or the non-taxable portion **"C*"** is the grant portion **"D*"** is the bond portion *for detailed definitions, see section 8.5

Kevin was allocated a **$12,000 DAP**. The repayment rule was applied and Kevin had to **repay the remaining balance of the AHA from his plan** ($21,999.18) which represents the lesser of the proportional repayment rule ($12,000 X 3 = $36,000) and the full AHA repayment ($21,999.18).

9.4. LDAP: SDSP

SCENARIO:

From 2010 to 2029 inclusively, $3,500 in grant and $1,000 in bond have been deposited into Nancy's RDSP each year.

In December 2035, 39-year-old Nancy had her RDSP designated as an SDSP so she may begin making withdrawals every two months starting January 1, 2036.

She wants to withdraw the maximum amount of funds possible from her SDSP.

Snapshot of account balances as of Jan. 1st, 2036

Grant: $70,000
$3,500 X 20 - 2010 to 2029 inclusively

Bond: $20,000
$1,000 X 20 - 2010 to 2029 inclusively

Contributions: $30,000
$1,500 X 20 - 2010 to 2029 inclusively

FMV: $136,800
On January 1st, 2036

Earnings: $16,800

AHA: $0
No AHA in an SDSP

Annuities: $0

Advantage tax: $0

Previous DAP paid: $0

Previous AHA repaid: $0

STEPS:

Step 1:
SDSP

Step 2:
N/A

Step 3:
LDAP formula, non-taxable, grant, bond and earnings portions of the LDAP

Step 4:
Min = Formula Result
Max = $10,000 in taxable amount or no max if formula results in taxable amount greater than $10,000

Step 5:
FMV on Jan. 1: $136,800

Step 6:
Age on Jan. 1: 39 years old
Age on Dec. 31: 59 years and under

Step 7:
Grant = $70,000
Bond = $20,000

Step 8:
AHA: $0

Step 9:
Begin calculations

RULES: The **maximum amount** will either be $10,000 in taxable amount, or if the formula results in a taxable amount that is greater than $10,000, there will be no maximum amount. The **minimum** is the formula result.

SDSP in a Specified Year				
		DAP	LDAP	DAP+LDAP
Beneficiary Any Age	Max Amount	$10,000 in taxable amount or no maximum if formula results in taxable amount greater than $10,000		
	Min Amount	Formula Result		

CALCULATIONS:

In 2036, the **LDAP** formula results:

$$A \div (B + 3 - C) + D$$

$$\$136,800 \div (80 + 3 - 39) + \$0$$

$$\$136,800 \div 44 + \$0$$

$$\boxed{\$3,109.09}$$

Where

"A*" is the FMV on Jan. 1 less any locked-in annuities

"B*" is greater of 80 and the age of the beneficiary on Jan. 1

"C*" is the beneficiary's age on Jan. 1

"D*" is the locked-in annuities amount

*for detailed definitions, see section 8.1

The **non-taxable portion of the LDAP** is:

$$A \times B \div C + D$$

$$\$3,109.09 \times \$30,000 \div \$136,800 + \$0$$

$$\boxed{\$681,82}$$

Where

"A*" is the LDAP

"B*" is the contribution portion or the non-taxable portion

"C*" is the FMV minus the AHA ($136,800 – $0). If negative, no payment

"D*" is the advantage tax that the holder pays

*for detailed definitions, see section 8.2

The **taxable portion of the LDAP** is:

$$A - B$$

$$\$3,109.09 - \$681.82$$

$$\boxed{\$2,427.27}$$

Where

"A*" is the LDAP

"B*" is the non-taxable portion of the LDAP

February 1, 2019

Since the taxable portion amount ($2,427.27) is less than $10,000, the **Minimum LDAP for the year will be the result of the LDAP formula: $3,109.09**.

To determine the **maximum LDAP payable for the year**, calculate the non-taxable amount knowing that the taxable amount is $10,000.

Maximum LDAP payable for the year	
The **non-taxable portion** of the entire SDSP A ÷ B X 100% $30,000 ÷ $136,800 X 100% **21.93%**	**Where** **"A*"** is the contributions not previously used to determine the non-taxable portion of previous DAPs/LDAPs **"B*"** is the FMV minus the AHA ($136,800 – $0). If negative, no payment *for detailed definitions, see section 8.3
The **taxable portion** of the entire SDSP 100% - A 100% - 21.93% **78.07%**	**"A*"** is the non-taxable portion of the entire SDSP previously calculated *for detailed definitions, see section 8.3
The **non-taxable portion** of the entire SDSP A X B ÷ C + D 21.93 X $10,000 ÷ 78.07 + $0 **$2,809**	**"A*"** is the non-taxable portion of the entire SDSP **"B*"** is $10,000 taxable amount **"C*"** is the taxable portion of the entire SDSP **"D*"** is the advantage tax that the holder pays

The **maximum LDAP** is
$10,000 (taxable portion) + $2,809 (non-taxable portion) = **$12,809.**
Which means **$2,134.83** ($12,809 ÷ 6) will be **paid out every second month** starting January 1, 2036.

On January 1, Nancy begins receiving **LDAP payments of $2,134.83** to be paid out the first of every second month until the end of the year.

To report the first LDAP of January 1, the following amounts are needed.

The **non-taxable** portion of the LDAP is: **A X B ÷ C + D** $2,134.83 x $30,000 ÷ $136,800 + 0 $468.16	**Where** **"A*"** is the LDAP amount **"B*"** is the contributions not previously used to determine the non-taxable portion of previous DAPs/LDAPs **"C*"** is the FMV minus the AHA ($136,800 – $0). If negative, no payment **"D*"** is the advantage tax that the holder pays *for detailed definitions, see section 8.2
Given that the **grant portion of the entire LDAP payment** is: **A X B ÷ C** $2,134.83 x $70,000 ÷ $136,800 $1,092.39	**Where** **"A*"** is the LDAP amount **"B*"** is the grant in the RDSP minus all grant that is part of the AHA at that particular time ($70,000 - $0) **"C*"** is FMV minus AHA ($136,800 –$0). If negative, no payment *for detailed definitions, see section 8.3

Given that the **bond portion of the entire LDAP payment** is: **A X B ÷ C** $2,134.83 x $20,000 ÷ $136,800 **$312.11**	**Where** **"A*"** is the LDAP amount **"B*"** is the bond in the RDSP minus all bond that is part of the AHA at that particular time ($20,000 - $0) **"C*"** is FMV minus AHA ($136,800 –$0). If negative, no payment *for detailed definitions, see section 8.4
Given that the **earnings portion of the entire DAP payment** is: **A – B - C - D** $2,134.83 - $468.16 - $1,092.38 - $312.11 **$262.18**	**Where** **"A*"** is the LDAP amount **"B*"** is the non-taxable portion **"C*"** is the grant portion **"D*"** is the bond portion *for detailed definitions, see section 8.5

Please note: while the next LDAP amount will remain the same ($2,134.83), the grant, bond, earnings and non-taxable amounts will need to be recalculated as the proportions will have changed slightly. The above mentioned amounts will no longer be accurate for the March 1 LDAP.

10. Reference tools

10.1. Information template

Use this sheet to help determine the information needed to calculate the DAP or LDAP.

1. What is the plan type?	☐ RDSP regular year ☐ SDSP ☐ RDSP specified year
2. Is it a PGAP or non-PGAP?	☐ PGAP **or** ☐ Non-PGAP

3. What are the five required formula results to be calculated? Those from section 7.1 or 7.2?	a) ☐ Specified max amount
	     ☐ LDAP formula
	b) non-taxable portion of DAP/LDAP
	c) grant portion of DAP/LDAP
	d) bond portion of DAP/LDAP
	e) earnings portion of DAP/LDAP
	     (including rollovers)

4. What are the applicable minimum and maximum payment rules?	Min: _____ Max: _____
5. What is the FMV of the property held in the plan on January 1? On the date of the payment? What is the FMV minus the AHA amount? (If negative result, no payment can be made!)	Jan. 1:_____ Payment date:_____ FMV - AHA = $_____ (report this amount as variable "C" in the calculation of portions)
6. How old is the beneficiary on January 1 and December 31 of the current year?	Jan. 1: _____ Dec. 31: ☐ 59 or under ☐ 60 or over
7. What is the AHA as of the current date?	AHA:_____
8. What are the grant and the bond amounts that are older than 10 years (not part of the AHA)?	Grant: $_____ Bond: $ _____
9. Begin the calculations	

10.2. Calculation template

See section 11 to calculate the following.

LDAP formula (8.1)	$\underset{A}{\rule{3em}{0.4pt}} \div (\underset{B}{\rule{3em}{0.4pt}} + 3 - \underset{C}{\rule{3em}{0.4pt}}) + \underset{D}{\rule{3em}{0.4pt}}$ Result:
Non-taxable portion of the DAP/LDAP (8.2)	$\underset{A}{\rule{3em}{0.4pt}} \times \underset{B}{\rule{3em}{0.4pt}} \div \underset{C}{\rule{3em}{0.4pt}} + \underset{D}{\rule{3em}{0.4pt}}$ Result (i):
Grant portion of the DAP/LDAP (8.3)	$\underset{A}{\rule{3em}{0.4pt}} \times \underset{B}{\rule{3em}{0.4pt}} \div \underset{C}{\rule{3em}{0.4pt}}$ Result (ii):
Bond portion of the DAP/LDAP (8.4)	$\underset{A}{\rule{3em}{0.4pt}} \times \underset{B}{\rule{3em}{0.4pt}} \div \underset{C}{\rule{3em}{0.4pt}}$ Result (iii):
Earnings portion of the DAP/LDAP (8.5)	$\underset{A}{\rule{3em}{0.4pt}} - \underset{i}{\boxed{}} - \underset{ii}{\boxed{}} - \underset{iii}{\boxed{}}$ Result:
Specified maximum amount (8.6) (if applicable)	Greater of either the $\underline{\text{LDAP formula result}}$ and $\underline{\text{10\% of FMV on Jan. 1 (excludes locked-in annuity payments) + any locked-in annuity payments}}$ Result:

10.3. Formula and min and max reference table

Plan	Year type	PGAP or non-PGAP	Age[1]	Withdrawal type	Maximum	Minimum	Max formula result	Specified maximum amount	Non-taxable[2]	Grant[3]	Bond[4]	Earnings[5]
RDSP	Regular	PGAP	59 or -	DAP	Specified max amt	None			X	X	X	X	X
RDSP	Regular	PGAP	59 or -	LDAP	Formula	$1			X	X	X	X	X
RDSP	Regular	PGAP	59 or -	DAP + LDAP	Specified max amt	$1			X	X	X	X	X
RDSP	Regular	PGAP	60 or +	DAP	Always with LDAP	Always with LDAP			X	X	X	X	X
RDSP	Regular	PGAP	60 or +	LDAP	Formula	Formula			X	X	X	X	X
RDSP	Regular	PGAP	60 or+	DAP + LDAP	Specified max amt	Formula			X	X	X	X	X
RDSP	Regular	non-PGAP	59 or -	DAP	None	None	X			X	X	X	X
RDSP	Regular	non-PGAP	59 or -	LDAP	Formula	$1	X			X	X	X	X
RDSP	Regular	non-PGAP	59 or -	DAP + LDAP	None	$1	X			X	X	X	X
RDSP	Regular	non-PGAP	60 or +	DAP	None	Always with LDAP	X			X	X	X	X
RDSP	Regular	non-PGAP	60 or +	LDAP	Formula	Formula	X			X	X	X	X
RDSP	Regular	non-PGAP	60 or +	DAP + LDAP	None	Formula	X			X	X	X	X
RDSP	Specified		59 or -	DAP	None	None	X			X	X	X	X
RDSP	Specified		59 or -	LDAP	None	$1	X			X	X	X	X
RDSP	Specified		59 or -	DAP + LDAP	None	$1	X			X	X	X	X
RDSP	Specified		60 or +	DAP	None	Always with LDAP	X			X	X	X	X
RDSP	Specified		60 or +	LDAP	None	Formula	X			X	X	X	X
RDSP	Specified		60 or +	DAP + LDAP	None	Formula	X			X	X	X	X
SDSP	Specified				$10,000 in taxable amount or no max if formula results in taxable amount more than $10,000	Formula	X			X	X	X	X

[1]Age = Beneficiary's Age on Dec. 31 of the year the DAP/LDAP is paid

[2]Non Taxable = Non-taxable portion of DAP/LDAP formula result

[3]Grant = Grant portion of DAP/LDAP formula result

[4]Bond = Bond portion of DAP/LDAP formula result

[5]Earnings = Earnings portion of DAP/LDAP formula result

February 1, 2019

CHAPTER

2-3

Specified Disability Savings Plan

For beneficiaries who have a life expectancy of five years or less (as certified by a medical doctor or a nurse practitioner), options have been developed to offer them greater flexibility in accessing their savings from a Registered Disability Savings Plan (RDSP). During a specified year, holders may choose to keep the plan as an RDSP in a specified year or to have it designated as a Specified Disability Savings Plan (SDSP).

This chapter focuses on these options.

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1. Shortened life expectancy

When a medical doctor or nurse practitioner attests, in writing, that the beneficiary's state of health is such that he or she has a **life expectancy of five years or less**, the beneficiary is considered to have a shortened life expectancy for the purpose of the RDSP.

In this case, the RDSP holder can choose one of the following options:

- keep the plan as an RDSP which is now in a specified year;

    or

- designate the plan as an SDSP.

Designating the RDSP as an SDSP is done through an SDSP election, allowing the holder to withdraw plan assets without requiring the repayment of the assistance holdback amount (AHA) or the proportional repayment amount.

1.1. Death of the beneficiary

In both cases, in the event of the beneficiary's death, any Canada Disability Savings Grant (CDSG) or Canada Disability Savings Bond (CDSB) paid into the plan over the previous ten years preceding the time of death will have to be repaid to the Government of Canada.

2. SDSP

An SDSP provides beneficiaries who have a shortened life expectancy with greater flexibility in accessing their RDSP savings.

Withdrawals from an SDSP will not trigger a repayment of the AHA or the proportional repayment amount. However, once the election is made, no contributions can be made and the plan will not be entitled to any new CDSG or CDSB. Furthermore, beneficiaries will not be eligible to carry forward any CDSG or CDSB amounts for those years.

Education savings rollovers are not permitted when the plan is an SDSP; only rollovers of retirement savings proceeds are permitted.

2.1. Conditions

An RDSP may be designated as an SDSP when:

- a medical doctor or nurse practitioner **attests,** in writing, that the beneficiary's state of health is such that he or she has a **life expectancy of five years or less**;

- the plan holder **makes an SDSP election** in the prescribed form and submits the election with the medical certificate to the issuer;
- the issuer **notifies** Employment and Social Development Canada (ESDC) of the SDSP election.

3. Specified year

A specified year begins when the issuer receives the medical certificate and continues for:

- each of the five years following the date of the attestation signed by a medical doctor or nurse practitioner if the beneficiary has an RDSP in a specified year. (Note that these five years are reduced if the medical certificate is not given to the issuer in the first year);
- each subsequent year if the beneficiary has an SDSP.

Example: the medical certificate is issued in 2015 but it is not provided to the issuer until 2018, the plan will only be in a specified year for three years (2018 to 2020 inclusive).

3.1. SDSP conditions

While a plan is an SDSP:

- no contribution is allowed;
- no CDSB or CDSG is paid;
- no payment from a designated provincial program is paid;
- unused CDSB and CDSG entitlements will not be carried forward except for the calendar year in which the election is made;
- no education savings rollover is allowed;
- rolling over proceeds from a Registered Retirement Savings Plan (RRSP), a Registered Pension Plan (RPP), a Specified Pension Plan (SPP), a Pooled registered Pension Plan (PRPP) or a Registered Retirement Income Fund (RRIF) is allowed.
- in general, withdrawals of no more than $10,000 of the taxable amount are allowed.

3.2. Beneficiary surviving more than 5 years

When the plan is an RDSP in a specified year and the beneficiary lives more than 5 years, it will be subject to regular RDSP payment rules.

An SDSP is not affected by survival beyond the 5 specified years; it remains an SDSP until the holder requests that the designation be removed or if one of the SDSP conditions is broken.

4. Holder election

In a specified year, the holder can:

| **Keep the plan as an RDSP which is now in a specified year** | **or** | **Designate the plan as an SDSP** |

Electing to designate an RDSP as an SDSP allows the holder to withdraw the plan assets without requiring the repayment of the AHA or the proportional repayment amount.

4.1. Keep the plan as an RDSP in a specified year

If a holder chooses to keep the plan as an RDSP during a specified year, there is no annual payment limit. The holder could:

- request payments (disability assistance payments (DAP) and lifetime disability assistance payments (LDAP);
- withdraw all funds from the RDSP in one lump sum; or
- have the funds spread over the next five years.

However, the AHA or the proportional repayment rule applies.

4.2. Designating the RDSP as an SDSP

When a holder makes an SDSP election, payments must start by December 31 of the calendar year following the year the plan is designated as an SDSP. The holder could:

- request a DAP or an LDAP;
- withdraw up to $10,000 in taxable amount and its associated contribution portion, or if the formula result in taxable amount is greater than $10,000, there is no maximum.

No repayment of the AHA or the proportional repayment amount is required.

5. Reversal of an election

A plan holder **can reverse the SDSP election at any time**. The holder must provide a written notice to the issuer, who must then inform ESDC.

When an SDSP election is reversed, the plan becomes subject to the rules that apply to the RDSP categorization. The plan becomes either an RDSP in a specified year or an RDSP in a regular year. The categorization depends on how many of the five specified years, if any, are left from when the medical certificate was signed and given to the issuer.

> **Example:** the medical certificate was signed and given to the issuer in 2015 and the plan became an SDSP in 2015.
>
> - if the designation is removed in 2018, the plan would become an RDSP in a specified year until the end of 2020.
>
> - if the designation is removed in 2020, the plan would become an RDSP in a regular year.

The CDSB or CDSG cannot be paid until the calendar year following the election reversal; the issuer must not request the CDSB or the CDSG until then.
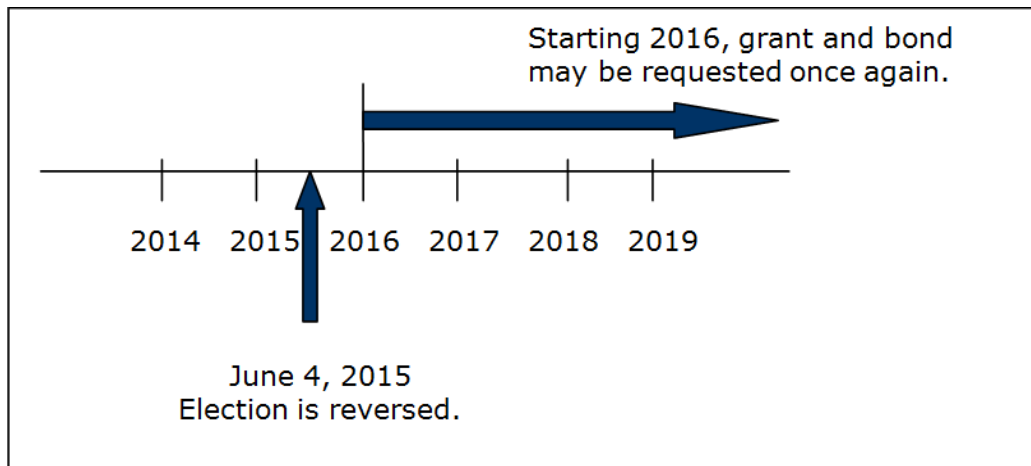
The holder can make a subsequent election no sooner than **24 months after the previous election ceases** by submitting a new shortened life expectancy medical certificate to the issuer.

5.1. Removal of an SDSP designation

A plan ceases to be an SDSP at the earliest of the following times:

- the holder elects to reverse the designation;
- a contribution or a payment from a designated provincial program is made;
- an education savings rollover is made;
- the beneficiary is no longer DTC eligible;
- the total of the taxable amount of payments made from the plan in the year while it was an SDSP exceeds $10,000 unless the legislative formula result requires a greater amount to be paid;
- payments have not begun to be paid before the end of the calendar year following the year in which the plan became an SDSP;
- the total amount of payments made from the plan to the beneficiary in the calendar year is less than the amount determined by the legislative formula; and
- the plan is cancelled or its registration is terminated for compliance reasons.

When an SDSP designation is removed, the plan becomes subject to the applicable RDSP rules (the RDSP in regular year rules or the RDSP in a specified year rules, depending on the categorization of the RDSP at that time) and may result in the repayment of the CDSB and the CDSG.

If the SDSP designation is removed and the plan returns to a regular RDSP, the plan does not have to be closed.

6. Administration

6.1. Specimen plan

No amendment to the specimen plan is required. The issuer must:

- treat the holder's election as an **addendum** to the individual RDSP contract;
- the addendum is added to the beneficiary's file.

6.2. Form

The holder is required to **elect in a form** and submit the election to the issuer. There are no requirements regarding the format of the form, but must contain the following items:

- a statement that the holder wishes to designate the beneficiary's plan as an SDSP;
- the holders' signature and the date;
- a statement indicating that the definition of the term "specified year" of the plan must be interpreted as including the years during which the plan is an SDSP;
- the list of measures requiring removal of the SDSP designation; and
- a statement informing the holder that another election cannot be made within 24 months.

A copy of the election form that will be used by holders must be sent to the **Registered Plans Directorate,** at the Canada Revenue Agency before issuers offer holders the ability to designate the plan as an SDSP.

6.3. Medical certificate

The holdermust provide the issuer with **a written attestation from a medical doctor or nurse practitioner** who is licensed to practice under provincial laws or who is licensed to practice under the laws where the beneficiary resides, that, in their professional opinion, the beneficiary is unlikely to live more than five years.

6.4. Effective date for an SDSP

An SDSP election becomes effective on the date ESDC receives the request through the Canada Disability Savings Program (CDSP) system.

6.5. Forwarding an SDSP election to ESDC

The holder must provide the issuer with the medical doctor or nurse practitioner attestation, along with a written request to designate the plan as an SDSP.

The issuer is expected, without delay, to notify ESDC of the election and not wait until the monthly production file to submit the 501-03 transaction. It is to be submitted as a separate, ad-hoc electronic file, immediately after the holder makes the election.

6.5.1. Managed Secure File Transfer Software

As soon as the required information is received, the issuer must send the SDSP election in a production file via the **Managed Secure File Transfer** (MSFT) software.

Upon receipt of the production file containing the election transaction, the MSFT software returns a time-stamped confirmation to the issuer. Although the 501-03 transaction submitted via MSFT will not be processed until the next scheduled production run, the RDSP is deemed to be an SDSP as of the date of the time-stamp confirmation and the DAP can then be paid to the beneficiary.

Issuers are reminded that the RDSP becomes an SDSP after the CDSP system has been notified of the election. The transaction date on the DAP being paid under SDSP rules must be after the date of the time-stamp that the issuer receives from the MSFT following the transmission of the 501-03 election transaction.

An early MSFT time-stamp allows for the plan to become an SDSP sooner which in turn allows the holder to almost immediately be able to request payments to be made to the beneficiary without the AHA repayment obligations, rather than having to wait until the start of the subsequent month.

6.5.2. 501-03 transaction

Since January 2014, the issuer may submit a 501-03 transaction (SDSP Election) to designate a plan as an SDSP; there is no longer a requirement to send the information by email.

The start date of the election is recorded as of the date the election information is received by the CDSP system.

Example: The holder provided the SDSP documentation to the issuer on March 5, 2018. However, the issuer only sent the 501-03 transaction on April 1, 2018. This means that the start date of the SDSP is April 1, 2018.

6.5.3. Stop bond payment request

If there is an active bond request, the issuer must submit a 401-06 transaction (Stop bond payment request). This will ensure that no further CDSB is automatically paid into the RDSP and therefore prevent the risk of breaking an SDSP condition resulting in the loss of SDSP status.

6.6. Removal of an SDSP designation

Should there be a request to remove the SDSP designation, the holder is not required to submit a new medical certificate.

The issuer must receive written documentation from the holder that they wish to remove the SDSP designation of the plan. The documentary evidence must be signed by all holders of the plan.

6.6.1. Submitting an SDSP reversal

Once the issuer receives the required documentation from the holder, it notifies ESDC of the holder's decision to reverse the SDSP election by submitting a 501-04 transaction to the CDSP system.

There is no need to submit a 501-04 should the issuer be notified that the beneficiary is deceased.

6.6.2. 501-04 transaction

Since January 2014, the issuer may submit a 501-04 transaction (SDSP election reversal) to remove an SDSP designation from a plan or to reverse an SDSP election sent in error. There is no longer a requirement to send the information by email.

The election reversal is recorded as the date the information is received by the CDSP system.

6.6.3. Resume bond payment request

Since no CDSB or CDSG can be paid until the calendar year following the election reversal, to resume the CDSB payments, issuers must respect this delay before submitting a 401-05 transaction (Bond payment request).

7. Transactions allowed in an SDSP

When the holder makes an SDSP election, only the following financial transactions are allowed:

- 401-06 transaction – Stop bond payment request, if there is an active bond request;
- 401-08 transaction – Retirement savings rollover;
- 401-20 transaction – DAP; and
- 401-21 transaction – LDAP.

For more information on rollovers, see Chapter 2-5: RDSP rollovers.

C H A P T E R

2-4

RDSP Transfers

The term "transfer" is used when the assets are moved from one Registered Disability Savings Plan (RDSP) to another.

This chapter outlines the roles and responsibilities of issuers and holders as well as the transfer procedures. It also includes the transactions that must be sent to the Canada Disability Savings Program (CDSP) system for a transfer to be deemed complete and successful. Issuers must share information and work together to successfully complete the transfer.

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1. Transfer Overview

The term "**transfer**" refers to the transactions that take place when all the funds from one RDSP are moved to a new RDSP for a same beneficiary.

While the holder(s) authorizes the transfer to take place, the RDSP transfer process involves the participation of the following:

- the **holder(s)** of the RDSPs (prior and new plan);
- the **issuers** (i.e. the relinquishing and receiving financial institutions); and
- **Employment and Social Development Canada (ESDC)**.

Each plays a critical role in facilitating the RDSP transfer process and confirming that it meets the conditions required to ensure that there are no gaps in the payments of the Canada Disability Savings Grant (grant) and the Canada Disability Savings Bond (bond) for the beneficiary if he/she is eligible.

Note: the holder(s) of the new RDSP may be different from the holder(s) of the prior RDSP.

1.1. General Conditions

All the funds in the RDSP may be transferred if the following conditions are met:

- same beneficiary;
- all funds must be transferred (no partial transfer is allowed);
- the prior contract is closed;
- the new contract is registered with CRA;
- the relinquishing issuer must also transfer any relevant information that has not been provided by ESDC (i.e. medical attestation, etc.)

The beneficiary does not have to be a resident in Canada at the time of the transfer. A transfer may occur regardless of the age of the beneficiary.

If the beneficiary turns 59 or older during the calendar year, the receiving issuer must continue to process any lifetime disability assistance payments (LDAPs) that started in the prior plan. If no LDAPs were processed, the receiving issuer must start the LDAPs that would have begun in the prior plan had the transfer not occurred.

2. RDSP Transfer Form

When transferring an RDSP, issuers may use the **RDSP Transfer** form (EMP 5611)* and the **Holder Consent to an RDSP Transfer** form (EMP 5612)*.

To download **RDSP Transfer** form and/or the **Holder Consent to an RDSP Transfer** form, click on the following link, and then choose the "Forms" tab:

Canada.ca/RDSPresources

The forms must be completed by the following:

RDSP transfer form	Holder consent form
• Plan holder of the new RDSP • Receiving issuer (new RDSP) • Relinquishing issuer (prior RDSP)	• Plan holder from the prior RDSP

*Note: The pro forma forms were designed to facilitate the collection and exchange of information between issuers in the event of a transfer.

The relinquishing issuer must provide the receiving issuer with all the information in its possession concerning the prior plan in order to comply with the requirements set out in the *Income Tax Act* (ITA), *Canada Disability Savings Act* (CDSA) and *Canada Disability Savings Regulations* (Regulations).

3. Responsibilities

3.1. Holder

The holder(s) of the new RDSP (who may be different from the holder of the prior RDSP):

- chooses a new (receiving) issuer;
- informs the receiving issuer that an RDSP is currently open at a prior (relinquishing) issuer;
- opens a new RDSP;
- completes a new application for the Canada Disability Savings Grant and Canada Disability Savings Bond and applicable Annexes with the receiving issuer;

> To download the RDSP Grant and Bond form and annexes A and B, click on the following link, and then choose the "Forms" tab:

> **Canada.ca/RDSPresources**

> For more information on how to fill these forms, see Chapter 3-3 of the RDSP Provider User Guide.

- informs the relinquishing issuer that he/she wants to transfer all of the assets of the RDSP to a new RDSP; and
- completes sections 1 and 2 of the **RDSP Transfer** form; and
- obtains **Holder Consent to an RDSP Transfer** form from the holder of the prior RDSP.

3.1.1. Section 1: Beneficiary Information

The holder of the new RDSP must provide the following information on the beneficiary:

- last name
- first name

- middle name (if applicable)
- Social Insurance Number (SIN)

The information must be entered exactly as it appears on SIN documentation. Often, errors occur because legal name changes are not immediately reported to the Social Insurance Registry (SIR) (i.e. married names do not match maiden names).

3.1.2. Section 2: Holder Information

If the holder is different from the beneficiary, the following information on the holder is required:

If the holder is an **individual**, he/she must provide:

- last name, first name
- middle name (if applicable)

If the holder is an **agency**, he/she must provide:

- name of agency
- name of agency representative

3.2. Receiving Issuer (Transfer-In)

The receiving issuer:

- completes section 3 of the **RDSP Transfer** form;
- opens a new RDSP by submitting the registration package transactions to the CDSP system, making sure that the **transfer indicator** in position 175 is set to "Y";
- continues any LDAPs if they had started at the relinquishing issuer;

- keeps a copy of the **Holder Consent to an RDSP Transfer** form; and
- keeps the signed original of the **RDSP Transfer** form.

3.2.1. Section 3: Receiving Issuer Information

The **Receiving RDSP Contract No.** is the number assigned by the receiving issuer.

The **Receiving Specimen Plan No.** is the number assigned to the receiving issuer by CRA.

The **Date Contract Opened** is the signature date of the new contract. This date would be the same as reported on the record type (RT) 101 transaction.

3	Information About the Receiving Issuer

This section is to be completed by the receiving Issuer.

Receiving RDSP

The receiving RDSP is the plan that the assets are being transferred into.

Receiving Issuer's Name

Address	Postal Code

Receiving RDSP Contract No. (as assigned by Receiving Issuer)	Receiving Specimen Plan No. (as assigned by CRA)	Date Contract Opened (yyyy-mm-dd)

I certify that the receiving Issuer:
- Complies with the current conditions for registration as set out in the *Income Tax Act*, and
- Has signed an Issuer Agreement with ESDC to administer the RDSP, grant and bond.

Date (yyyy-mm-dd)	Signature of Authorized Representative of Receiving Issuer
	Name of Authorized Representative of Receiving Issuer

Contact Information	Telephone	Facsimile	Email

3.2.2. Transactions to Submit to ESDC

Transaction Type	Description	Position	Important Fields
101-01	Contract Information	36-42	Specimen plan number assigned by CRA for the new RDSP
		46-60	New contract number
		175	Input « Y »
		184-198	Contract number of the prior RDSP (all contract digits must be provided including leading zeros)
		199-205	Specimen plan number of the prior RDSP
101-02	Beneficiary Information	36-113	All the pertinent information on the beneficiary.
101-03	Holder Information	36-140	Information can be the same as the prior RDSP or different if a new holder opens the new RDSP.
401-05	Bond Payment Request	70-77	The date on which the bond was requested by the holder to the issuer.

3.3. Relinquishing Issuer (Transfer-Out)

The relinquishing issuer:

- verifies that all pending grant and bond applications have been received;
- stops all pre-authorized contributions or payments on the RDSP account;
- completes sections 4 and 5 of the **RDSP Transfer** form;
- keeps a copy of the **RDSP Transfer** form and returns the original to the receiving issuer;
- keeps the signed original of the **Holder Consent to an RDSP Transfer** form;

- sends a **stop bond payment request** (RT 401-06) to ESDC in accordance with the requirements of the Interface Transaction Standards (ITS);
- closes the prior RDSP and submits RT 102-10 with **closure reason "03"** to ESDC in accordance with the requirements of the ITS;
- sends all of the funds to the receiving issuer;
- sends RT 701-02 to ESDC in accordance with the requirements of the ITS, to report the **fair market value (FMV) amount** and **earnings** of the RDSP being transferred; and
- sends to the receiving issuer any relevant information that has not been provided by ESDC (i.e. medical attestations, etc.).

3.3.1. Section 4: Relinquishing Issuer Information

The **Relinquishing RDSP Contract No.** is the number assigned by the relinquishing issuer. Make sure that the number is inscribed exactly as it was reported to the CDSP system (i.e. including all leading zeros).

The **Relinquishing Specimen Plan No.** is the number assigned to the relinquishing issuer by CRA.

The **Date Contract Opened** is the date the contract was first opened with the relinquishing issuer. This date would be the same as reported on the RT 101 transaction.

4	Information About the Relinquishing Issuer
Relinquishing RDSP The relinquishing RDSP is the plan that the assets are being transferred from.	This section to be completed by the relinquishing Issuer Relinquishing Issuer's Name Address Postal Code Relinquishing RDSP Contract No. (as assigned by Relinquishing Issuer) Relinquishing Specimen Plan No. (as assigned by CRA) Date Contract Opened (yyyy-mm-dd)

3.3.2. Section 5: Notional Balances of the Relinquishing RDSP

The **Balances as of** is the date that the money is sent by the relinquishing issuer to the receiving issuer.

The **Reports** field is used to indicate all rollovers ever made to the RDSP, if any.

The **Other** field is used to indicate all provincial incentives ever made to the RDSP, if any.

The following information will be used by the receiving issuer to calculate new or continuing disability assistance payments (DAPs) or LDAPs.

Totals as at closing of business on December 31 of the prior calendar year

The amounts provided in this section will be used to determine if an RDSP is a primarily government assisted plan (PGAP) or not. It will also be used to calculate the amount of any payments that must be made in the year of the transfer.

All monies paid under the *Canada Disability Savings Act* includes all of the grants and bonds that have **ever been paid** into any RDSP for that particular beneficiary, regardless of if they have been taken out at a later date as part of a repayment or a DAP.

Example: The beneficiary had initially received $70,000 in grant. Even though $7,000 in grant has since been repaid to the Government of Canada and $3,000 in grant has since been paid to the beneficiary, the amount reported will still be the original $70,000 in grant, not the current balance of $60,000.

All contributions made to the RDSP includes all of the contributions, rollovers and provincial payments that have **ever been paid** into any RDSP for that particular beneficiary, regardless of any withdrawal.

Example: An RDSP had initially received $30,000 in contributions, rollovers and provincial incentives. Even though $2,000 in rollovers and $5,000 in contributions have since been paid to the beneficiary, the amount reported will be the original $30,000 in contributions, rollovers and provincial incentives, not the current balance of $23,000.

Providing totals of all contributions made and Canada Disability Savings grant and bond paid as at the closing of business of the prior calendar year is used to determine if an RDSP is a "primarily government assisted plan". It provides information that the receiving Issuer will use to calculate the amount of any payments that must be made in the year of the transfer.	**Balances as at opening of business on January 1 of the current calendar year**	
	Fair Market Value[1]	$
	Annuity contracts[2]	$
	Totals as at closing of business on December 31 of the prior calendar year	
	All monies paid under the *Canada Disability Saving Act*	$
	All contributions made to the RDSP	$

Non-taxable portion of all DAPs/LDAPs processed prior to the current calendar year means all the contribution amounts that were included in any DAPs or LDAPs paid to the beneficiary prior to the current calendar year.

Taxable portion of all DAPs/LDAPs processed prior to the current calendar year means all the grant, bond, rollover, earnings and provincial payment amounts that were included in any DAPs or LDAPs paid to the beneficiary prior to the current calendar year.

Non-taxable portion of all DAPs/LDAPs processed this calendar year means all the contribution amounts that were included in any DAPs or LDAPs paid to the beneficiary this calendar year.

Taxable portion of all DAPs/LDAPs processed this calendar year means all the grant, bond, rollover, earnings and provincial payment amounts that were included in any DAPs or LDAPs paid to the beneficiary this calendar year.

Reminder: Have all pending grant and bond applications been received? Have all pre-authorized contributions or payments been stopped?	**For all DAPs/LDAPs processed prior to the current calendar year:**	
	Non-taxable portion	Taxable portion
	$	$
	For all DAPs/LDAPs processed this calendar year:	
	Non-taxable portion	Taxable portion
	$	$

1. I certify that the Holder(s) of the relinquishing RDSP have provided his/her/their consent to transfer the assets from the relinquishing RDSP contract.
2. I certify that the relinquishing Issuer will transfer amounts described above, and the information given on this form is, to the best of my knowledge, complete and accurate.
3. The assets will be transferred in cash ☐ , in kind ☐ .

Date (yyyy-mm-dd)	Signature of Authorized Representative of Relinquishing Issuer
	Name of Authorized Representative of Relinquishing Issuer
Contact information	

Telephone	Facsimile	Email

(1) The amount of variable A of the LDAP formula as described in 146.4(4)(l) of the *Income Tax Act*
(2) The amount of variable D of the LDAP formula as described in 146.4(4)(l) of the *Income Tax Act*

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3.3.3. Transactions to be Submitted to ESDC

Transaction Type	Description	Position	Important Fields
401-06	Stop Bond Request	70-77	Date the stop request was made by the holder.
	Original Issuer Transaction Number	93-107	Transaction number of the original bond request to be stopped.
102-10	Contract Updates – Close a Contract	61-62	Reason "3" Transfer
		71-78	Date the contract was closed with the relinquishing issuer. It's the date the notional account balances and the market value were calculated on the Transfer Form.
701-02	Transfer Reporting of FMV and Earnings Amounts	75-84	Fair market value of contract
		85-94	Earnings are the difference between the total of the FMV and the notional account balance.

3.4. ESDC Responsibilities

- administers the grant and the bond according to the CDSA and Regulations;
- advises issuers of unresolved transfers; and
- sends the **Transfer Information Extract File**.

3.4.1. Transfer Information Extract File (RT 971)

For the "resolved" RDSP transfers, ESDC will provide to the receiving issuer all historical financial transactional information in its possession from all previous contracts for a particular beneficiary. This historical record will be sent in a **Transfer Information Extract File (RT 971)** to the receiving issuer and include the following transaction types:

- 971-01 Contribution/contribution correction information
- 971-02 Bond request information
- 971-03 Retirement savings rollover/retirement savings rollover reversal information
- 971-04 Grant/bond repayment – grant/bond repayment reversal information
- 971-05 DAP/DAP reversal information
- 971-06 LDAP/LDAP reversal information
- 971-07 Education savings rollover/education savings rollover reversal information

4. Transfer Process

Here is a breakdown of the transfer process.
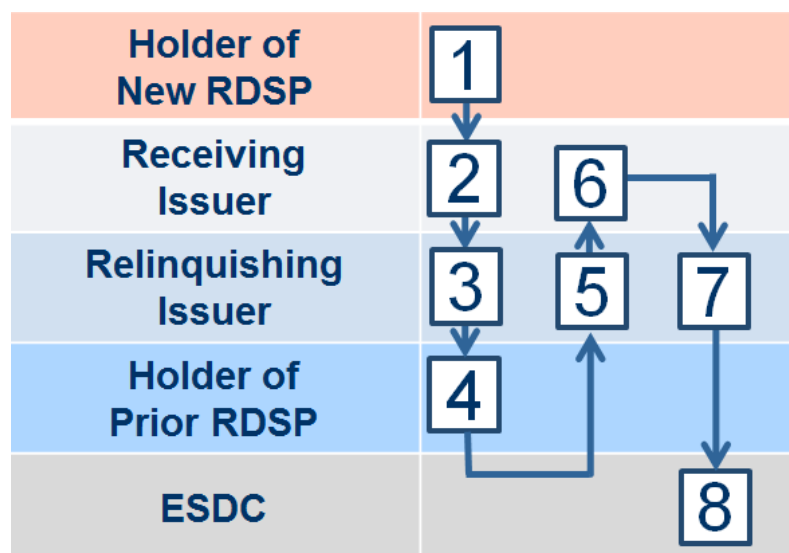
1	The holder(s) of the new RDSP must: ☐ complete a new **Application for the Canada Disability Savings Grant and Canada Disability Savings Bond** and applicable Annexe(s) with the receiving issuer; ☐ complete **sections 1** (information about the beneficiary) **and 2** (information about the holder) of the **RDSP Transfer** form (ESDC EMP5611); and ☐ inform the relinquishing issuer of the intent to transfer all of the assets to a new RDSP.

2	The receiving issuer must: ❐ complete **section 3** (information about the receiving issuer) of the **RDSP Transfer** form; and ❐ send the **RDSP Transfer** form to the relinquishing issuer.
3	The relinquishing issuer must: ❐ verify that all pending grant and bond have been received; ❐ stop all pre-authorized contributions or payments on the RDSP account; ❐ send a **stop bond payment request** (RT 401-06) to ESDC in accordance with the requirements of the ITS; ❐ complete **sections 4** (information about the relinquishing issuer) **and 5** (notional balances of the relinquishing RDSP) of the **RDSP Transfer** form and keeps a copy; and ❐ send the signed original of the **RDSP Transfer** form back to the receiving issuer.
4	The holder(s) of the prior RDSP must: ❐ complete the **Holder Consent to an RDSP Transfer** form (ESDC EMP5612) and keep a copy**.**
5	The relinquishing issuer must: ❐ keep the signed original of the **Holder Consent to an RDSP Transfer** form and send a copy to the receiving issuer.

6	The receiving issuer must:
	❑ keep a copy of the **Holder Consent to an RDSP Transfer** form;
	❑ Keep the completed and signed original **RDSP transfer** form;
	❑ send transactions related to the **contract registration package** (RT 101-01, RT 101-02, RT 101-03) to the CDSP system to register the new RDSP; make sure that the **transfer indicator** is set to "Y" (see RT 101-01, position 175 in ITS) and that the relinquishing contract and specimen plan numbers are accurately referenced with leading zeros (see RT 101-01, positions 184-205 in ITS); and
	❑ continue any **lifetime disability assistance payments** (LDAPs), if they had started prior to the transfer.
7	The relinquishing issuer must:
	❑ transfers all of the assets to the receiving issuer;
	❑ provide the receiving issuer with all information that is not available through the CDSP system, for example medical certifications, elections and forms for retirement savings and/or education saving rollovers;
	❑ close the prior RDSP and send the transaction RT 102-10 **close a contract** to the CDSP system with **closure reason "03" – transfer**; and
	❑ send the transaction **RT 701-02 transfer reporting of fair market value and earnings amounts** to the CDSP system to report the FMV and earnings of the RDSP being transferred.
8	ESDC must:
	❑ provide the receiving issuer with RT 971 **Transfer Extract File** containing all successfully processed financial transactions for earlier contracts; and
	❑ advise issuer of unresolved transfers through monthly files.

March 8, 2016

4.1. Determining if a Transfer Is Complete

A transfer is completed when:

- the relinquishing issuer transfers all funds to the new RDSP at the receiving issuer and closes the prior RDSP;
- the new RDSP is registered with the receiving issuer;
- the CDSP system has processed all transactions (RT 101 and RT 102-10) and no error has occurred (if error, see section of this chapter for problem solving);
- the relinquishing issuer sends any relevant information that ESDC does not have in its possession to the receiving issuer (i.e. medical attestation, etc.); and
- ESDC sends the **Transfer Extract File** to the receiving issuer.

The amount transferred from a prior RDSP to a new RDSP is not considered to be a contribution.

5. Problem Solving

If the transfer is not successful, it could have a negative impact on the beneficiary. For example, the beneficiary may not receive any further grant and bond until the issue is resolved. Below, you will find the most common errors related to transfers, along with possible resolutions in order to help the issuers achieve a successful transfer.

5.1. For the Receiving Issuer

5.1.1. Error File - Error Code 8102

If in the monthly **Error File** (RT 801), the receiving issuer gets an **error code 8102 – is not identified in the CDSP system** – this could mean that the prior RDSP was never registered and is simply a disability savings plan (DSP). If this is not the case, this error could also mean that the contract number has been mistyped (see RT 101-01, positions 184-198 – **other contract** in the ITS), most likely it is missing leading zeros. In this case, the receiving issuer must resubmit the entire registration package (RT 101-01, RT 101-02, RT 101-03) making sure the relinquishing contract number is properly entered with leading zeros.

5.1.2. Error File - Error Code 8104

If in the monthly **Error File** (RT 801), the receiving issuer gets an **error code 8104 – data is missing from field** – this could mean

that the receiving issuer failed to indicate the relinquishing issuer's contract number in the **other contract** field (see RT 101-01, positions 184-198 – **other contract** in the ITS). If this is the case, the receiving issuer must resubmit the entire registration package (RT 101-01, RT 101-02, RT 101-03), including the relinquishing issuer's contract number to the CDSP system.

5.1.3. Error File - Error Code 8231

If in the monthly **Error File** (RT 801), the receiving issuer gets an **error code 8231 – the beneficiary must not already have a pending, registered or de-registered contract** – this could mean the **transfer indicator** was not set to "Y" in the registration package (see RT 101-01, position 175 - **transaction indicator** in the ITS). If this is the case, the receiving issuer must resubmit the entire registration package (RT 101-01, RT 101-02, RT 101-03) with the **transfer indicator** set to "Y" (in the RT 101-01, position 175) to the CDSP system.

5.1.4. Contract Status File - Pending Status

If in the monthly **Contract Status File** (RT 951), the receiving issuer gets a **current contract status – "01" pending** and a **current transfer status – "1" awaiting transfer** that could mean the relinquishing issuer has not yet sent the required **close a contract** transaction to the CDSP system. If that is the case, contact the relinquishing issuer to confirm that they have successfully sent the RT 102-10 - **close a contract** transaction.

5.2. For the Relinquishing Issuer

To close an RDSP, the relinquishing issuer must submit an RT 102-10 **– close a contract** transaction to the CDSP system and indicate the **closure reason "3" - transfer**. The relinquishing issuer cannot simply close the account internally; this action must be reported to ESDC.

If grant and/or bond is received after an RDSP has been transferred-out to the receiving issuer, the relinquishing issuer must send the funds to the receiving issuer.

C H A P T E R

2-5

RDSP Rollovers

Certain retirement savings and education investment incomes may be rolled over into a Registered Disability Savings Plan (RDSP).

RDSP issuers must specify in their specimen plan if rollovers are permitted.

In this chapter

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1. Overview of the Rollover Process

Under certain conditions, two types of rollovers may be deposited into an RDSP:

- retirement savings rollovers; and
- education savings rollovers.

1.1. Terms and Acronyms

The following terms and acronyms are used throughout this chapter.

Term	Description
accumulated income payment (AIP)[1]	An AIP is a lump-sum distribution of investment income earned in a Registered Educations Savings Plan (RESP) to the RESP subscriber or the RESP beneficiary's RDSP, generally made in circumstances where the RESP beneficiary does not pursue post-secondary education and the RESP is being terminated.
decedent	The parent or grandparent of the RDSP beneficiary, who at the time of death was an annuitant of an RRSP or RRIF or member of an RPP, PRPP or SPP.
eligible proceeds	Funds from an RRSP, RRIF, RPP, PRPP, SPP or RESP investment income are eligible to be transferred to an RDSP.
financially dependent	Child or grandchild who was a dependent of the decedent due to a mental or physical impairment and a beneficiary of an RDSP.
Pooled Registered Pension Plan (PRPP)	Pension plan for employees and self-employed who do not have access to a workplace pension plan.
Registered Education Savings Plan (RESP)	Registered plan that is intended to help to save for a beneficiary's postsecondary education.
Registered Pension Plan (RPP)	An arrangement by an employer or a union to provide pensions to retired employees in the form of periodic payments.

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[1] See RESP User Guide, Chapter 3–3: Options for Assets Remaining in the RESP

Term	Description
Registered Retirement Income Fund (RRIF)	An arrangement between a carrier and an annuitant under which payments are made to the annuitant of a minimum amount each year.
Registered Retirement Savings Plan (RRSP)	A contract or arrangement between an individual and an issuer under which contributions are made for the purpose of providing the individual a retirement income commencing at maturity.
rollover amount	The amount that is transferred into the RDSP from RRSPs, RRIFs, RPPs, PRPPs, SPPs, or RESPs.
Specified Pension Plan (SPP)	Prescribed provincial pension plan

2. Rollover of Retirement Savings

Parents or **grandparents** of a financially dependent child or grandchild can arrange for some or all of their retirement savings to be transferred on a tax-deferred basis to their child or grandchild's RDSP when they pass away.

To be eligible for this measure, retirement savings must be in one of the following:

- a RRSP
- a RRIF
- a RPP
- a PRPP
- a SPP

The maximum transfer amount must not exceed the $200,000 RDSP lifetime contribution limit. For example, if there is already $50,000 in private contributions in an RDSP, the amount rolled over from an RRSP, RRIF, RPP, PRPP or SPP cannot exceed $150,000.

2.1. Family Relationship

The only individual who may benefit from a retirement savings rollover is the beneficiary who was financially dependent on a decedent parent or grandparent.

> For any question on the definition of financially dependent, please contact the Canada Revenue Agency (CRA).
>
> - In English: 1-800-959-8281
> - In French: 1-800-959-7383

2.2. Eligibility and Conditions

To rollover a retirement savings amount, the following conditions must be met:

- respect lifetime RDSP contribution limit of $200,000;
- death of grandparents or parents who were annuitant of an RRSP/RRIF or member of an RPP, PRPP or SPP;
- beneficiary is **59 years of age or less** at the end of the calendar year;
- beneficiary is Disability Tax Credit (**DTC**) eligible;
- beneficiary meets **residency** criteria;
- beneficiary is alive at the time the rollover takes place;
- holder **gives permission** to allow a rollover;
- holder and beneficiary have to provide the required information and sign a rollover form; and
- the RDSP beneficiary must be entitled to receive the retirement savings amount, either because he or she was designated as direct beneficiary at the plan level, or because the proceeds were payable to the estate of the decedent, and the RDSP beneficiary was a beneficiary of the estate.

The rollover of retirement savings proceeds will **not attract** the Canada Disability Savings Grant (grant). The rollover portion of a Disability Assistance Payment (DAP) will be taxable at the time the disability assistance payment is made.

During a period in which the beneficiary is **no longer DTC eligible** and has elected to keep his or her RDSP open, **retirement savings rollovers are permitted**.

2.3. Specimen Plan

The issuer must specify in their specimen plan if rollovers of retirement savings proceeds into an RDSP are permitted. The specimen plan must be approved by the Registered Plans Directorate, CRA.

2.4. Roles and Responsibilities

The **RSDP holder**:

- contacts the financial institution and requests a rollover;
- completes and signs a rollover form (Note: the financial institution may have its own form for this purpose, but if not, then CRA form RC4625 may be used.); and
- confirms and authorizes the amount to be rolled over into the beneficiary's RDSP.

The **beneficiary**:

- signs to confirm that he or she has reached the age of majority and is able to enter into a contract.

The **financial institution**:

- signs the rollover form to confirm they have received the funds;
- submits the 401-08 transaction to the Canada Disability Savings Program (CDSP) system; and
- keeps the rollover form in the beneficiary's RDSP file.

Employment and Social Development Canada (ESDC):

- forwards a report to the financial institution.

3. Rollover of Education Savings

Starting **January 1, 2014**, rollovers can be made from an RESP to an RDSP. In general terms, a subscriber of an RESP that allows AIPs and a holder of an RDSP may elect to transfer an accumulated income payment under the RESP to the RDSP if, at the time of the election, the RESP beneficiary is also the beneficiary under the RDSP.

When an RESP rollover occurs:

- **contributions** in the RESP will be **returned** to the RESP subscriber on a tax-free basis;
- the Canada Education Savings Grants and Canada Learning Bonds in the RESP will be **repaid** to ESDC;
- provincial incentives will be **repaid** to the appropriate provinces; and
- the **RESP must be terminated** by the end of February of the year after the calendar year during which the rollover is made.

3.1. Eligibility and Conditions

To be eligible to roll over the investment income from an RESP to an RDSP, the beneficiary must:

- be **DTC-eligible*** at the time of the rollover;

- be 59 or less at the end of the calendar year that the rollover is made; and
- be a **resident** in Canada.

*For more information on DTC eligibility, see Chapter 2-1 – Registered Disability Savings Plan.

Moreover, one of the three following conditions must be met:

The beneficiary has a severe and prolonged mental impairment that can reasonably be expected to prevent him/her from pursuing post-secondary education.	**or**	The RESP account has been in existence for at least 10 years and all the beneficiaries in the plan have to be at least 21 years of age and are not pursuing post-secondary education.	**or**	The RESP has been in existence for more than 35 years.

When making a withdrawal, the education savings rollover portion of the payment should be **treated as RDSP earnings** and must be counted as a taxable amount.

Education savings rollovers are **not permitted when the plan is a Specified Disability Savings Plan** (SDSP).

3.2. Specimen Plan

The RDSP issuer must specify in their specimen plan if rollovers of education savings proceeds into an RDSP are permitted. The specimen plan must be approved by the Registered Plans Directorate, CRA.

The RESP must also allow accumulated income payments in its specimen plan.

3.3. Roles and Responsibilities

The **holder**:

- agrees, in writing, to have the amount rolled over to the RDSP.

The **RDSP financial institution**:

- submits the 401-30 transaction to the CDSP system.

The **RESP subscriber** and the **RDSP holder**:

- must, in writing, jointly elect to have the education savings rollover take place.

The **RESP promoter**:

- must terminate the RESP by the end of February of the calendar year following the education savings rollover; and
- must determine whether the AIP distribution/rollover can take place.

3.4. Rollovers from RESP Family Plans

When the rollover of education savings proceeds is from a family plan, three options are available.

Option 1

The first option involves the following.

Family RESP	A family plan with multiple beneficiaries can be split into one or several individual plans. The subscriber can request a partial transfer, in the same proportion, of contributions, earnings, Canada Education Savings Grant and provincial incentives from the family plan to the new individual plan.
Individual RESP	Once the transfer is complete, the RESP subscriber may then request to have the investment earnings amount rolled over into an RDSP from this new RESP.
RDSP	Once the rollover to the RDSP is complete, the new RESP is closed.

Note: For promoters who do not offer individual plans, they may open a family plan with only one beneficiary.

Advantages – The family plan with the remaining beneficiaries could remain open.

Disadvantages – The subscriber would not be able to transfer only the earnings to the new RESP for the DTC-eligible beneficiary. Since only a portion of the property in the RESP is transferred, then the partial transfer rules outlined in subsection 16(2) of the *Canada Education Savings Regulations* would require the transferring RESP

promoter to calculate and transfer the equal portion of the contributions, earnings, CESG and provincial incentives to the receiving plan.

For more information on transferring funds from one RESP to another or to learn how to close an RESP, consult the RESP Provider User Guide on ESDC's website.

http://www.esdc.gc.ca/eng/jobs/student/promoters/user_guide/index.shtml

Option 2

The subscriber can wait until the other beneficiaries of the family plan are eligible for post-secondary education (PSE) or will not be pursuing PSE before rolling over the investment income from the family RESP to DTC eligible beneficiary's RDSP.

Advantages – It would no longer matter that any grant and bond remaining in the family RESP (including amounts paid in other beneficiaries' names) would need to be repaid and that the plan would have to terminate by the end of February of the year after the education savings rollover occurred, because the other beneficiaries will have either used the funds necessary for their PSE or they will not be using the funds for PSE.

Disadvantages – This could be a long time depending on the age of the other beneficiaries.

Option 3

The third option involves the following.

Close the family RESP and transfer the AIP to the beneficiary's RDSP.
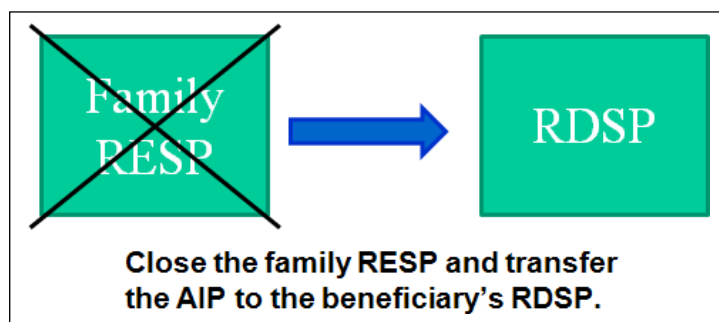
Advantages – All the investment earnings in the RESP could be transferred to the DTC-eligible beneficiary's RDSP (including those accumulated for other beneficiaries).

Disadvantages – All grant and bond remaining in the family RESP (including amounts paid in other beneficiaries' names) would need to

be repaid and the family RESP would be required to terminate by the end of February of the year after the rollover occurred.

4. Determining PGAP or Non-PGAP

For the purpose of determining[2] whether the RDSP is a primarily government-assisted plan (PGAP) or a non-primarily government assisted plan (non-PGAP), the investment income rolled over to an RDSP will be **considered a private contribution**. It will **not attract grants**. It will count towards the RDSP contribution lifetime limit of $200,000 and will reduce the available RDSP contribution room and be included in the taxable portion of RDSP withdrawals made to the beneficiary.

The following illustrates how a previously PGAP RDSP, after an education or a retirement savings rollover, can become a non-PGAP RDSP. For example, when the private contributions ($10,000) are lower than the government contributions ($15,000), the plan is a PGAP. However, when an education or retirement savings rollover of $10,000 is deposited into the RDSP, the private contributions ($20,000) are now more than the government contributions ($15,000). Therefore, the RDSP is now a non-PGAP plan. A PGAP or a non-PGAP designation is valid for a full calendar year. A plan can only change from one designation to the other on January 1.

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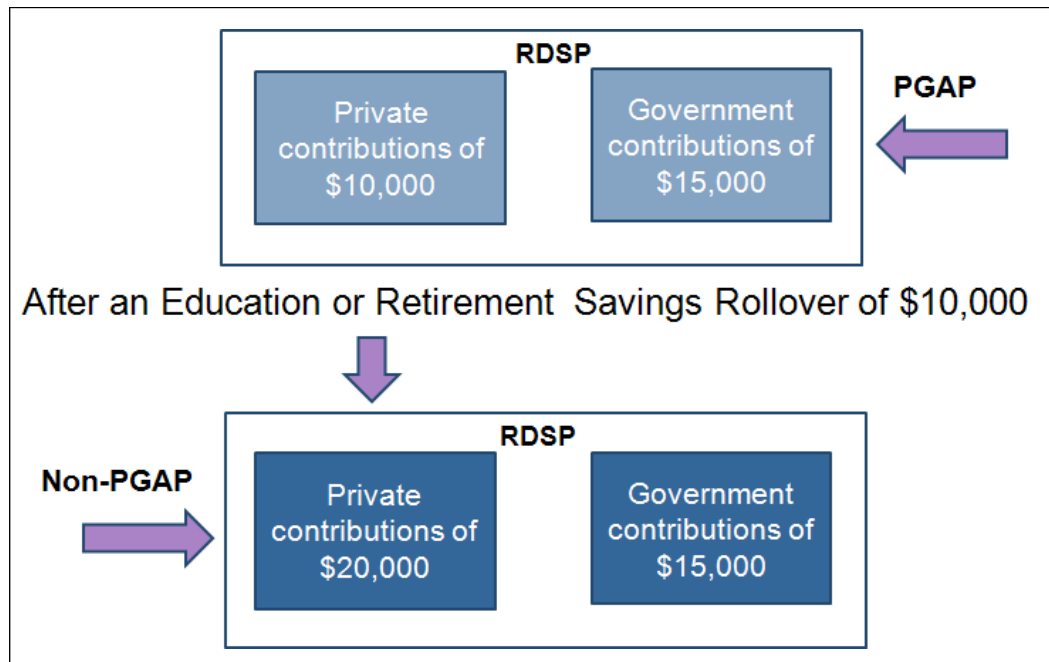
[2] This is determined at the beginning of a calendar year, on January 1.

5. Reporting Requirements

5.1. Record Types

There are **four transactions** involved in the rollover of proceeds.

Information	Record Types (RT)
Retirement Savings Rollover	401-08
Retirement Savings Rollover Reversal	401-09
Education Savings Rollover	401-30
Education Savings Rollover Reversal	401-31

5.1.1. RT 401-08

The RT 401-08 "**Retirement Savings Rollover**" includes information that must be reported by the financial institution.

Description	Important Information
Issuer's Information	Business Number
	Issuer Transaction Number
Specimen Plan	Must be designated by CRA to accept RDSP rollovers
Beneficiary	SIN
Rollover	Different dates are critical
	Amount
Primary Caregiver or Agency	SIN or BN

5.1.2. RT 401-09

The RT 401-09, "**Retirement Savings Rollover Reversal**" includes information that must be reported by the RDSP issuer.

Description	Important information
Issuer's Information	Original Issuer Business Number
	Original Issuer Transaction Number
Beneficiary	SIN
Rollover	Reversal dates

5.1.3. RT 401-30

The RT 401-30, "**Education Savings Rollover**" includes information that must be reported by the RDSP issuer.

Description	Important information
Issuer's Information	Business Number
	Issuer Transaction Number
Specimen Plan	Must be designated by CRA to accept RDSP rollovers
Beneficiary	SIN
Rollover	Different dates are critical
	Amount
Primary Caregiver or Agency	SIN or BN

5.1.4. RT 401-31

The RT 401-31, "**Education Savings Rollover Reversal**" includes information that must be reported by the RDSP issuer.

Description	Important information
Issuer's Information	Original Issuer Business Number
	Original Issuer Transaction Number
Beneficiary	SIN
Rollover	Reversal dates

For additional information, consult the Interface Transaction Standards on ESDC's website.

http://www.esdc.gc.ca/eng/disability/savings/issuers/index.shtml

6. Rollover Form

Rollover forms can vary from one financial institution to another. CRA form RC4625 may be used for retirement savings rollovers; however, it is not mandatory.

There is no specific rollover form for education savings rollovers. A *proforma* education savings rollover form will be made available on the CRA's webpage shortly.

C H A P T E R

2-6

Closing an RDSP

When certain events occur, registered disability savings plans (RDSP) need to be closed. This chapter provides information relating to these events, as well as the conditions and timelines in place for regulating RDSP closures.

In this chapter

Employment and
Social Development Canada

Emploi et
Développement social Canada

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Canada

1. RDSP closure

An RDSP is closed when one of the following **events** occurs:

- loss of eligibility for the Disability Tax Credit (DTC);
- RDSP non-compliance*;
- beneficiary's death;
- transfer of the RDSP to another issuer;
- other.

When an RDSP is closed, the beneficiary or the beneficiary's estate receives the invested contributions and all earnings from the RDSP. However, all grants and bonds that have been paid into the RDSP during the last ten years must be repaid to the Government of Canada.

*Technically, the trust account doesn't need to be closed when the RDSP is non-compliant. In this case, the law requires that a deemed Disability Assistance Payment (DAP) be made to the beneficiary or their estate. The money doesn't have to be removed from the account.

1.1. Loss of eligibility for the DTC

For a disability savings plan to qualify as an RDSP, the beneficiary must be a DTC-eligible individual for the year in which the plan is established. The beneficiary must also be DTC-eligible each year in order for the plan to remain an RDSP.

DTC is in place for an entire calendar year (January 1 to December 31), regardless of when the beneficiary is informed of the credit being granted or rescinded.

The holder must terminate the RDSP no later than December 31 of the year following the first full calendar year in which the beneficiary is no longer eligible for the DTC.

Dec. 31, 2014 Last day beneficiary is DTC-eligible	**2015** First full calendar year where beneficiary is DTC-ineligible	**2016** Second full calendar year where beneficiary is DTC-ineligible	**Dec. 31, 2016** Last day to close the RDSP
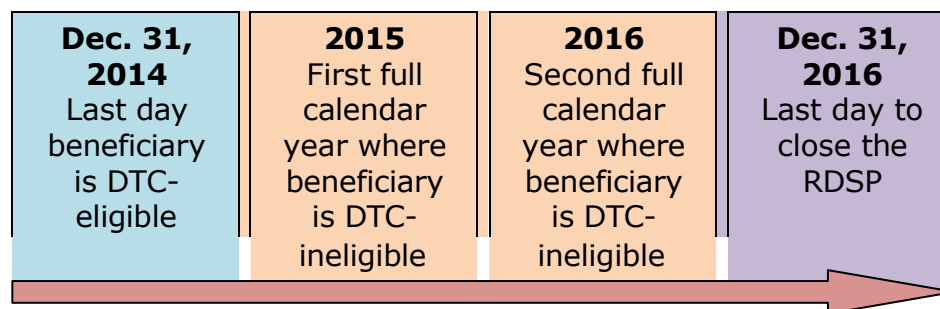
However, in the case where a beneficiary becomes DTC-ineligible but a medical doctor or a nurse practitioner certifies that the beneficiary may, due to the nature of their condition, be eligible for the DTC once

more at a later date, the period for which an RDSP may remain open may be extended if the holder elects to do so.

Note: The issuer must amend the termination section of their specimen plan to require that if a DTC election has been made, and the beneficiary does not regain their DTC-eligibility, the RDSP must close by the end of the sixth calendar year of continuous DTC ineligibility.

1.1.1. DTC election

If the RDSP holder elects to keep the plan open, the RDSP can remain open for up to five calendar years if the following conditions are met:

- A medical doctor or a nurse practitioner must certify, in writing, that the beneficiary will likely become DTC-eligible in the foreseeable future;
- The holder must make an election to keep the plan open;
- The beneficiary must have been DTC-eligible in the year immediately before the two year period in which the holder can make the election; and
- the issuer notifies Employment and Social Development Canada (ESDC) of the election through the Canada Disability Savings Program (CDSP) system by sending the appropriate transaction (RT 501) as prescribed in the Interface Transaction Standards (ITS) document.

After an election is established it remains valid until the earlier of:

- the beneficiary regaining their DTC-eligibility; or
- the end of the fifth calendar year of continuous DTC-ineligibility.

If the beneficiary does <u>not</u> regain DTC eligibility within the election period, the issuer must close the plan by December 31 of the year following five years of continuous DTC ineligibility, even if the beneficiary becomes eligible for the DTC in the sixth year.

If the beneficiary <u>does</u> regain DTC eligibility within the election period, when the Canada Revenue Agency (CRA) updates its files, it will trigger the CDSP system to set a new election end date that reflects the actual duration of the election period. The following examples explain this situation:

Starting January 1, 2014, the beneficiary is no longer DTC-eligible. However, the beneficiary's medical doctor certifies that the beneficiary will likely be eligible for the DTC again within the next five years.

The holder has until December 31, 2015 to make an election; however, on July 1, 2014, the holder elects to have the RDSP remain open. Once the election is made, the RDSP will remain "dormant" until either the beneficiary becomes DTC-eligible again, thus re-activating the RDSP or until December 31, 2019, date at which the RDSP must be closed.

If the beneficiary does not regain his DTC eligibility before December 31, 2018, the RDSP must be closed no later than December 31, 2019.

Loss of DTC Eligibility
Jan. 1, 2014.

	2013	2014	2015	2016	2017	2018	2019	2020
DTC	Yes	No	No	No	No	No		

Holder makes an election on July 1, 2014.

December 31, 2015 - Last day to make an election.
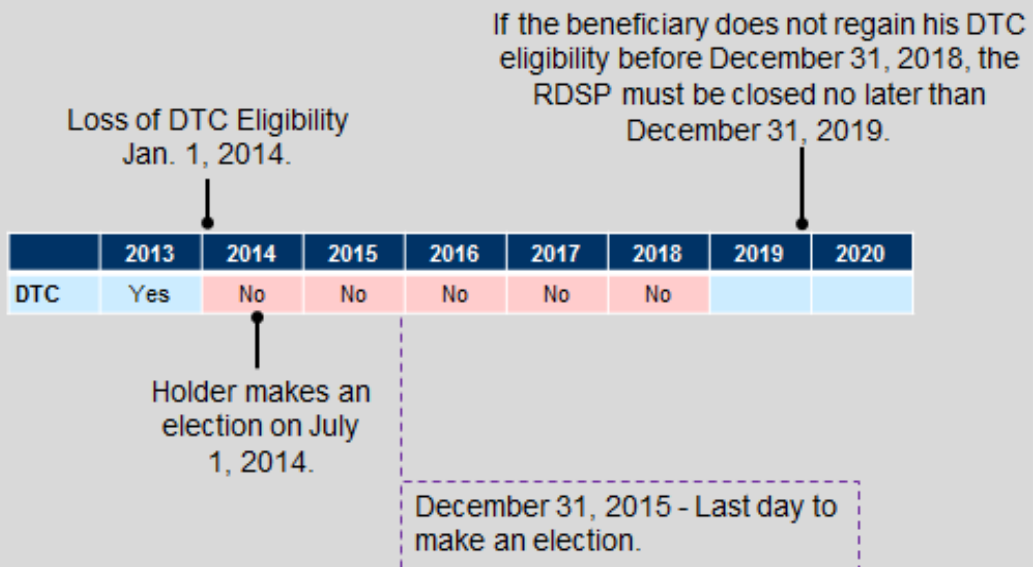
The election starts the year the DTC-eligibility is lost (2014) and lasts for the subsequent four calendar years (2015–2018). If DTC eligibility is not regained, the RDSP must be closed by December 31, 2019.

If the beneficiary becomes DTC-eligible in 2019, the RDSP will still need to be closed by December 31, 2019 as the election period ended on December 31, 2018.

1.1.2. DTC election and DTC non-election

The following table illustrates the latest possible date a RDSP must close when a holder elects to keep the RDSP open (election) or chooses to terminate the RDSP (no election) and the beneficiary does not regain his or her DTC-eligibility within the prescribed timeframe.

Year	DTC – election	DTC – no election
2014	Not DTC-eligible	Not DTC-eligible
2015	Not DTC-eligible	Not DTC-eligible Close by Dec. 31
2016	Not DTC-eligible	
2017	Not DTC-eligible	
2018	Not DTC-eligible	
2019	Close by Dec. 31	

1.1.3. Results of a DTC election

When an election is made, the following rules apply commencing with the first full calendar year for which the beneficiary is DTC-ineligible:

- no contributions to the RDSP or education savings rollovers will be permitted; however, a retirement savings rollover is permitted (see Chapter 2-5 for further details);
- no new Canada Disability Savings Grant (grant) or Canada Disability Savings Bond (bond) will be paid into the RDSP; however, if there is an outstanding request when the beneficiary was DTC-eligible, grant or bond will be paid even if the payment is made during an election period;
- if a beneficiary dies after an election has been made, the assistance holdback (AHA) amount will apply;
- no new entitlements will be generated for the purpose of the carry-forward of grants and bonds for years for which the beneficiary is DTC-ineligible;
- withdrawals from the RDSP will be permitted, and will be subject to the AHA (or the proportional repayment rule) and the maximum and minimum withdrawal rules as applicable.

Neither the certification required for an election, nor the election itself, will have any bearing on the determination of an individual's eligibility for the DTC. The sole purpose of the certification and election is to allow an RDSP to remain open for the five years under election.

1.1.4. Cancellation of an election

If, at any time during this five-year election period, the beneficiary regains DTC eligibility, the election will be automatically cancelled when CRA updates the beneficiary's information. The CDSP system will reconfigure the election dates to show that the election is no longer in effect and ESDC will notify the issuer of the election cancellation. Any financial transactions such as payment of grant or bond impacted by the DTC update are also re-processed and paid if applicable.

1.1.5. Episodic DTC election

A provision has been added to extend the period the RDSP may remain open when medical conditions are such that a beneficiary who becomes DTC-ineligible might be eligible again in a later year. In order to take advantage of this provision, an episodic DTC election transaction must be submitted to the CDSP system.

1.1.5.1. Forwarding an episodic DTC election

Since January 2014, the issuer may submit a transaction type 501-01 (Episodic DTC Election) to establish a record of episodic DTC elections in the CDSP system.

The CDSP system validates that the election is submitted in a timely manner using the date that is time stamped during the secure file transfer.

1.1.5.2. Reversal of an episodic DTC election

Should the issuer discover that a DTC election transaction was processed in error, a transaction type 501-02 (Episodic DTC Election Reversal) must be submitted to the CDSP system.

1.2. RDSP non-compliance

An RDSP will be considered non-compliant and cease to be an RDSP if the following issues arise:

- the RDSP fails to comply with a condition in subsection 146.4(4) of the *Income Tax Act* (ITA)*;
- the RDSP is not administered in accordance with its terms and conditions*; and/or
- the Minister of ESDC notifies CRA that a RDSP is non-compliant should there be a failure to administer a condition or obligation under the *Canada Disability Savings Act* (CDSA).

*CRA has the authority to apply waivers to an RDSP that is non-compliant.

1.3. Beneficiary's death

Upon the death of the beneficiary, the sums remaining in the RDSP (considering first, any AHA to be repaid to the Government of Canada) must be paid to the beneficiary's estate, and the RDSP must be terminated no later than the end of the calendar year following the year of the beneficiary's death.

If by December 31 of the year following the beneficiary's death, the RDSP has not been terminated, the RDSP will lose its registered status and become a Disability Savings Plan.

1.4. Transfer

It is possible to transfer funds between issuers. A new RDSP will need to be opened at the new issuer and the prior RDSP will need to be terminated immediately after the transfer.

If the holder has made an election to keep the RDSP open after the loss of DTC-eligibility, generally a new RDSP cannot be opened at a new issuer.

1.5. Other

At the holder's request, an RDSP can be closed in the following situations:

- there is no property in the RDSP;
- only the AHA is left in the RDSP (there are no earnings or contributions in the RDSP); or
- the holder requests a payment of all remaining funds in the RDSP to be made to the beneficiary and the payment is not more than the maximum amount for that year (applicable if the RDSP terms provide the holder with the ability to request a DAP).

Before terminating an RDSP, issuers should ensure they consider any associated trust laws and requirements.

2. Repayments

Prior to terminating an RDSP, the issuer is required to repay to the Government of Canada, in keeping with the conditions specified in the Issuer Agreement, any AHA in the RDSP.

The conditions identified in the Issuer Agreement are:

- the RDSP is terminated;
- the RDSP ceases to be an RDSP;
- the beneficiary ceases to be eligible for the DTC; or
- the beneficiary has died.

The issuer must repay any part of an amount not rightfully paid under the terms of the CDSA or the *Canada Disability Savings Regulations* (Regulations) to an RDSP as a grant or a bond.

Beneficiaries must repay any part of a DAP attributable to a grant or a bond to which they had no right under the terms of the CDSA or the Regulations.

CHAPTER

3-1

The Canada Disability Savings Grant

The Canada Disability Savings Grant (grant) is a payment made by the Government of Canada to help Canadians with severe and prolonged disabilities and their families save for the future.

Before offering the grant, Registered Disability Savings Plan (RDSP) providers must be authorized by Employment and Social Development Canada (ESDC).

The grant is based on contributions made to an RDSP for an eligible beneficiary as well as the beneficiary's family income.

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1. The Grant – An Overview

The **Canada Disability Savings Grant (grant)** is a limited matching grant paid into an RDSP by the Government of Canada.

Depending on the amount contributed and the beneficiary's family income, the Government may contribute funds equivalent to **300%**, **200%**, or **100%** of contributions made into an RDSP for a year.

An RDSP may receive up to a maximum of **$3,500** in grants per year. The maximum lifetime grant that may be paid on behalf of a beneficiary shall not exceed **$70,000**.

The grant may be paid on contributions made into an RDSP on or before December 31 of the calendar year in which the beneficiary turns 49 years of age.

1.1. How it works

The payment of the grant is based on the following requirements.

- An **RDSP**: A qualified holder must open an RDSP for an eligible beneficiary.
- **RDSP Contributions**: The holder makes and authorizes eligible contributions to the RDSP.
- **Eligibility Criteria**: The holder and RDSP provider must ensure that all eligibility criteria for the grant have been met otherwise the grant will not be paid.
- **Application Process**: The holder submits the completed application form to the financial institution who transmits the request through an automated system to ESDC.

2. Grant Eligibility

To determine if a beneficiary is eligible for the grant, the following criteria and conditions must be met:

The **contribution:**

- must be made on or before December 31 of the year the beneficiary turns 49 years of age; and
- must not be a rollover.

The **beneficiary** must:

- be a resident of Canada at the time the contribution is made;
- be eligible for the Disability Tax Credit (DTC);
- have a valid Social Insurance Number (SIN); and
- be alive.

The **holder** must:

- open an RDSP;
- complete a grant and bond application form and check off the appropriate boxes;
- provide the signed application form directly to the financial institution on or before December 31 of the year the beneficiary turns 49 years of age;
- deposit or authorize a contribution into the RDSP;
- receive a children's special allowance for at least one month in the year in order to maximize grant when the holder is an organization and the beneficiary is under the age of 18;
- have a valid SIN or Business Number (BN); and
- ensure that the lifetime limit of $200,000 of contributions is not exceeded.

The **financial institution** must:

- have received approval and authorization from CRA and ESDC to offer the RDSP, the grant and the bond;
- ensure the information on the application form is accurate and complete;
- submit the information electronically for processing to ESDC;
- complete any required action as a result of processing with ESDC such as correct SIN numbers, add missing information;
- receive and distribute grant payments to the RDSP; and
- provide statements of account to the holder.

2.1. Grant Annual Matching Rates

he *Canada Disability Savings Act* (CDSA) sets out the amount of grant that may be paid into an RDSP.

Depending on the beneficiary's family income and the amount contributed in the year, the Government of Canada will contribute grants of **300%**, **200%**, or **100%**.

The Canada Revenue Agency (CRA) indexes the income thresholds annually. Income threshold amounts are used to determine the grant amount a beneficiary could receive each year. Generally speaking, January is used to set the grant matching rate for all contributions made in a given year. The amount of matching grant paid is determined as follows:

Beneficiary's Family Income	Matching Grant		Maximum Grant Payable per Year
Less than or equal to $106,717*	**On first $500** Grant equivalent to 300% ($3 for every $1 of eligible contributions)		$1,500
	On the next $1,000 Grant equivalent to 200% ($2 for every $1 of eligible contributions)		$2,000
Greater than $106,717* OR **If no income information is available from CRA**	**On the first $1,000** Grant equivalent to 100% ($1 for every $1 of eligible contributions)		$1,000

*2023 Income Levels

2.2. Family Income

Family income is validated with information held by CRA based on filed income tax returns.

The **income data of the second preceding tax year** is used to establish the grant match rate given CRA will not have finished processing the immediately preceding year's tax data until the second half of the year. The only assessed income data available will be of the second preceding taxation year. For example, the tax data used in January 2012 will be from 2010. It is also important to note that the determination of a beneficiary's family income will differ, depending on his or her age.

The holder should ensure the beneficiary's family income information is on file at CRA in order to maximize grant payments. The grant matching rate at 300% or 200% can only be determined once the family income is verified.

2.2.1. Beneficiary at the Age of Majority

Beginning in the calendar year the beneficiary turns 19 until the end of the calendar year the beneficiary turns 49, the beneficiary's family income is based on **his or her income plus his or her spouse's income**. This remains true whether or not the adult beneficiary is a dependent of a parent/guardian.

In order to ensure the beneficiary's eligibility for the maximum grant amount can be verified, beneficiaries must file personal income tax returns from the year in which they turn 17, and continue to file for all future taxation years, regardless as to whether or not they have income to report. The parent's or guardian's family income will be used when the beneficiary is 18 years of age or under.

2.2.2. Beneficiary under the Age of Majority

From birth to December 31 of the year a beneficiary turns 18, a beneficiary's family income is based on the income information used to determine the Canada Child Benefit (CCB) for that beneficiary. To determine the amount of the grant to be paid in that year, **income information from the primary caregiver** is used – normally the person who receives the CCB closest to January. See Chapter 2-1, section 1.11 for more information. Generally speaking, January is usually used to set the grant matching rate for all contributions made in a given calendar year.

The CDSA provides that if there was no determination of eligibility for a Child Benefit for January, the income to be used is that for the first month of the calendar year in which eligibility for the CCB is established.

A child born in December would not receive the CCB until January 1 of the next calendar year. To allow families to be eligible for grant payments on contributions made in the birth year, the CDSA uses the family income that is used by the CCB determination made in January of the following year and applies it retroactively to the birth year.

2.2.3. Family Income Table

		Who can be the holder	Family Income (is based on the income from the second preceding tax year)
RDSP is opened	**Any year before the beneficiary turns 18**	• Parent • Guardian • Organization Note: the beneficiary can be added as a joint holder or replace the holder (with the holder's consent and if allowed by the specimen plan text) after the beneficiary reaches the age of majority. The issuer can choose to allow a beneficiary that is 18 years old to be added as a holder if the age of majority in a province is 19. Also, the issuer can choose to contract with a beneficiary no matter what their age.	• Parent / guardian – the income used to determine the CCB up to the year that the beneficiary turns 17. • Organization – The income level is not applicable for an organization.
	In the year the beneficiary turns 18 **Before birthday**	• Parent • Guardian • Organization Note: the beneficiary can be added as a joint holder or replace the holder (with the holder's consent if allowed by the specimen plan text) after the beneficiary reaches the age of majority. The issuer can choose to allow a beneficiary that is 18 years old to be added as a holder if the age of majority in a province is 19. Also, the issuer can choose to contract with a beneficiary no matter what their age.	• Parent / guardian – the income used to determine the CCB up to the year that the beneficiary turns 17. • Organization – N/A. Beneficiary is eligible for maximum grant and bond if the organization receives a children's special allowance at least one month in the calendar year.

	In the year the beneficiary turns 18 **On or after birthday**	• Beneficiary (the financial institution has discretion as to whether they wish to enter into a contract if the age of majority for the province in which the contract is being opened is 19 years of age). • Legal representative appointed under provincial law[1] • Qualifying family member[2]	• Parent / guardian – the income used to determine the CCB up to the year that the beneficiary turns 17 • Organization – N/A. Beneficiary is eligible for maximum grant and bond if the organization receives a children's special allowance at least one month in the calendar year.
	Any year after the beneficiary turns 18	• Beneficiary (the financial institution has discretion as to whether they wish to enter into a contract if the age of majority for the province in which the contract is being opened is 19 years of age). • Legal representative appointed under provincial law[3] • Qualifying family member[4]	• Beneficiary - income used starting for the year the beneficiary turned 17.

2.2.4. Grant Income Thresholds

CRA indexes the income thresholds annually. The income thresholds used to determine the grant matching rates for the current and previous years are:

Year	Beneficiary's Family Income Threshold
2008	$75,769
2009	$81,452
2010	$81,941
2011	$83,088
2012	$85,414
2013	$87,123
2014	$87,907
2015	$89,401

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[1] If beneficiary is age of majority and not contractually competent.
[2] If beneficiary is age of majority and the issuer believes that they are not contractually competent.
[3] If beneficiary is age of majority and not contractually competent.
[4] If beneficiary is age of majority and the issuer believes that they are not contractually competent.

Year	Beneficiary's Family Income Threshold
2016	$90,563
2017	$91,831
2018	$93,208
2019	$95,259
2020	$97,069
2021	$98,040
2022	$100,392
2023	$106,717

2.3. Grant Payments and Income Thresholds

Example 1

The total eligible contribution amount deposited into an RDSP is $4,000. If the beneficiary's family income is $45,000, the grant deposited into the account is **$3,500** (assuming there is no carry forward).

The grant amount is calculated as follows given the income is below the threshold amount:

- the first $500 in contributions at a matching rate of 300% will attract $1,500;
- the next $1,000 in contributions at a matching rate of 200% will attract $2,000; and
- the next $2,500 in contributions will not attract any grant given the annual limit of $3,500 has already been reached.

2.3.1. Family Income is Under the Threshold

2.3.2. Family Income is Over the Threshold

Example 2

In 2013, the beneficiary's family income is over $87,123. An eligible contribution of $5,000 is deposited into the RDSP. The grant deposited into the RDSP is **$1,000** (assuming there is no carry forward).

The grant amount is calculated as follows given the income is over the threshold amount:

- the first $1,000 in contributions at a matching rate of 100% would attract $1,000; and
- the next $4,000 in contributions would not attract any grant as the annual limit of $1,000 has already been reached.

2.3.3. If No Income Information is Available at CRA

> **Example 3**
>
> Paul opens an RDSP and deposits $5,000, a gift he received from his grandmother. Paul is not only the holder, but also the beneficiary of the account. He has just turned 18 years of age prior to opening the plan. Paul has not filed any personal income tax returns for the last years as he had no income to report. When no income information is available (no tax return filed) and a $5,000 contribution is made to the RDSP, the grant deposited is **$1,000** (assuming there is no carry forward).
>
> The grant amount is calculated as follows given that no income is available at CRA:
>
> - the first $1,000 in contributions at a matching rate of 100% would attract $1,000; and
> - the next $4,000 in contributions would not attract any grant as the annual limit of $1,000 has already been reached.

2.4. Shared Custody

Since July 2011, divorced or separated parents who share the custody of a child or children are able to receive and share CCB and credits for those children throughout the year.

As a result, there could be two different income levels used for a beneficiary under the age of 18 (one for each primary caregiver) during the calendar year. The Canada Disability Savings Program (CDSP) system **will use the income level that is the most advantageous for the beneficiary** to determine the grant entitlements.

2.4.1. Two key players

In the context of shared custody, there are two key players:

- the primary caregiver
- the qualified dependant

2.4.1.1. Primary Caregiver

In respect of a qualified dependant, a primary caregiver:

- resides with the qualified dependant in the year in question; and
- is a parent of the qualified dependant who:

> o is the parent who primarily fulfils the responsibility for the care and upbringing of the qualified dependant and is not a shared custody parent in respect of the qualified dependant, or
> o is a shared-custody parent* in respect of the qualified dependant.

*A shared-custody parent is an individual who is one of the two parents of the qualified dependant who:

- is not a cohabiting spouse or common-law partner of the other;
- resides with the qualified dependant on an equal or near equal basis; and
- primarily fulfills the responsibility for the care and upbringing of the qualified dependant when residing with the qualified dependant.

2.4.1.2. Qualified dependant

A qualified dependant is a person who:

- has not attained the age of majority;
- is the child of a primary caregiver or is under his/her care or the care of his/her spouse; and
- resides with the primary caregiver.

2.5. Beneficiary's Residency

A beneficiary who moves out of Canada may not be considered a Canadian resident for the time they are out of the country. In this case, the holder will not be eligible to make contributions in the years the beneficiary did not meet residency requirements.

CRA is responsible for determining residency status for a particular year. Information on the primary caregiver is used to determine residency of a beneficiary under the age of 18.

It is the holder's responsibility to inform the financial institution of any changes in the beneficiary's residency status.

Note: A holder, who is not the beneficiary, does not have to be a resident of Canada. The beneficiary does not have to be a resident of Canada at the time of the grant payment, only when opening the RDSP or when a contribution is made.

If the beneficiary's parents are with a diplomatic mission or in the Canadian Forces, the family members are still considered to be Canadian residents. The children are, therefore, eligible for the grant.

2.6. The CCB

For a beneficiary who has not yet reached the age of majority (and for beneficiaries celebrating their 18th birthday in a calendar year), ESDC validates the beneficiary's information against the Canada Revenue Agency's CCB database. This includes verifying that the primary caregiver has applied for the CCB at the time they filed their last tax return.

The CCB is a tax-free monthly payment made to eligible families to help them with the cost of raising children under the age of 18. The CCB may include the Child Disability Benefit (CDB), a monthly benefit for families who care for a child who is eligible for the Disability Tax Credit (DTC).

2.7. Beneficiary Under Care

If a beneficiary under the age of majority (including beneficiaries celebrating their 18th birthday in a calendar year) is under the care of a department, agency, or institution which is eligible for payments under the *Children's Special Allowances Act* (CSAA) for at least one month in the calendar year, the grant entitlement for that year will be at the highest matching rate of 300% on the first $500 and 200% on the next $1,000.

A payment made under the *CSAA* is tax-free monthly payment, made to an organization for a child who is under the age of 18 and under their care. These payments may include the CDB, a monthly benefit for organizations who care for a child who is eligible for the DTC.

2.8. Consent from Primary Caregivers

Beneficiaries who are over the age of 18 when they open an RDSP will need to obtain the consent from primary caregivers in order to obtain the data used to determine DTC eligibility, Canadian residency and family income for when they were 18 years of age and under.

For example, a 21 year old beneficiary who opens an RDSP may be able to access unused grant entitlements from previous years if he or she obtains the consent from the primary caregiver for each of those years, thus making it possible to verify DTC eligibility, Canadian residency and family income for the previous 10 years.

In order for ESDC to pay grants, primary caregivers **must consent to the sharing of their personal information** between ESDC, CRA, and the financial institution for the administration (which may include policy analysis, research and evaluation) of the CDSA, the *Canada Disability Savings Regulations* and the *Income Tax Act*.

If there are different primary caregivers (or organizations), ESDC will use the primary caregiver(s) information that is most beneficial for the beneficiary.

3. Grant Room and Carry Forward

As holders may not be able to contribute regularly to their RDSPs, the carry forward provision allows individuals to **access unused grant entitlements from the past 10 years**, starting from 2008 (the year RDSPs became available).

The carry forward is applied to all RDSPs regardless of when the plan is initially opened and registered.

The entitlements do not accrue during any period a beneficiary is not eligible for the DTC or not a resident of Canada.

The maximum annual amount of unused grant entitlement that can be carried forward and paid out in a calendar year is $10,500. This amount includes any grant entitlement for the current year.

Since January 1, 2011, balances of available unused grant entitlements are determined and maintained by ESDC. The matching rate on unused grant entitlements is the same as that which would have applied had the contribution been made in the calendar year in which the entitlement was earned. Matching rates on RDSP contributions will be paid in **descending order**, with contributions using up any grant entitlements at the **highest available matching rate first from oldest to newest**, followed by any grant entitlements at lower rates.

During 2008, 2009 and 2010 it was impossible to access unused grant entitlements for previous years since the provision did not come into effect until 2011. However, starting in 2011, any unused grant entitlements from 2008, 2009 and 2010 can be accessed.

No separate application is required to access unused grant. Grant entitlements are calculated automatically. To help plan contribution amounts, annual statements of available grant entitlements are sent to holders to show how much unused grant entitlement is available.

3.1. Accessing Grant Entitlements

The carry forward provision of grant entitlements came into effect on January 1, 2011, with payments beginning in 2012. Grants are generally paid at the end of the month following the month in which an eligible contribution is made.

The beneficiary cannot access unused grant entitlements after December 31 of the year they turn 49 given an eligible contribution

must be made in order to access this unused grant entitlement. No eligible contribution can be made after December 31 of the year the beneficiary turns 49.

3.1.1. Beneficiary Eligibility Criteria

In order to receive a grant for unused entitlements, the beneficiary must meet the following eligibility criteria:

- is a Canadian resident at the time the eligible contribution is made and for each year of entitlement;
- has a valid Social Insurance Number (SIN);
- is eligible for the DTC in each year of entitlement;
- the contribution is made on or before December 31 of the year the beneficiary turns 49;
- does not have more than $200,000 in contributions in the plan; and
- is alive at the time of the contribution.

3.1.2. Statement of Entitlement

Every year, RDSP holders will receive a statement showing the amount of unused grant entitlements available as well as the amount of contributions required to maximize grants that could be paid each calendar year.

Total grant available	Maximum grant available in 2013	Contribution required to maximize grant in 2013
$XXXXX	$XXXX	$XXXXX

The statement describes briefly the eligibility criteria to receive grant and bond as well as the rules governing the carry forward of grant and bond entitlements.

3.2. Grant and Carry Forward Calculations

The maximum lifetime grant limit is **$70,000** per beneficiary.

Once a beneficiary has received the maximum lifetime grant limit, contributions will no longer be eligible to receive grant. By qualifying for and receiving the 300% and 200% grant matching rates, a beneficiary will reach the lifetime grant limit of $70,000 sooner with fewer and smaller contributions.

The maximum annual amount of grant entitlement that can be carried forward and paid into an RDSP is **$10,500**. This amount includes any grant entitlement for the current year.

3.2.1. Grant Calculations Without Carry Forward

Example 1

Mary has a beneficiary's family income of $37,000 in 2010. She made two eligible contributions to her RDSP in 2010.

She contributed $500 to her RDSP in March 2010.

She contributed an additional $400 in August 2010, for a total amount of $900 in contributions.

Since Mary's beneficiary's family income is under the threshold of $81,941 for 2010:

- the first $500 in contributions at a matching rate of 300% will attract $1,500; and
- the second $400 in contributions at a matching rate of 200% will attract $800.

Therefore, $900 in contributions will attract **$2,300** in grant for 2010.

Mary will have **$1,200** of unused grant entitlement available after January 1, 2011 ($600 at a matching rate of 200%).

Example 2

An eligible contribution of $2,500 is made into an RDSP in 2011. The family income reported was $84,000 in 2011. The 2011 income level threshold was $83,088. (No unused grant entitlement is carried forward.)

Given the family income is above the threshold for 2011, the 100% matching rate applies.

- The first $1000 in contributions at a matching rate of 100% will attract $1,000.
- The next $1,500 in contributions will not attract grant.

Therefore, $2,500 in contributions will attract **$1,000** in grant.

Example 3

An eligible contribution of $5,000 is made into the RDSP in 2011. The family income level reported is $60,000 in 2011. The 2011 income level threshold is $83,088. (No unused grant entitlement is carried forward.)

Given the family income is below the $83,088 threshold for 2011:

- the first $500 in contributions at a matching rate of 300% will attract $1,500;

December 19, 2018

- the next $1,000 in contributions at matching rate of 200% will attract $2,000; and
- the next $3,500 in contributions will not attract grant.

Therefore, for the contribution of $5,000, the grant payment would be **$3,500**.

3.2.2. Grant Calculations With Carry Forward

Example 1

Caroline was born in 1973. Contractually competent, she opened a plan in 2010 at the age of 37. Her family income was below the grant income thresholds from 2008 to 2011. She is entitled to a matching rate of 300% on the first $500 contributed and 200% on the next $1,000 for each of these years. The following shows how much Caroline needs to contribute in order to maximize the amount of grant she is entitled to receive in 2011.

Year	Contributions	Grants at 300%	Carry Forward at 300%	Grants at 200%	Carry Forward at 200%	Grant Paid
2008	$0	$1,500	$0	$2,000	$0	
2009	$0	$1,500	$0	$2,000	$0	
The RDSP is opened in 2010.						
2010	$0	$1,500	$0	$2,000	$0	
Carry Forward begins in 2011 and applies back to 2008.						
2011	$4,250 ($2,000 at 300%) ($2,250 at 200%)	$1,500	$4,500 (3 X $1,500 not including current year)	$2,000	$6,000 (3 X $2,000 not including current year)	$10,500

Given that the highest and oldest rates must be applied first, and given that there is $6,000 at the 300% rate ($1,500 per year from 2008 to 2010 + $1,500 in 2011) available in unused grant entitlement in 2011:

- the first $2,000 in contributions will be used to attract all the grants available at 300% for the years 2008 to 2011 inclusively; consequently, attracting **$6,000** in grant;

- then, since all the grants at the 300% have been used up, the matching rate to apply will be the 200% rate. Therefore, the remaining $2,250 in contributions ($4,250 - $2,000) will be used to attract the grants available at 200%; consequently attracting **$4,500** (in grant).

Therefore, with a contribution of **$4,250**, the maximum yearly amount of **$10,500** would be paid out in grant. This will use up all the grant entitlements for 2008 and 2009 at 200% ($4,000), as well as a portion of the grant available at 200% for 2010 ($500 of the $2000 available), leaving an outstanding amount of $3,500 of grant entitlements at the 200% rate available for the future.

Caroline will need to make additional contributions to maximize the amount of grant she is entitled to receive for the following year.

Year	Contributions	Grants at 300%	Carry Forward at 300%	Grants at 200%	Carry Forward at 200%	Grant Paid
2012	$3,250 ($500 at 300%) ($2,750 at 200%)	$1,500	$0	$2,000	$3,500	$7,000

In 2012, Caroline would need to contribute $3,250 to access the remaining available grant of $7,000 ($3,500 for 2012 based on her income being below the threshold and $3,500 in carry forward from previous years at the 200% rate).

Example 2

Mark was born in 1990. Contractually competent, he opened an RDSP in 2013. Mark's family income has been below the grant income thresholds since 2008. He is entitled to a matching rate of 300% for the first $500 contributed and 200% on the next $1,000, for each year from 2008 to 2013. The following shows how much Mark needs to contribute in 2013 in order to maximize the amount of grant he is entitled to receive.

Year	Contributions	Grants at 300%	Carry Forward at 300%	Grants at 200%	Carry Forward at 200%	Grant Paid
2008	$0	$1,500	$0	$2,000	$0	$0
2009	$0	$1,500	$0	$2,000	$0	$0
2010	$0	$1,500	$0	$2,000	$0	$0
Starting 2011, carry forward of grant entitlements is available and applies from 2008.						
2011	$0	$1,500	$4,500	$2,000	$6,000	$0
2012	$0	$1,500	$6,000	$2,000	$8,000	$0

	The RDSP is opened in 2013.					
2013	$3,750 ($3,000 at 300%) ($750 at 200%)	$1,500	$7,500 (5 X $1,500)	$2000	$10,000 (5 X $2,000)	$10,500

Given that the highest and oldest rates must be applied first, and given that there is $9,000 in unused grant entitlement available at the 300% matching rate:

- the first $3,000 in contributions will be used to attract all the grants available at 300% for the years 2008 to 2013 inclusively; consequently, attracting **$9,000** in grant.

Then, since all the grants at the 300% have been used up, we move to the 200% rate. Given the maximum annual grant amount that can be paid is $10,500, $1,500 of grant can still be paid on eligible contributions in 2013.

- A contribution of $750 at the rate of 200% will draw a grant of **$1,500**, using up part of the grant entitlements at 200% for 2008.

Therefore, in 2013, a contribution of **$3,750** will attract the maximum grant available in a year of **$10,500**.

Mark will need to make additional contributions to maximize the amount of grant he is entitled to receive for 2014.

Year	Contributions	Grants at 300%	Carry Forward at 300%	Grants at 200%	Carry Forward at 200%	Grant Paid
2014	$5,000 ($500 at 300%) ($4500 at 200%)	$1,500	$0	$2,000	$10,500	$10,500

There remains $0 at 300% and $3,500 at 200% of available grant entitlement that will carry forward to 2015.

- The first $500 in contributions at the rate of 300% would attract a grant of $**1,500**.

- Then, the next $4,500 in contributions at the rate of 200% would attract a grant of **$9,000**, using up the available grant at 200% for 2008 to 2012 as well as a part of the grant available for 2013.

In 2014, a contribution of **$5,000** attracts a grant of **$10,500**.

Example 3

The parents of 10-year-old Steve opened an RDSP for him in 2008. Their family income has been and continues to be below the grant income thresholds. Therefore, Steve is entitled to a matching rate of 300% on the first $500 of eligible contributions and 200% on the next $1,000.

In 2008, 2009 and 2010, his parents are able to contribute $500, $300 and $1,500 respectively. In 2011, Steve's parents want to access unused grant entitlements and thereby maximize the amount of grant that Steve is entitled to receive. To do so, they make a contribution of $3,000.

Year	Contributions	Grants at 300%	Carry Forward at 300%	Grants at 200%	Carry Forward at 200%	Grant Paid
2008	$500	$1,500	$0	$2,000	$0	$1,500
2009	$300	$1,500	$0	$2,000	$0	$900
2010	$1,500 ($500 at 300%) ($1,000 at 200%)	$1,500	$0	$2,000	$0	$3,500
Starting 2011, carry forward of grant entitlements is available and applies from 2008.						
2011	$3000 ($700 at300%) ($2,300 at 200%)	$1,500	$600 (from 2009)	$2,000	$4,000 (remaining balance from 2008 to 2010)	$6,700
2012	$2,200 ($500 at 300%) ($1,700 at 200%)	$1,500		$2,000	$1,400 (from 2011)	$4,900
Total	$7,500					$17,500

No carry forward of entitlements was available until 2011:

- in 2008, a contribution of $500 at 300% attracted $1,500;
- in 2009, a contribution of $300 at 300% attracted $900; and
- in 2010, a contribution of $1,500 attracted $3,500 ($500 at 300% and $1,000 at 200%).

With the introduction of the carry forward provision in 2011, contributions would now be able to attract unused grants from previous years. Starting with the highest rate of return, here is the breakdown of the $3,000 contribution.

- $200 at 300% attracted $600 from 2009
- $500 at 300% attracted $1,500 from 2011
- $1,000 at 200% attracted $2,000 from 2008
- $1,000 at 200% attracted $2,000 from 2009
- $300 at 200% attracted $600 from 2011

A **$3,000** contribution will attract **$6,700** in grants.

However, not all unused grant entitlements have been paid. There is still grant available to be claimed for 2011.

In order to access unused grant entitlements additional contributions of **$2,200** in 2012 would attract **$4,900** in grant:

- $500 at 300% attracted $1,500 from 2012
- $700 at 200% attracted $1,400 from 2011
- $1,000 at 200% attracted $2,000 from 2012

CHAPTER

3-2

The Canada Disability Savings Bond

The Canada Disability Savings Bond (bond) is a payment made by the Government of Canada to help low to modest income Canadians with severe and prolonged disabilities and their families save for the future.

Before offering the bond, Registered Disability Savings Plan (RDSP) providers must be authorized by Employment and Social Development Canada (ESDC).

The bond is a payment of up to $1,000 each year depending upon a beneficiary's family net income.

In this chapter

![Employment and Social Development Canada / Emploi et Développement social Canada]

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Canada

1. The Bond – An Overview

No RDSP contributions are required to receive the bond. The Government of Canada pays the bond into the beneficiary's RDSP.

Depending on his/her family income, a beneficiary may be eligible to receive **up to $1,000 annually** in bond, with a lifetime limit of **$20,000**.

The bond may be paid into an RDSP providing the holder applies for the bond on or before December 31 of the calendar year in which the beneficiary turns 49 years of age.

1.1. How It Works

The payment of the bond is based on the following requirements.

- An **RDSP**: A qualified holder must open an RDSP for an eligible beneficiary.
- **Eligibility criteria**: The beneficiary must meet all eligibility criteria for the bond. Otherwise, the bond will not be paid.
- **Application Process**: The holder applies for the bond on the beneficiary's behalf through the RDSP provider.

1.2. Current Matching Rates

The *Canada Disability Savings Act* (CDSA) sets out the amount of bond that may be paid into an RDSP. The bond is a payment of up to $1,000 each calendar year, depending on a beneficiary's family income.

The Canada Revenue Agency (CRA) indexes the family income thresholds annually. Generally speaking, January is used to set the bond rate in a given calendar year. For a child born other than in December or a new immigrant, the CDSA provides that if there was no determination of eligibility for a Child Benefit for January, the income to be used is that for the first month of the calendar year in which eligibility for the CCB is established. The amount of bond paid is determined as follows:

Beneficiary's Family Income	Bond Entitlement
Less than or equal to $34,863*	**$1,000**

Greater than $34,863*
 	
 But less than $53,359*
	A portion of the $1,000, based on a formula as identified in the CDSA:
	
	 $1,000 – [$1,000 x (A-B)/(C-B)]
	
	 Where A = Family Income
	                B = $34,863*
	                C = $53,359*

$53,359* or more **or if no income information is available from CRA**	**None**

*2023 Income Levels – Indexed Annually

1.3. Bond Income Thresholds

CRA indexes the income thresholds annually. Here are the thresholds:

Year	Beneficiary's Family Net Income Between	
2008	$21,287	$37,885
2009	$23,710	$40,726
2010	$23,855	$40,970
2011	$24,183	$41,544
2012	$24,863	$42,707
2013	$25,356	$43,561
2014	$25,584	$43,953
2015	$26,021	$44,701
2016	$26,364	$45,282
2017	$30,000	$45,916
2018	$30,450	$46,605
2019	$31,120	$47,630
2020	$31,711	$48,535
2021	$32,028	$49,020
2022	$32,797	$50,197
2023	$34,863	$53,359

March 22, 2023

1.3.1. Under the minimum threshold

Example 1

In 2013, Marc becomes Disability Tax Credit (DTC) eligible and opens an RDSP for himself. He has a family income of $19,000. As his income is below $25,356, the Government deposits **$1,000** to his RDSP.

1.3.2. Between the minimum and maximum thresholds

Example 2

In 2013, the beneficiary's family income is $35,000. A bond of $470.26 will be deposited into the account (assuming there is no carry forward).

In this example, the bond formula is applied.
$$\$1,000 - [\$1,000 \times (A-B)/(C-B)]$$
Where A = $35,000, B = $25,356, C = $43,561

$$\$1,000 - [\$1000 \times (\$35,000 - \$25,356) / (\$43,561 - \$25,356)]$$
$$= \$1,000 - [\$1000 \times \$9,644 / \$18,205]$$
$$= \$1,000 - [\$1,000 \times 0.52974457]$$
$$= \$1,000 - \$529.74$$
$$= \$470.26$$

1.3.3. No income information available

Example 3

Paul has just turned 18 and is both the holder and the beneficiary of his newly opened RDSP. Paul has never filed income tax returns as he had no income to report. No bond will be paid if there is no income tax return filed since there is no way to verify if the family income is within the required minimum and maximum amounts.

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2. Bond Eligibility

2.1. Criteria

The **beneficiary** must:

- apply for the bond on or before December 31 of the year he or she turns 49;
- be a resident of Canada at the time of the initial application and immediately before the bond is paid;
- be eligible for the DTC the year for which the bond is paid;
- have a valid Social Insurance Number (SIN); and
- not be deceased.

2.2. Conditions

The **holder** must:

- open an RDSP;
- ensure a grant and bond application form is completed and check the appropriate boxes;
- provide the signed form directly to the financial institution on or before December 31 of the year the beneficiary turns 49 years of age; and
- have a valid SIN or Business Number (BN).

The **beneficiary** must:

- if over 18 years of age: have filed his/her personal income tax returns for the past two years and continue to file for all future taxation years; or
- if up to 18 years of age: have parents or guardians who have filed their taxes and applied for the Canada Child Benefit (CCB) for the past two years and up to the year the beneficiary turns 18.

The **financial institution** must:

- ensure information in the application form is complete;
- submit the information electronically for processing to ESDC;
- complete any required action as a result of processing with ESDC; example: correct SIN numbers, add missing information;
- receive and distribute bond payments to the appropriate RDSP; and
- provide a statement of account to the holder.

2.3. Beneficiary – Family Income

Family income is validated with information held by CRA based on filed income tax returns.

The **income data of the second preceding tax year** is used to establish the bond amount. This is because CRA will not have finished processing the immediately preceding year's tax data until the second half of the year. Therefore, the only assessed income data available will be of the second preceding taxation year. For example, the tax data used in January 2012 will be from 2010. It is also important to note that the determination of a beneficiary's family income will differ, depending on his or her age.

Eligibility for the bond can only be verified for beneficiaries where the personal income tax returns for the past two years have been filed for everyone whose income is used to determine "family income".

2.3.1. For a beneficiary at the age of majority

Beginning in the calendar year the beneficiary turns 19 until the end of the calendar year the beneficiary turns 49, the beneficiary's family income is based on **his or her income plus his or her spouse's income**. This remains true whether or not the adult beneficiary is a dependent of a parent/guardian.

In order to ensure the beneficiary's eligibility for the maximum bond amount can be verified, beneficiaries must file personal income tax returns from the year in which they turn 17, and continue to file for all future taxation years, regardless as to whether or not they have income to report. The parent's or guardian's family income will be used for when the beneficiary was 18 years of age or under.

2.3.2. For a beneficiary under the age of majority

From birth to December 31of the year a beneficiary turns 18, a beneficiary's family income is based on the income information used to determine the CCB for that beneficiary. To determine the amount of the bond to be paid in that year, **income information from the primary caregiver** is used – normally the person who receives the CCB closest to January. Generally speaking, January is usually used to set the bond amount in a given calendar year.

For a child born during a specific year (but not in December) or a new immigrant, the CDSA provides that if there was no determination of eligibility for a CCB for January, the income to be used is that for the first month of the calendar year in which eligibility for the CCB is established.

A child born in December would not receive the CCB until January 1 of the next calendar year. To allow eligible families to receive bond for the birth year, the CDSA uses the family income that is used by the CCB determination made in January of the following year and applies this retroactively to the birth year.

2.3.3. Family Income Table

		Who can be the holder	Family Income (is based on the income from the second preceding tax year)
RDSP is opened	**In a year before the beneficiary turns 18**	• Parent • Guardian • Organization Note: the beneficiary can be added as a joint holder or replace the holder (with the holder's consent if allowed by the specimen plan text) after the beneficiary reaches the age of majority. The financial institution can choose to allow a beneficiary that is 18 years old to be added as a holder if the age of majority in a province is 19. Also, the financial institution can choose to contract with a beneficiary no matter what their age.	• Parent / guardian – the income used to determine the CCB up to the year that the beneficiary turns 17. • Organization – N/A. Beneficiary is eligible for maximum grant and bond if the organization receives a children's special allowance at least one month in the calendar year.
	In the year the beneficiary turns 18 / **Before birthday**	• Parent • Guardian • Organization Note: the beneficiary can be added as a joint holder or replace the holder (with the holder's consent if allowed by the specimen plan text) after the beneficiary reaches the age of majority. The financial institution can choose to allow a beneficiary that is 18 years old to be added as a holder if the age of majority in a province is 19. Also, the financial institution can choose to contract with a beneficiary no matter what their age.	• Parent / guardian – the income used to determine the CCB up to the year that the beneficiary turns 17. • Organization – N/A. Beneficiary is eligible for maximum grant and bond if the organization receives a children's special allowance at least one month in the calendar year.

	Who can be the holder	Family Income (is based on the income from the second preceding tax year)
On or after birthday	• Beneficiary (the financial institution has discretion as to whether they wish to enter into a contract if the age of majority for the province in which the contract is being opened is 19 years of age). • Legal representative appointed under provincial law[1] • Qualifying family member[2]	• Parent / guardian – the income used to determine the CCB up to the year that the beneficiary turns 17. • Organization – N/A. Beneficiary is eligible for maximum grant and bond if the organization receives a children's special allowance at least one month in the calendar year.
In a year after the beneficiary turns 18	• Beneficiary (the financial institution has discretion as to whether they wish to enter into a contract if the age of majority for the province in which the contract is being opened is 19 years of age). • Legal representative appointed under provincial law[3] • Qualifying family member[4]	• Beneficiary's income starting for the year the beneficiary turned 17.

2.4. Shared Custody

Since July 2011, divorced or separated parents that share the custody of a child or children would both be able to receive and share the CCB and credits for those children throughout the year.

There could be two different income levels for a beneficiary under the age of 18 (one for each primary caregiver) during the calendar year. Canada Disability Savings Program (CDSP) system **will use the income level that is the most advantageous for the beneficiary** to determine the bond entitlements.

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[1] If beneficiary is age of majority and not contractually competent.

[2] If beneficiary is age of majority and the issuer believes that they are not contractually competent.

[3] If beneficiary is age of majority and not contractually competent.

[4] If beneficiary is age of majority and the issuer believes that they are not contractually competent.

2.4.1. Two key players

In the context of shared custody, there are two key players:

- the primary caregiver
- the qualified dependant

2.4.1.1. Primary Caregiver

In respect of a qualified dependant, a primary caregiver:

- resides with the qualified dependant; and
- is a parent of the qualified dependant who:
  - o is the parent who primarily fulfils the responsibility for the care and upbringing of the qualified dependant and is not a shared custody parent in respect of the qualified dependant, or
  - o is a shared-custody parent in respect of the qualified dependant*.

*A shared custody parent is an individual who is one of the two parents of the qualified dependant who:

- is not a cohabitating spouse or common-law partner of the other;
- resides with the qualified dependant on an equal or near equal basis; and
- primarily fulfills the responsibility for the care and upbringing of the qualified dependant when residing with the qualified dependant.

2.4.1.2. Qualified dependant

A qualified dependant is a person who:

- has not attained the age of majority;
- is the child of a primary caregiver or is under his/her care or the care of his/her spouse; and
- resides with the primary caregiver.

2.5. Beneficiary's Residency

A beneficiary who moves out of Canada may not be considered a Canadian resident for the time they are out of the country. In this case, the beneficiary will not be eligible for bond for the years he or she did not meet residency requirements.

CRA is responsible for determining the residency status for a particular year. Information on the primary caregiver is used to determine the residency of a beneficiary under the age of 18.

It is the holder's responsibility to inform the financial institution of any changes in the beneficiary's residency status.

Note: A holder, who is not the beneficiary, does not have to be a resident of Canada. The beneficiary must be a resident at the time the application for bond is made as well as the period immediately preceding the payment of the bond.

If the beneficiary's parents are with a diplomatic mission or in the Canadian Forces, the family members are still considered to be Canadian residents. The children are, therefore, eligible for the bond.

2.6. The Canada Child Benefit

For a beneficiary who has not yet reached the age of majority (and for beneficiaries celebrating their 18th birthday in a calendar year), ESDC validates the beneficiary's information against the CRA CCB database. This includes verifying that the primary caregiver has applied for the CCB at the time they filed their last tax return.

The CCB is a tax-free monthly payment made to eligible families to help them with the cost of raising children under the age of 18. The CCB may include the Child Disability Benefit, a monthly benefit for families who care for a child who is eligible for the Disability Tax Credit.

2.7. Beneficiary Under Care - Income

If a beneficiary under the age of majority (including beneficiaries celebrating their 18th birthday) is under the care of a department, agency, or institution which is eligible for payments under the *Children's Special Allowances Act* for at least one month in the calendar year, the bond entitlement for that year will be $1,000.

A payment made under the *Children's Special Allowances Act* is tax-free monthly payment, made to an organization for a child who is under the age of 18 and under their care. These payments may include the Child Disability Benefit, a monthly benefit for agencies who care for a child who is eligible for the DTC.

2.8. Consent from Primary Caregivers

Beneficiaries who are over the age of 18 when they open an RDSP will need to obtain the consent from primary caregivers in order to obtain the data used to determine DTC eligibility, Canadian residency and family income for when they were 18 years of age and under.

For example, a 21 year old beneficiary who opens an RDSP may carry forward bond from previous years if he or she obtains the consent

from the primary caregivers for each of those years, thus making it possible to verify DTC eligibility, Canadian residency and family income for the previous 10 years.

In order for ESDC to pay bonds, primary caregivers must consent to the sharing of their personal information between ESDC, CRA, and the financial institution for the administration (which may include policy analysis, research and evaluation) of the *Canada Disability Savings Act*, the *Canada Disability Savings Regulations* and the *Income Tax Act*.

Specifically, the information collected from the primary caregiver is used to verify the beneficiary's eligibility for the DTC, residency status and family income.

If there are different primary caregivers (or organizations), ESDC will use the primary caregiver(s) information that is most beneficial to the beneficiary.

3. Bond Limits and Carry Forward

The carry forward provision allows individuals to **access unused bond entitlements from the past 10 years**, starting from 2008 (the year the RDSP became available). This applies to all RDSPs, regardless of when the plan is registered.

The entitlements do not accrue during any period a beneficiary is not eligible for the DTC or not a resident of Canada.

The annual bond entitlement is based on the beneficiary's family income; by qualifying for and receiving the annual maximum bond payment of $1,000 each year, a beneficiary will reach the lifetime bond limit within twenty years. A beneficiary has the potential of receiving annual bond payments up to the calendar year in which they turn 49 years old but must apply for the bond on or before December 31 of the year that they turn 49.

The maximum annual amount of unused bond that can be carried forward and paid into an RDSP in a calendar year is **$11,000**. This includes any bond entitlement for the current year.

Beginning January 1, 2011, balances of available unused bond entitlements will be determined and maintained by ESDC, based on the beneficiary's family net income in the year of entitlement.

Starting in 2011, the unused bond entitlements from 2008, 2009 and 2010 will be paid out using the carry forward provision.

No bond can be applied to a previous year in which the beneficiary was not a Canadian resident or eligible for the DTC.

No separate application is required to access unused bond entitlements. Bond entitlements are calculated automatically.

3.1. Timetable

The carry forward provision of bond entitlements came into effect on January 1, 2011, with payments beginning in 2012. Bonds are generally paid in February of the same calendar year as entitlement or when the bond is applied for (whichever comes first).

3.1.1. Eligibility

In order to access unused bond entitlements, the beneficiary must meet the following eligibility criteria:

- is a Canadian resident and was a Canadian resident in the year of entitlement;
- has a valid SIN;
- is eligible for the DTC and was eligible for the DTC in the year of entitlement; and
- applies for the bond on or before December 31 of the year the beneficiary turns 49.

3.1.2. Bond entitlements and limits

The bond amount will be the same as the one that would have applied if the request had been made in the year in which the bond was earned.

3.2. Bond and Carry Forward Calculations

The maximum lifetime bond limit is **$20,000** per beneficiary.

The maximum annual amount that can be carried forward and paid into an RDSP is **$11,000**.

Example 1 (without carry forward)

A beneficiary's family income is $17,000 in 2010. Since the beneficiary's family income is under the threshold of $23,855 for 2010, he will receive a bond of **$1,000**.

Example 2 (with carry forward)

Caroline was born in 1973. Contractually competent, she opened a plan in 2013 at the age of 40 and applied for grant and bond. Her income was below $15,000 from 2008 to 2013. Caroline would attract **$6,000** in bond.

Year	Bond	Carry Forward	Bond Paid Out
2008	$1,000	$0	$0
2009	$1,000	$0	$0
The RDSP is opened in 2010.			
2010	$1,000	$0	$0
Carry Forward begins in 2011.			
2011	$1,000	$0	$0
2012	$1,000	$0	$0
The RDSP is opened in 2013.			
2013	$1,000	$5,000	$6,000

All the bond entitlements for 2008 to 2013 will be paid to Caroline.

CHAPTER

3-3

Grant and/or Bond Application Process

The following pages provide an overview and step-by-step instructions for completing the application form and its associated annexes where applicable.

Failure to supply accurate and complete information on the application form may lead to non-payment of the Canada Disability Savings Grant (grant) and/or the Canada Disability Savings Bond (bond).

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1 The Application Process

Who is involved?

The process of applying for the grant and/or the bond includes the participation of the following:

- the financial institution;
- the holder;
- the beneficiary or the legal representative; and
- the Primary Caregiver (PCG)
    - for years the beneficiary is under the age of 18; and/or
    - if the carry forward period includes a time when the beneficiary was under the age of 18.

The following provides an overview of the application process. For detailed information, see Chapter 4-3: Request for Grant and Bond.

The holder:

Step 1:	Contacts a participating financial institution that offers Registered Disability Savings Plan (RDSP) and opens an RDSP.
Step 2:	Names the beneficiary of the RDSP.
Step 3:	Completes the Application for the grant and/or the bond and related annex(es), where applicable.

The **financial institution**:

Step 1:	Verifies the accuracy of the information.
Step 2:	Ensures all applicable sections are completed and holder and/or beneficiary consent is provided.
Step 3:	Transmits the information to Employment and Social Development Canada (ESDC) through the Canada Disability Savings Program system (CDSP system).

To apply for the grant and/or the bond, the holder must complete and sign the following:

1. **APPLICATION FOR Canada Disability Savings Grant and/or Canada Disability Savings Bond** [*ESDC EMP 5608*]
2. **ANNEX A – Joint Holder** (if applicable) [*ESDC EMP 5609*]
3. **ANNEX B – Primary Caregiver** (if applicable) [*ESDC EMP 5610*]

For the application to be processed, it is important to complete all parts of the forms correctly and sign the applicable declaration and consent(s). Failure to do so could result in the non-payment of the grant and/or the bond.

If at the time of application the beneficiary is under the age of majority[1] or was under the age of majority at any time in the previous 10 years (starting in 2008); Annex B should be completed as the beneficiary may be eligible to claim unused grant and/or bond entitlements under the carry forward provision. (See section 4 of this document for more information.)

The financial institution will process the application and submit the request to ESDC.

Consent for Sharing of Personal Information

The information included on the form(s) and the information regarding the RDSP **may be used by and shared** between ESDC, the Canada Revenue Agency (CRA), and the financial institution for the administration of the *Canada Disability Savings Act*, the *Canada Disability Savings Regulations* and the *Income Tax Act*. This may include policy analysis, research and evaluation.

Providing consent is entirely voluntary. However, **if consent is not given**, the Government of Canada will not be able to process the application and therefore no grant and/or bond payments will be made.

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[1] The age of majority differs from province to province. Issuers should have policies in place to guide their staff in this regard.

1.1   Downloading the Forms

To download the application form, Annex A and/or Annex B, visit the following Web address:

 http://www.esdc.gc.ca/eng/disability/savings/issuers/index.shtml

2 The Application Form

To apply for the grant and/or the bond for a beneficiary, the application form must be completed, signed, and returned to the RDSP issuer. The form has five sections to be filled as required:

- Section 1: Information about the beneficiary
- Section 2: Information about the holder
- Section 3: Declaration of refusal
- Section 4: Declaration and consent of the holder
- Section 5: Declaration and consent of the beneficiary

Sections 6 through 9 provide information on the conditions for payment of grant and bond as well as privacy requirements.

For the application to be processed, the proper consent to use, share and disclose personal information must be obtained.

2.1   Information About the Beneficiary (Section 1)

The following beneficiary information is required:

- last name and first name;
- middle name (if applicable);
- date of birth (YYYY-MM-DD); and
- Social Insurance Number (SIN).

The name must be entered **exactly** as it appears on the SIN documentation. Otherwise, it may be rejected.

2.2 Information About the Holder (Section 2)

This section must be completed only if the holder is different from the beneficiary of the RDSP. The holder also completes and submits the signed form to the financial institution.

If the holder is also a primary caregiver, Annex B must be completed and submitted along with the main application. (See section 4 of this document for more information).

If there is more than one holder, each additional holder must complete a separate Annex A. (See section 3 of this document for more information).

For more information on holders, see chapter 1-1, section 3.2 (The Holder) of this guide.

2.2.1 If the holder is an individual

The holder (if different than beneficiary), must provide the following information:

- last name and first name;
- middle name (if applicable);
- social insurance number (SIN); and
- total number of holders for this plan.

Names must be entered exactly as they appear on the SIN documentation. Otherwise, the application may be rejected.

Example: A woman makes use of her married name for all identification purposes except for the SIN documentation, which contains her maiden name. If the name used on the application form differs from the SIN documentation, the transaction will be rejected. This is one of the most common errors encountered.

2.2.2 If the holder is a department, agency or institution

The following information must be provided:

- name of agency ;
- name of agency representative;
- business number; and
- total number of holders to the plan.

Information must be entered exactly as they appear on business number documentation. Otherwise, the application may be rejected.

2.3   Declaration of Refusal (Section 3)

By filling out the application form, the applicant is automatically requesting payment for both the grant and the bond.

If the applicant **DOES NOT** wish to request payment for the grant or the bond, he/she must check the box for the payment he/she <u>does not wish to apply for</u>. Otherwise, this section is to be left blank.

2.4 Declaration and Consent of the Holder (Section 4)

The signature of the holder in this section is required. Holder consent allows ESDC to process the application form, and pay the grant and/or the bond, where applicable.

Note: Whether or not the holder is the beneficiary, consent must be provided in section 4 of the application.

The holder should be advised to carefully read sections 6 through 9 of the application to understand the terms and conditions under which he/she is providing consent before signing this section.

2.5 Declaration and Consent of the Beneficiary (Section 5)

- **If the beneficiary is under 18 years of age**, beneficiary consent is not required. Consent is obtained from the holder of the plan under section 4 of the application.

- **If the beneficiary was under 18 years of age at the time of application but has since reached 18 years of age**, he/she is required to provide consent in section 5 of the application form to authorize the sharing and use of personal information for the purposes of paying grant and/or bond. Failure to do so could result in the non-payment of the grant and/or the bond.

- o In order to pay the bond, which occurs in February of the year the beneficiary turns 19 years of age, ESDC must be able to determine the family income. To do so, ESDC requires the beneficiary's consent to access their personal information.

- **If the beneficiary is 18 years of age or older at the time of application, is contractually competent and is also the RDSP holder**, he/she is not required to provide his/her consent in section 5 as it will be obtained in section 4 of the application.

- **If the beneficiary is 18 or over at the time of application; however, contractual competency is in doubt**, a Qualifying Family Member (QFM), legal representative or agency can sign on behalf of the beneficiary.

5	Declaration and Consent of the Beneficiary
The beneficiary must read this section and sign to receive grants and bonds in the RDSP.	Complete this section if the beneficiary is of the age of majority.
	This section must also be completed and added to the issuer's records once the beneficiary turns 18 years of age if the beneficiary has not previously provided consent.
	I confirm that I meet all eligibility criteria identified in Section 6.1.
	I understand that the provision of the information is voluntary and that I am not required to give my consent; however, if I do not give my consent, the Government of Canada cannot pay the grant and/or bond.
	I confirm that I have read, understood, and received a copy of this document, including the privacy rights found in Section 7, and I consent to the use and sharing of my personal information as outlined.
	Date (yyyy-mm-dd) Beneficiary's Signature

2.6 Conditions for Payments of the Grant and/or Bond (Section 6)

This section seeks to explain the conditions for payment of the grant and/or the bond into an RDSP. The holder should read this section prior to submitting an application.

6 — Conditions for Payment of the Grant and/or Bond

This section explains some important conditions under which the grants and bonds may be paid into an RDSP.

For more information please refer to the Canada Disability Savings Act and the Income Tax Act.

1. The beneficiary must be eligible to receive the Disability Tax Credit (DTC) and be resident in Canada in the year in which the contribution to the RDSP is made (or, if applicable, the year to which the contribution is allocated) and in the year (or years) to which a bond is payable, as well as immediately before the bond is paid.

2. In order for the grant or bond to be paid, an application must be made on or before December 31 of the year the beneficiary turns age 49. In addition, for the grant, contributions must also be made on or before this date

3. The total of all contributions and 'rollover' amounts deposited to the RDSP of a beneficiary must not exceed $200,000.

4. Not more than $70,000 in grants and $20,000 in bonds may be paid into the RDSP of a beneficiary during his or her lifetime.

5. The amount of grant and bond entitlement for a given year depends on the beneficiary's family income of the second preceding tax year (for example, 2014 amounts are based on 2012 family income).

6. A beneficiary can be paid unused grant and bond entitlements from the past 10 years (starting from 2008 when the RDSP became available) – if he/she met all eligibility criteria during those previous years. An application and a contribution (if applicable) must be made on or before December 31 of the year the beneficiary turns age 49. The matching rate for grants will be the same rate that would have applied if the contribution had been made in the year in which the grant entitlement was earned. The amount of unused grant and bond entitlements depends on the family income established for the particular year that the unused entitlement was earned.

7. Grants and bonds can be paid on unused entitlements up to an annual maximum of $10,500 for grant and $11,000 for bond.

2.7 Payment of the Grant and/or Bond (Section 7)

This section seeks to explain some of the administrative processes associated with the payment of the grant and the bond. The holder should familiarize himself or herself with the information prior to submitting an application.

7 — Payment of the Grant and/or Bond

This section clarifies some of the administrative processes around the payment of the grant and bond.

The application for the grant will be submitted in ESDC's electronic system by the issuer at the time of each contribution. A new application form is not required for each contribution.

The application for the bond will be automatically resubmitted in ESDC's electronic system every year by the issuer. A new application form is not required for each year.

Unused entitlement to grant and bond for the last ten years (starting in 2008) will be calculated automatically, with contributions allocated to highest then oldest matching rates that the beneficiary is entitled to.

Up to and including the year that the beneficiary turns 18 years of age, the family income used to determine the annual grant and bond entitlement is based on the family income of the primary caregiver (unless the beneficiary is under the care of a public department, agency, or institution that is legally authorized to act on behalf of the beneficiary and where the organization receives at least one payment in respect of the beneficiary under the *Child Special Allowances Act*).

Consent to use, share, and disclose the personal information of the primary caregivers is required in order to determine the amount of grant and bond for each year that the entitlement was generated. **Annex B** provides additional details and will need to be completed to ensure that the information for the years up to when the beneficiary turns 18 is available to determine the amount of grant and bond.

Starting in the year that the beneficiary turns 19 years of age and each year after this, personal information of the beneficiary held by the Canada Revenue Agency is used to verify family income. This is true regardless of whether he or she resides with or continues to receive support from their parents or guardians.

Should the plan holder ever wish to discontinue payments of the grant and/or bond into the beneficiary's RDSP, the 'Revocation of Request for Canada Disability Savings Grant and/or Canada Disability Savings Bond' form available at the issuer's place of business must be completed, signed, and given to the issuer.

2.8 Your Privacy Rights (Section 8)

This section explains why personal information is collected and how it is used, shared and protected. It also explains how one can access their personal information. The holder should be advised to carefully read this section prior to submitting an application.

2.9   Definitions (Section 9)

This section includes definitions of key terms for information purposes.

3 ANNEX A – Joint Holder

Annex A serves two purposes:

- to add a joint holder to the RDSP plan; and
- to identify the beneficiary as a joint holder of an existing plan when he/she reaches the age of majority[2].

A separate Annex A must be completed for each holder of the RDSP not identified on the main application form.

The joint holder is required to provide the following information:

- beneficiary's last name and first name;
- beneficiary's middle name (if applicable); and
- RDSP contract No.

Annex A has two sections that require completion:

- Section A-1: Information about the joint holder
- Section A-2: Declaration and consent of the joint holder

Section A-3 contains information about privacy rights.

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[2] The age of majority differs from province to province. Issuers should have policies in place to guide their staff in this regard.

3.1 Information About the Joint Holder (Section A-1)

Joint holder(s) must provide the following personal information:

- last name and first name;
- middle name (if applicable); and
- Social Insurance Number (SIN).

A-1	Information About the Joint Holder

Complete the following information if you are also a holder of the RDSP.

- The name must be entered exactly as it appears on Social Insurance Number documentation

Joint Holder

Last Name	First Name	Middle Name

Social Insurance Number

3.2 Declaration and Consent of the Joint Holder (Section A-2)

The joint holder(s) should be advised to carefully read section 6 of the application form, as well as section A-3 of Annex A to understand the terms and conditions under which consent is provided before signing.

A-2	Declaration and Consent of the Joint Holder

You must read this section and sign to receive grants and bond in the RDSP.

If the joint holder is also a primary caregiver, Annex B must be completed.

I authorize the RDSP issuer to apply for the grant and/or bond.

I confirm that the beneficiary meets all eligibility criteria identified in Section 6.1 of the *Application for the Canada Disability Savings Grant and/or Canada Disability Savings Bond*.

I understand that the provision of the information is voluntary and that I am not required to give my consent; however, if I do not give my consent, the Government of Canada cannot pay the grant and/or bond.

I confirm that I have read, understood, and received a copy of this document, including the privacy rights found in Section A-3, and I consent to the use and sharing of my personal information.

Date (yyyy-mm-dd)	Joint Holder's Signature

3.3 Your Privacy Rights (Section A-3)

This section explains why personal information is collected and how it is used, shared and protected. It also explains how the joint holder(s) can

access their personal information. Joint holder(s) should be advised to carefully read this section prior to submitting an application.

4 ANNEX B – Primary Caregiver

Annex B is designed to collect the information required to determine grant and bond entitlements for any year the beneficiary is under the age of 18. It is also used to determine any unused entitlements to the grant and the bond from prior years that the beneficiary may be entitled to under the carry forward provision for a period when the beneficiary was 18 years of age or younger.

Note: If the parents or guardians of a minor beneficiary have not filed their personal income tax returns for the two years prior to the application (and all taxation years where the beneficiary was aged 18 or under), and have not applied for the Canada Child Tax Benefit (CCTB), ESDC will be unable to verify the family income. This will affect whether a bond is paid as well as the matching rates for the grants. For more information, see Chapter 3-1 of this guide.

The personal information of the primary caregiver (PCG), (previously referred to as "current" and "January eligible individual") from these previous years is used to determine the family income for a particular year, as well as to validate the beneficiary's residency and eligibility for the Disability Tax Credit (DTC).

Unless the information on the primary caregiver(s) is provided for the years the beneficiary was under the age of 18, the beneficiary will only receive the 100% matching rate of grant. The bond will not be paid as ESDC will be unable to verify that the family income is below the bond income thresholds during those years. Financial institutions may need the holder/beneficiary to submit Annex B, for beneficiaries who were 18 years of age or under in the previous 10 years (starting in 2008).

A separate Annex B must be completed for each **different** primary caregiver for each of those years.

Annex B: The primary caregiver must provide the following information:

- beneficiary's last name and first name;
- beneficiary's middle name (if applicable); and
- RDSP contract number.

Annex B has three sections that require completion:

- Section B-1: Information about the primary caregiver
- Section B-2: Declaration and consent of the primary caregiver
- Section B-3: Agency attestation

Section B-4 contains privacy requirements.

4.1 Information About the Primary Caregiver (Section B-1)

The PCG is either:

- the individual (usually a parent) who is in receipt of the Canada Child Tax Benefit (CCTB) for the beneficiary; or

- the department, agency or institution that receives an allowance payable under the *Children's Special Allowance Act (CSAA)*.

4.1.1 If the PCG is an individual

The PCG must provide the following information:
- PCG last name and first name;
- PCG middle name (if applicable); and
- PCG Social Insurance Number (SIN).

Names must be entered exactly as they appear on SIN documentation. Otherwise, the application may be rejected.

Example: A woman makes use of her married name for all identification purposes except for the SIN documentation, which contains her maiden name. If the name used on the application form differs from the SIN documentation, the transaction will be rejected. This is one of the most common errors encountered.

4.1.2 If the PCG is a department, agency or institution

The following information must be provided:
- name of agency;
- name of agency representative; and
- business number.

Names must be entered exactly as they appear on business number documentation. Otherwise, the application may be rejected.

> **Note:** A change in custody affecting CCTB payments and/or payments under the *Children's Special Allowances Act* will require that a new Annex B be completed. The new Annex B seeks to secure the consent of the PCG to access their personal information; and to verify family income for the purposes of determining grant and bond eligibility.

4.2 Declaration and Consent of the Primary Caregiver (Section B-2)

This section is only intended for a PCG that is an individual.

Before signing, the individual PCG(s) should be advised to carefully read section B-4 of the Annex B to understand the terms and conditions under which they are providing consent.

4.3 Agency Attestation (Section B-3)

To be completed by the agency that received a payment under the *Child Special Allowances Act* (*CSAA*) in respect of the beneficiary in at least one month in the particular year.

The agency is required to enter the calendar year(s) for which they received a payment under the *CSAA* in the space provided and sign section B-3 of Annex B.

4.4 Your Privacy Rights (Section B-4)

This section explains why the personal information is collected and how it is used, shared and protected. It also explains how one can access their personal information. The PCG(s) should be advised to carefully read this section prior to submitting an application.

4.5   Additional Information (Section B-5)

This section includes definitions of key terms for information only.

B-5	Additional Information
These definitions are provided for your information only and do not constitute legal definitions. In the event of a discrepancy, the legal definitions found in the Canada Disability Savings Act, and the Income Tax Act prevail.	**Family Income:** Family income is used to determine the amount of grant and bond a beneficiary is eligible for and is generally established from the information of the primary caregiver who received the first Canada Child Tax Benefit (CCTB) payment of the year (usually in January). There are circumstances where the information of the primary caregiver who is currently receiving the CCTB is used instead (if this is different from the primary caregiver who received the CCTB for January) – please identify both individuals if this applies. ESDC uses the family income that is most beneficial to the beneficiary to determine the amount of grant and bond. **Primary Caregiver:** For the purpose of the grant and bond, the primary caregiver is/are the person(s) eligible for the Canada Child Tax Benefit (CCTB) and whose name appears on the CCTB payments. Alternately, it is the department, agency or institution that receives the allowance payable under the *Children's Special Allowances Act*. In cases of joint custody or a change in custody, there may be more than one primary caregiver for the year – please identify both individuals. In addition, there may be circumstances where the beneficiary was in the care of a department, agency, or institution for part of the year – please identify both the organization as well as the individual(s).

5 Important Considerations

5.1   Disability Tax Credit (DTC)

Should an individual (for example a beneficiary's parent), other than the beneficiary (over the age of 18) have applied for or claimed the beneficiary's DTC when the beneficiary was a minor, that individual's file at CRA may have to be linked to that of the beneficiary, in order for DTC eligibility to be confirmed.

For further information regarding DTC, clients can contact CRA at 1-800-959-8281.

5.2   Personal Income Tax

ESDC will use the beneficiary's family income (including spousal income) to determine eligibility for the grant and/or the bond, for all calendar years in which the beneficiary is 19 years old or older. The income data from two years back is used to establish family income (example: 2013 uses income information from 2011). If tax returns have not been filed, no bond will be paid and the matching grant rate will be 100%.

5.3   Replacement of Holder and Age of Majority

ESDC requires that the beneficiary provides consent in section 5 of the application form once he/she reaches the age of 18.

Whether or not the beneficiary can be added as a joint plan holder or replace the holder at that time will depend on the age of majority in the province or territory in which the beneficiary resides and what is included in the issuer's RDSP declaration of trust.

> **Examples**
>
> If the beneficiary turns 18, is contractually competent and lives in Alberta where the age of majority is 18, the beneficiary can be added as a joint holder or replace the original holder (mother and/or father).
>
> If the beneficiary turns 18 in New Brunswick where the age of majority is 19 and is contractually competent, it is up to the issuer to determine whether to enter into an arrangement with an 18 year old beneficiary (e.g., add the beneficiary as a joint holder of the RDSP or to replace the existing holder with the beneficiary).

Regardless of whether the holder is being replaced or the beneficiary is being included as a joint holder to the plan, **section 5 of the application form must be signed** by the beneficiary and submitted electronically to ESDC **when the beneficiary reaches 18 years of age**.

> **Age of Majority in Canada's Provinces and Territories**
>
> Alberta - 18
> British Columbia - 19
> Manitoba - 18
> New Brunswick - 19
> Newfoundland and Labrador - 19
> Northwest Territories - 19
> Nova Scotia - 19
> Nunavut - 19
> Ontario - 18
> Prince Edward Island - 18
> Quebec - 18
> Saskatchewan - 18
> Yukon Territory – 19

6 Accurate Information Ensures Payment

When completing the application form for the grant and/or the bond, it is important to verify the accuracy of the information. The information on the application form is electronically submitted. Inaccurate information will result in the transaction receiving an error code, and will delay the payment of the grant and/or the bond. Information about the holder and the beneficiary should match the records held in the Social Insurance Registry. It is recommended to validate the spelling and information provided using the SIN documentation when completing the application form.

Any change in the identity or other details must be properly recorded in the files of the issuer and communicated electronically in a timely manner to ESDC.

7 Scenarios – Which Section To Use When

The following is intended to help understand which application sections to complete depending on circumstances.

Scenario 1:		
A contractually competent 30-year old beneficiary opens an RDSP. He is the sole holder of the plan.		
Application (YES)	**Annex A** (NO)	**Annex B** (NO)
Section 1 Section 3 (optional) Provide consent in section 4	There is no joint holder.	As the carry forward provision cannot exceed 10 years (starting in 2008), the beneficiary would have been over 18; therefore, PCG information is not required to determine family income. Rather, the beneficiary's family income would be considered.

Scenario 2:		

Both mom and dad opened an RDSP for their child who is 10 years old at the time of application. Mom and dad are joint holders of the plan.

Application (YES)	**Annex A** (YES)	**Annex B** (YES)
Section 1 & 2 Section 3 (optional) Provide consent in section 4	The other parent will complete Annex A and submit it with the application form.	Annex B will need to be completed for the years the beneficiary was under the age of 18, and/or if the carry forward period includes a time when the beneficiary was under the age of 18. The PCG information is used to determine any amount of unused entitlement for the last 10 years, starting in 2008. If there was a change in the PCG at any time during that period, a separate Annex B is required for each PCG.

Note: A beneficiary who is a minor does not need to provide consent under section 5 of the application as consent is obtained from the holder under section 4.

Scenario 3:		

Five years ago, an RDSP was opened for a 13 year old beneficiary. Today, the beneficiary is 18 years old and contractually competent.

Application (YES)	**Annex A** (YES)	**Annex B** (NO)
Section 5	If the beneficiary is considered to be the age of majority in his/her province, and wants to become the sole holder, or a joint holder to his/her account, Annex A would need to be completed.	As this is an existing plan, PCG information would already be on file for the previous years. No need to re-submit.

The beneficiary, who is contractually competent, needs to provide consent in section 5 of the application form, by December 31st of the year he/she turns 18.

- If the previous form (HRSDC EMP5463) was used to apply for the grant and/or the bond, issuers may still use section 5 of the new form to obtain consent when the beneficiary turns 18.

Note: Annex A is to be completed when the beneficiary reaches the age of majority and is allowed to enter into a contract. As the age of majority differs from province to province, issuers should have policies in place to guide their staff in this regard.

Scenario 4:

A beneficiary, who was contractually competent, was 22-years-old at the time of application in 2015.

Application (YES)	Annex A (NO)	Annex B (YES)
Section 1 Section 3 (optional) Provide consent in section 4	There is no joint holder if the plan was opened when the beneficiary was 18 or older.	The PCG information is used to determine any amount of unused entitlement for a beneficiary who was under the age of 18 at any time in the 10 years previous to application, starting in 2008. Since this beneficiary was a minor during that period, Annex B will need to be completed. If there was a change in PCG at any time during that period, a separate Annex B will be required for each different PCG.

In 2020, a legal representative opened an RDSP for a 21 year old beneficiary who is not contractually competent at the time of application.

Application (YES)	Annex A (IF APPLICABLE)	Annex B (YES)
Section 1, 2 Section 3 (optional) Provide holder consent in section 4 Provide beneficiary consent in section 5 (As beneficiary is unable to sign for himself, only the legal representative may do so on his behalf). A **QFM may not sign** on his behalf as the QFM rule expired December 31 2018.	Annex A would need to be completed if there is more than one legal representative.	The PCG information is used to determine any amount of unused entitlement for a beneficiary who was under the age of 18 between 2008 and 2018. Since this beneficiary was a minor during that period, Annex B will need to be completed. If there was a change in the PCG at any time during that period, a separate Annex B would be required for each different PCG.

Scenario 6:		
An agency is the holder for an RDSP for a beneficiary under their care.		
Application (YES)	**Annex A** (NO)	**Annex B** (YES)
Section 1, 2 Section 3 (optional) Provide holder consent in section 4 Provide beneficiary consent in section 5 (If beneficiary is over 18, consent must be provided in section 5. If beneficiary is unable to sign for themselves, a QFM or legal representative may do so on their behalf).	It is unlikely that there will be a joint holder. However, if you encounter a situation where there is or may be a joint holder with an agency, please contact ESDC.	The PCG information is used to determine any amount of unused entitlement for a beneficiary who was under the age of 18 in the last 10 years, starting in 2008. If this beneficiary was a minor during that period, in order for the bond to be paid and for the highest matching rate for the grants to be paid on any contributions made, Annex B must be completed by the agency. Although a separate Annex B is not required for each year the child was under the care of the agency, they will need to attest to whether a payment was made in respect of the beneficiary under the CSAA was made for at least one month in any of these years. If there was more than one agency responsible for the care of the beneficiary over this period of time, each agency needs to be identified on a separate Annex B.

Scenario 7:

In 2014, a man opens an RDSP for his 22-year-old spouse whose contractual competency is in doubt.

Application (YES)	Annex A (IF APPLICABLE)	Annex B (YES)
Section 1, 2. Section 3 (optional). Provide holder consent in section 4. Provide beneficiary consent in section 5 (If beneficiary is over 18, consent must be provided in section 5. If beneficiary is unable to sign for themselves, a QFM or legal representative may do so on their behalf). The spouse may open the plan as a QFM since he meets the requirements as per QFM rules.	Annex A would need to be completed if there is more than one QFM.	The PCG information is used to determine any amount of unused entitlement for a beneficiary who was under the age of 18 in the 10 years prior to their application, starting in 2008. Since the beneficiary was a minor during that period, Annex B would need to be completed. If there was a change in the PCG at any time during that period, a separate Annex B will be required for each different PCG.

C H A P T E R

3-4

Grant and Bond Revocation Request

Should the holder ever wish to discontinue payments of the Canada Disability Savings Grant (grant) and/or Canada Disability Savings Bond (bond) into the Registered Disability Savings Plan (RDSP), a Revocation of Request for Canada Disability Savings Grant and/or Canada Disability Savings Bond form must be completed.

To resume payments of the grant and/or bond into the RDSP, the holder must complete, sign and submit a new Application for the Canada Disability Savings Grant and/or Canada Disability Savings Bond.

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1. Grant and Bond Revocation Request

1.1. Definition

A **Revocation of Request for Canada Disability Savings Grants and/or Canada Disability Savings Bonds form** is to be used by holders who wish to stop the payments of grant and/or bond into an RDSP.

1.2. Who Is Involved?

The process of initiating a grant and bond revocation request includes the participation of the following individuals:

- the holder
- the financial institution

RDSP holders complete, sign and return the Revocation Form to the financial institution. The **financial institution submits a request to Employment and Social Development Canada (ESDC) to stop bonds and will not request grant on contributions**. If the holder wishes to resume the payments of grant and/or bond in the Plan, he or she must complete, sign and submit a new Application for Canada Disability Savings Grant and/or Canada Disability Savings Bond to the financial institution.

2. Revocation Form

RDSP holders must complete the following form to revoke a request for payments of grant and/or bond in respect of the beneficiary's RDSP.

- EMP5490 (2009-06-12) E

2.1. Downloading the Forms

To download the Revocation form, visit the following Web address:

http://www.esdc.gc.ca/eng/disability/savings/issuers/index.shtml

2.2. How to Fill the Form

The holder must **check** the boxes at the top of the form to indicate that he/she wishes to revoke the request for grant, bond or both.

Enter the following information on page 1 of the form:

- holder name, address and telephone number
- beneficiary name
- issuer name, address and telephone number and RDSP Contract Number

The holder must read the document carefully to understand the terms in the "Conditions", "Sharing of your Personal Information" and "Declaration and Consent of the Holder" sections on page 2.

Conditions

1. Only the holder(s) of an RDSP can authorize the revocation of a request for Canada Disablity Savings Grants and/or Canada Disability Savings Bonds to be paid into an RDSP.

2. Revoking your request for payments of the Canada Disability Savings Grant will result in the discontinuation of payments of Canada Disablity Savings Grants on contributions made to the RDSP from the date this request is signed onwards. Revoking your request for payments of the Canada Disablity Savings Bond will result in the suspension of payments of Canada Disablity Savings Bonds into the RDSP from the date this request is signed onwards.

3. Should you wish to resume your payments of the Canada Disablity Savings Grant and/or Canada Disablity Savings Bond into the Registered Disablity Savings Plan, you must complete, sign and submit a new "Application for the Canada Disablity Savings Grant and/or Canada Disability Savings Bond" form available at the Financial Organization's place of business.

Sharing of your Personal Information

I understand that:

1. The authority of the Government of Canada to collect, use and share personal information and other information included on this form for the purposes described below is provided under the *Canada Disability Savings Act*, the *Department of Social Development Act* and the *Income Tax Act*. Once under the control of Human Resources and Skills Development Canada, that information is administered in accordance with all applicable laws including the *Canada Disability Savings Act*, the *Privacy Act* and the *Department of Social Development Act*. Once under the control of the Canada Revenue Agency, that information is administered in accordance with all applicable laws including the *Privacy Act* and the *Income Tax Act*.

2. The information included on this form and the information respecting the Registered Disability Savings Plan may be used by and shared between Human Resources and Skills Development Canada, the Canada Revenue Agency, and the Issuer for the administration (which may include policy analysis, research and evaluation) of the *Canada Disability Savings Act* and the *Income Tax Act* .

Declaration and Consent of the Holder

I confirm that I am the holder of this Registered Disability Savings Plan.

I authorize the Issuer to revoke the request for payment of the incentives I have indicated on the previous page in respect of the beneficiary.

I have read and understood this document. I understand that the *Privacy Act* gives me (or my authorized representative) the right to access or request correction to my personnal information kept in my government file.

The holder signs the "Declaration and Consent of the Holder" section at the bottom of page 2. Each RDSP issuer determines the number of copies requiring original signatures.

Declaration and Consent of the Holder

I confirm that I am the holder of this Registered Disability Savings Plan.

I authorize the Issuer to revoke the request for payment of the incentives I have indicated on the previous page in respect of the beneficiary.

I have read and understood this document. I understand that the *Privacy Act* gives me (or my authorized representative) the right to access or request correction to my personnal information kept in my government file.

Plan Holder

☐ Yes   I consent to the use and sharing of my personal information as mentioned above.

☐ No

Joint Holder (if applicable)

☐ Yes   I consent to the use and sharing of my personal information as mentioned above.

☐ No

I understand that the provision of the information is voluntary and that I am not required to give my consent; however, if I do not give my consent, Human Resources and Skills Development Canada cannot revoke my request for payments of the Canada Disability Savings Grant and/or Canada Disability Savings Bond to the Issuer in respect of the RDSP beneficiary.

NOTE: In the case of a third holder, please attach a statement indicating that the third holder understands and consents to the above.

_____   _____
Holder's Signature   Date (DD/MM/YYYY)

_____   _____
Joint Holder's Signature (if applicable)   Date (DD/MM/YYYY)

Ce formulaire est disponible en français
This form is available in alternate formats
Page 2 of 2

Canada

HRSDC EMP5490(2011-06-013) E

The holder checks the "yes" box above the signature line on page 2, which gives consent to the use and sharing of the holder personal information. The joint holder, if applicable, must also **sign** the form.

3. Reinitiate Request for Payments

Should the holder wish **to resume payments** of grant and/or bond into the RDSP, the holder **must complete, sign and submit a new Application for the Canada Disability Savings Grant and/or Canada Disability Savings Bond** form.

4. Sharing of Personal Information and Consent

The information included on the form and the information respecting the RDSP may be used by and shared between ESDC, the Canada Revenue Agency (CRA), and the issuer for the administration (which may include policy analysis, research and evaluation) of the *Canada Disability Savings Act*, the Canada Disability Savings Regulations and the *Income Tax Act*.

Although consent is voluntary, the **signatories** are **required to provide their consent on the forms** in order for the financial institution to receive payments from ESDC for the grant and bond in respect of the beneficiary's RDSP.

C H A P T E R

3-5

Receiving and Depositing Grant and Bond

To acknowledge grant and bond requests, the Canada Disability Saving Program (CDSP) system sends a Transaction Processing Report to the financial institution at the end of each processing period. When transaction requests are successfully processed, this report will indicate the amount of grant and bond to be received and deposited on behalf of a beneficiary, in a Registered Disability Savings Plan (RDSP). Successfully processed transactions that did not receive the full amount of grant or bond will receive a refusal reason.

When transactions are not successfully processed because of data errors or are non-compliant with format or business rules, they will be rejected by the CDSP system and reported in a separate Error report.

In this chapter

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1. Receiving and Depositing Grant and Bond

The CDSP system will acknowledge receipt of grant and bond requests by sending a **Record Type (RT) 901 Transaction Processing Report** to the financial institution. If the transaction request was successfully processed, this report will indicate the amount of grant and bond to be paid.

Note: In some cases, this record may notify the financial institution that grant or bond payments are being refused or that a repayment is required. See section 2 of this chapter for more information on the reasons why grants and/or bonds may not be paid.

Once the financial institution receives the grant and bond payment, they:

- **deposit the grant and bond** into the RDSP in respect of the beneficiary. The financial institution must track and manage transactions within each account; and
- **notify the holder** (via annual account statements) of the grant and/or bond amounts deposited into the RDSP.

1.1. Order of Payments

When multiple grant and/or bond requests for the same beneficiary are received for the same monthly reporting period, the grant and/or bond will be paid to the first successfully submitted request.

1.2. Timeline for Payments

Grant and bond payments on a successfully processed transaction are paid to the financial institution on the **last business day of the month**.

2. Payment of Grant and Bond

2.1. Criteria

In summary, the following criteria must be met:

The **beneficiary** must:

- apply on or before December 31 of the year the beneficiary turns 49 years (if the beneficiary is also the holder);
- be a resident of Canada: at the time the contribution is made, at the time application for the bond is made, and immediately before the bond is paid;

- be eligible for the Disability Tax Credit (DTC);
- have a valid Social Insurance Number (SIN); and
- not be deceased.

For more detailed information on the grant and bond, please see Chapter 3-1 and Chapter 3-2.

2.2. Conditions

GRANT	BOND	CONDITIONS
The holder must:		
X	X	open an RDSP
X	X	complete a grant and bond application form
X	X	provide the signed application form directly to the financial institution
X*	X	ensure the beneficiary's family income information is on file at CRA
X		authorize a contribution deposit into the RDSP
X	X	have a valid Social Insurance Number (SIN) or Business Number (BN)
X*	X	if the holder is an organization responsible for a beneficiary under the age of 18, receive a children's special allowance for at least one month in the year
The beneficiary:		
X	X	must have a valid SIN
X		must have not more than $200,000 in contributions in the RDSP
X		must not have received more than $70,000 in grant payments
	X	must not have received more than $20,000 in bond payments
X*	X	if the beneficiary is over the age of majority, must have filed personal income tax returns for the past two years and continue to file for all future taxation years
X*	X	for a beneficiary 18 years or under, their parent or guardian must have filed their taxes and applied for the Canada Child Tax Benefit for the past two years and continue to file for all taxation years that the beneficiary is under the age of 18

The issuer must:		
X	X	ensure information on the application form is complete
X	X	submit the information electronically for processing to Employment and Social Development Canada (ESDC)
X	X	complete any required action as a result of processing with ESDC
X	X	receive and distribute grant and bond payments to the RDSP
X	X	provide a statement of account to the holder

*While not a requirement to receive grant, this is a condition to maximize grant entitlement.

3. Non Payment of Grant and Bond

In order to ensure that beneficiaries receive the grant and/or bond to which they are entitled:

- the appropriate grant and bond **application form** must be completed by the holder; and
- the financial institution must **submit the information** collected on the form, along with other required data, to ESDC via an electronic transaction. These transactions must pass all formatting and business rules validation according to the Interface Transaction Standards (ITS). To consult the ITS, visit the following link: http://www.hrsdc.gc.ca/eng/disability/savings/issuers/interface_standards/index.shtml.

ESDC will acknowledge a successfully processed transaction by sending the RDSP issuer a **Transaction Processing Report** (RT 901) report, which will include the amount of grant and/or bond to be paid.

There are situations when this report will specify reasons for non-payment of the grant and/or bond. Non-payment will occur when a transaction is either **rejected** (found in Error Report) or **refused** (refusal reason found in Processing Report).

3.1. When Transactions Are Rejected

The **ITS** details the required format for each transaction type and provides the financial institution with the mandatory information required and validation rules for those transaction types. If transactions are not submitted in compliance with these formats and validation requirements, the transactions are rejected. Each

December 4, 2013

transaction error, whether due to **problems in format or invalid data**, is reported back to the financial institution for correction and resubmission. This is done electronically via the Error Files.

These transaction errors include:

- failure to correctly format the file;
- failure to correctly format a transaction;
- failure to supply the necessary information for a mandatory field; and
- failure to comply with the CDSP system business rules.

The error files contain two different reports, **Error Report (RT 801)** and **Severe Errors Report (RT 851)**. A list of **error codes** and possible resolution can be found appended to this document. See Section 4 for more information.

3.1.1. Error Codes

If there is an error in a transaction, the CDSP system will reject it. The financial institution will receive an **Error Report** (RT 801) with an **error code** indicating the reason. The financial institution must correct the error, and re-submit the transaction.

3.1.2. How to resolve SIN related errors

A common reason for a rejected transaction is an error related to the SIN.

When an RDSP is opened, the financial institution submits the beneficiary's and the holder's SIN information electronically to ESDC. The holder and beneficiary information is then validated against the information held by the Social Insurance Registry (SIR), to confirm the following elements:

- SIN
- given name
- surname
- date of birth (DOB)
- gender

In many cases name changes, inverted numbers, and/or mistakes in birth dates cause errors during the SIN validation process. If the holder and/or beneficiary SIN information submitted by the financial institution does not match the information contained at the SIR, the submission will result in an error and will lead to the transaction being rejected by the CDSP system.

A specific report will be sent to the financial institution, identifying the field(s) in error (holder and/or beneficiary – SIN, surname, given

name, gender and/or DOB). The RDSP issuer will have to verify the information provided by the holder and resubmit the data to ESDC after the necessary corrections are made.

Until the beneficiary and holder information is successfully processed by ESDC, the Disability Savings Plan cannot be registered with CRA and any financial transactions, including requests for payments of the grant and/or the bond, will be reported to the issuer as errors found within the CDSP system. The beneficiary and holder information must pass SIR validation before any financial transactions can be processed.

3.1.3. SIN Information for Client Referral

Clients who wish to verify or update their SIN information can visit the website: www.servicecanada.gc.ca or contact the SIR at 1-800-206-7218 (French 1-800-808-6352) or 1-800-926-9105 (TTY).

Only the parent/legal guardian can contact SIR for this type of information on behalf of beneficiaries under the age of 18.

3.2. When Payments Are Refused

Refusal reasons explain why a successfully processed contribution or bond request transaction **did not receive the full grant or bond payment**. Refusal reasons are found in transaction position 66-67 in the **Transaction Processing Report** (RT 901).

Some of the most common reasons a transaction did not receive a grant or bond payment are:

- the beneficiary's DTC eligibility is not confirmed;
- the beneficiary does not meet the age requirements; and
- the maximum grant and bond entitlements have already been paid out.

3.2.1. Refusal Reasons

If the financial institution receives a **Transaction Processing Report** (RT 901) with **a refusal reason**, the financial institution consults the list of refusal reasons to determine why the grant or bond was not paid. Depending on the stated reason, the financial institution may or may not take action.

3.3. Submitting Common Corrections

3.3.1. Correcting a Contribution Transaction

To correct a contribution transaction (Record type (RT) 401-01), the financial institution must **submit a 401-02 transaction with the**

corrected information.

The 401-02 transaction must always reference the original financial transaction being corrected by providing the original financial institution's BN and the original financial institution transaction number.

Once the CDSP system matches the original and corrected transactions, the information is updated.

For more information, see Chapter 4-1: How to Resolve Common Problems or refer to ESDC's Interface Transaction Standards (ITS), available on the ESDC web site.

3.3.2. SIN Error Correction

If the beneficiary SIN information submitted by the financial institution does not match the information contained at the SIR, the submission will result in an error by the CDSP system. A report will be sent to the financial institution, identifying the field in error (SIN, surname, given name, gender and/or DOB). The financial institution will have to verify the information provided with the holder and resubmit the data (transaction) to ESDC after making the necessary corrections.

For more information, see Section 4.

C H A P T E R

3-6

Repaying the Grant and Bond

When certain events occur, all or a portion of the Canada Disability Savings Grant (grant) and/or Canada Disability Savings (bond) must be repaid to the Government of Canada using electronic transactions submitted by the financial institution to the Canada Disability Savings Program (CDSP) system. These repayments could negatively impact the grant and bond limits of a beneficiary.

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1. Background and Definitions

The Registered Disability Savings Plan (RDSP) is a long-term savings plan intended to help Canadians with severe and prolonged disabilities and their families save for the future.

Individuals can make contributions into the plan until the end of the calendar year in which the beneficiary turns 59 years of age. The Government of Canada will help encourage and support savings by contributing matching grants and income-tested bonds into the RDSP.

Beneficiaries must begin (at the latest) regular withdrawals from their RDSP no later than December 31 of the calendar year in which they turn 60. The Government of Canada may only pay grant and bond into the RDSP until December 31 of the calendar year in which a beneficiary turns 49 years old. This "cut-off" date is intended to ensure that all grants and bonds remain in the RDSP for at least 10 years before the beneficiary turns 60. This requirement is intended to promote long-term savings.

In certain circumstances, all or a portion of the grants and/or the bonds paid into an RDSP will have to be repaid to the Government of Canada. Depending on the circumstances, the amount of the repayment is either the assistance holdback amount (AHA) or an amount that is proportional to the disability assistance payment withdrawn from the RDSP.

1.1. Assistance Holdback Amount

The AHA is made up of all the grants and the bonds that have been paid into the RDSP within a 10-year period for a beneficiary by the Government of Canada, less any amount of grant and bond that has been repaid to the government during that 10-year period.

1.2. Proportional Repayment Rule

The Proportional Repayment Rule requires that $3 be repaid to the government of Canada for every $1 that is withdrawn from an RDSP, up to a maximum of the AHA. This repayment will be attributed in the order in which the grants and the bonds were paid into the plan, from the oldest to the newest.

The Proportional Repayment Rule came into effect January 1, 2014.

2. Repayment Types

2.1. Full Repayment

The following events will trigger the full repayment of the AHA:

- The RDSP is terminated.
- The plan is no longer compliant with the *Income Tax Act.*
- A disability assistance payment (DAP) is made (see subsection 2.2 below for additional information).
- The beneficiary ceases to be eligible for the Disability Tax Credit (DTC) (See Chapter 2-1, Section 8).
- The beneficiary dies.

2.1.1. Full Repayment Calculation

Example

A DTC-eligible beneficiary who is contractually competent opens an RDSP in 2008 at the age of 25. The beneficiary dies on January 4, 2021, but the transaction is only sent on June 4, 2021. In this scenario, the AHA is calculated from January 5, 2011, to January 4, 2021, with the repayment period being from January 5, 2011, to the current date (June 4, 2021).
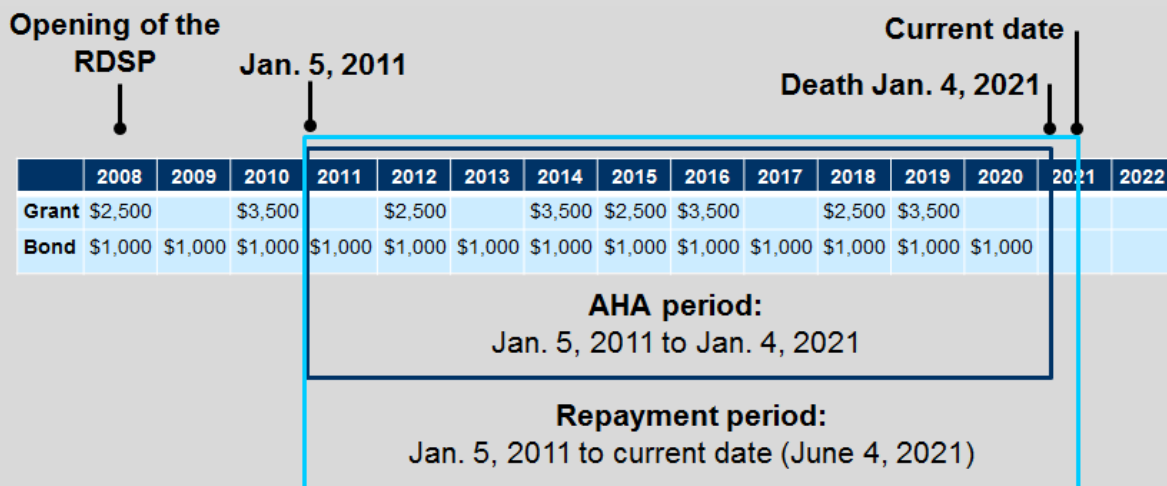
2.2. Proportional Repayment

Starting January 1, 2014, when a DAP* is made from the RDSP, it will trigger the proportional repayment amount of grant and bond.

The repayment amount will be the lesser of either the proportional repayment calculation or the AHA.

*A payment can only be made from the plan when the fair market value of the assets in an RDSP is more than the AHA.

2.2.1. Proportional Repayment Calculation

Example

John is the beneficiary of an RDSP that has been in existence for 13 years. John needs $3,000 to pay for a new access ramp. To determine the repayment amount, two calculations are required:

1 - **The Proportional Repayment Amount**. Based on the proportional repayment rule, if John decides to withdraw a $3,000 DAP from his RDSP, he will be required to repay $9,000 in grant and bond ($3,000 X 3 = $9,000.)

2 - **The AHA**. As of 2021, the AHA for John's RDSP is $45,000, (the total of all grant and bond paid into the plan in the last ten years.)

Since the proportional repayment amount of $9,000 is less than the AHA of $45,000, the repayment of grant and bond will be the proportional repayment amount of $9,000. No distinction is made for whether the amount comes from bond or grant. It can be either one or the other, or a combination of the two. However, the repayment will be attributed from the oldest to newest amount of grant and bond (in this case $4,500 from 2011 and $4,500 from 2012.)

Opening of the RDSP

Proportional Repayment is $9,000

$3,000 DAP

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Grant	$3,500	$3,500	$3,500	$3,500	$3,500	$3,500	$3,500	$3,500	$3,500	$3,500	$3,500	$3,500	$3,500		
Bond	$1,000	$1,000	$1,000	$1,000	$1,000	$1,000	$1,000	$1,000	$1,000	$1,000	$1,000	$1,000	$1,000		

AHA is $45,000

3. Loss of DTC and Elections

3.1. Episodic DTC

Effective **January 1, 2014**, the holder of an RDSP can make an election to **keep the RDSP open** for a beneficiary who is no longer eligible for the DTC but for whom a medical doctor has certified that they are likely, as a result of their condition, to be eligible for the DTC again within the **next five years**. For more information, see RDSP Provider User Guide Chapter 2-3.

While the loss of DTC will remain a reason why the AHA must be repaid, the Government of Canada **will not be seeking immediate repayment** during the period in which the holder has made such an election.

The start of the election is January 1st of the first year the beneficiary is no longer eligible for the DTC. The holder has until December 31 of the second year of DTC ineligibility to submit the election request.

In this case, the loss of DTC eligibility (which always falls on January 1) fixes the starting date for the AHA. The AHA is allowed to remain in the plan until another trigger event takes place.

> **DTC applies to an entire year, from January 1 to December 31**. It is impossible to be DTC-eligible for a partial year. For example, if the T2201 Disability Tax Credit Certificate form is approved in July 2015 and the certificate is valid until 2020, DTC eligibility will begin January 1, 2015, and continue until December 31, 2020.

3.2. Loss of DTC and DTC-Related Events

A DTC-related event takes place when an RDSP must be closed because:

- the beneficiary has not been eligible for DTC for two consecutive years and no election had been made; **or**
- the beneficiary has not been eligible for DTC for five consecutive years and an election had been made.

For more information on repayment amounts, see the assistance holdback amount (AHA) and Repayment Obligation document (a Technical and System Development Guide for RDSP Providers).

3.2.1. Loss of DTC Eligibility and No Election

When a beneficiary is no longer eligible for the DTC and **no election** is made to keep the RDSP open, the RDSP **must be closed** by December 31 of the year following the year that the beneficiary lost his or her DTC eligibility. The grant and the bond paid into the RDSP during the 10 years preceding the beneficiary's loss of DTC eligibility and up to the current date, in this case December 31, 2022, must be repaid.
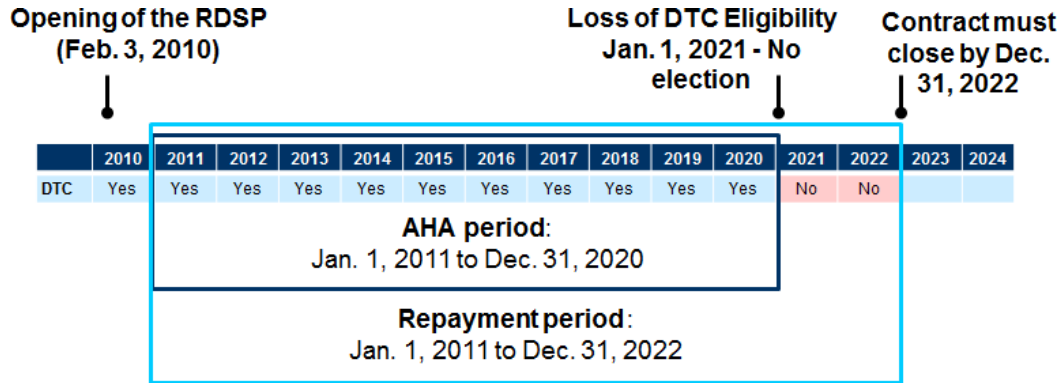
Example

John opened his RDSP in 2013 with grant and bond paid until 2023. In 2024, John is **no longer DTC-eligible** and **no election** is made to keep his plan open. This creates a "DTC-related event". The contract must therefore be closed by December 31, 2025, and the grant and bond paid between January 1, 2014, and up to the current date, in this case December 31, 2025, must be repaid.

Opening of the RDSP | Loss of DTC Eligibility Jan. 1, 2024 – No election | Contract must close by Dec. 31, 2025

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
DTC	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	No	
Grant	$2,500		$3,500		$2,500		$3,500	$2,500	$3,500		$2,500			
Bond	$1,000	$1,000	$1,000	$1,000	$1,000	$1,000	$1,000	$1,000	$1,000	$1,000	$1,000			

AHA period:
Jan. 1, 2014 to Dec. 31, 2023

Repayment period:
Jan. 1, 2014 to Dec. 31, 2025

Repayment

Total amount of grant to be repaid:	$18,000
Total amount of bond to be repaid:	$10,000
Assistance Holdback Amount:	$28,000

3.2.2. Loss of DTC Eligibility and Election

When a beneficiary is **no longer eligible for the DTC** and has not regained their DTC eligibility during the five year period of the election, the RDSP **must be closed** by December 31 of the year following the election period. The grant and the bond paid into the RDSP during the 10 years preceding the beneficiary's loss of DTC eligibility, up to the current date, in this case December 31, 2026, must be repaid.

Opening of the RDSP (Feb. 3, 2010) | Loss of DTC Eligibility Jan. 1, 2021 Election made | Contract must close by Dec. 31, 2026

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
DTC	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	No	No	No	No		

AHA period:
Jan. 1, 2011 to Dec. 31, 2020

Repayment period:
Jan. 1, 2011 to Dec. 31, 2026
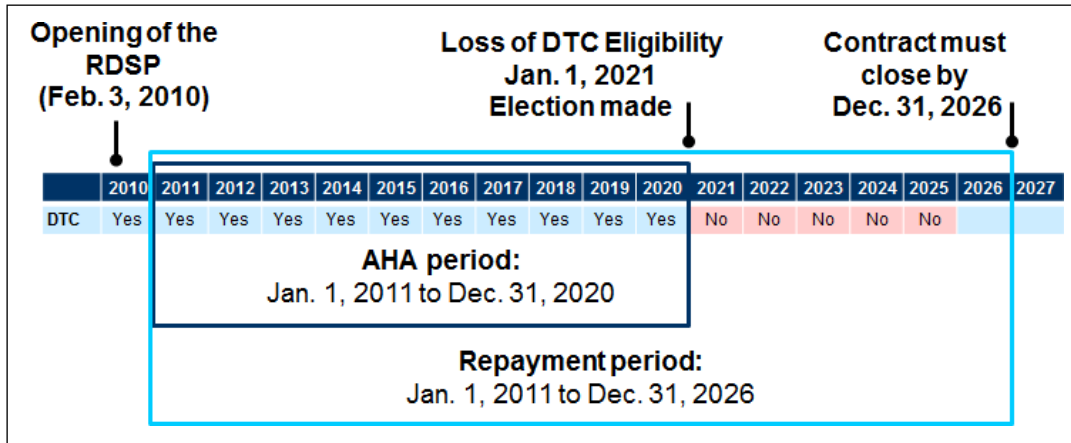
Example

Bob opened an RDSP on January 1, 2009. In 2013, Bob **loses eligibility for DTC**. Bob makes a **DTC election** that remains in effect for the period of January 1, 2013, to December 31, 2017. If Bob does not regain DTC eligibility before December 31, 2017, the RDSP would need to be closed by December 31, 2018, and all of the grant and bond paid from January 1, 2009 up until the current date would be repaid to the Government. The closure transaction was only sent on Nov. 16, 2019.

		Opening of the RDSP (Jan. 1, 2009)				Loss of DTC Eligibility Jan. 1, 2013 Election made				Contract must close by Dec. 31, 2018		Contract was only closed on Nov. 16, 2019	
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
DTC	Yes	Yes	Yes	Yes	Yes	No	No	No	No	No	Yes	Yes	Yes

AHA period: Jan. 1, 2009 to Dec. 31, 2012

Repayment period: Jan. 1, 2009 to Nov. 16, 2019
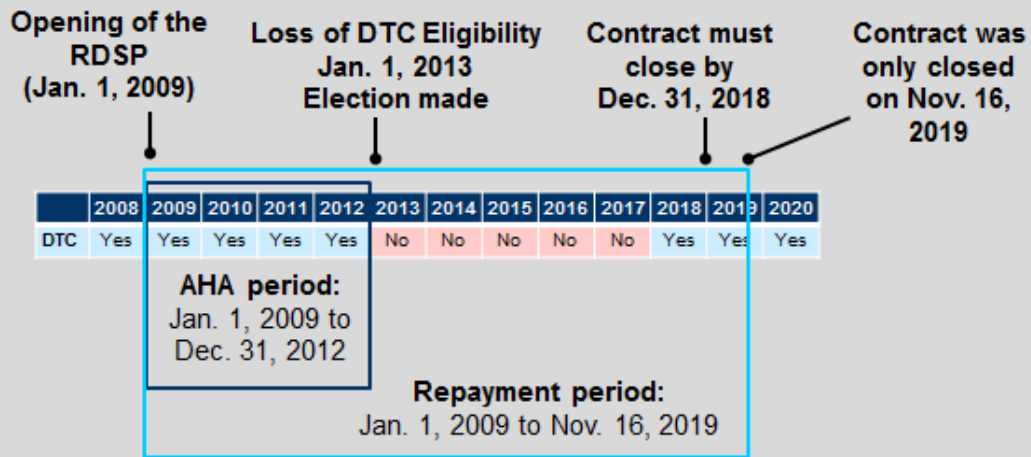
3.3. Loss of DTC and Non-DTC Related Event

A non-DTC related event takes place if a **trigger event occurs** during a period in which the beneficiary is no longer DTC-eligible, no election is made, and the RDSP is still open. In this case, the **AHA** must be repaid. The AHA period will start 10 years prior to the loss of DTC and end the date of the second event, even if it surpasses 10 years.

3.3.1. Loss of DTC Eligibility and No Election
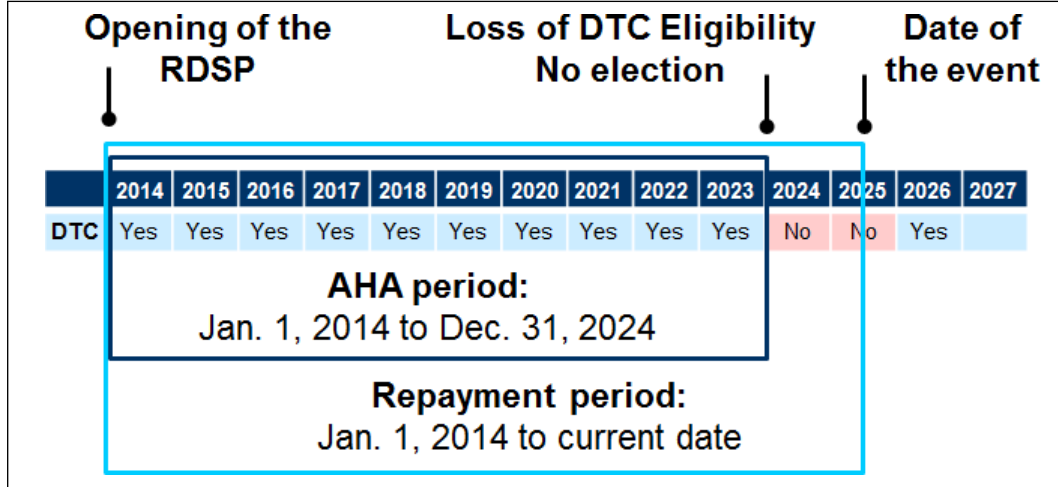
Example

John opened his RDSP in 2010 and received grant and bond until 2020. In 2021, John is no longer DTC-eligible and no grant or bond is paid in that year as a consequence. However a $2,000 withdrawal from the plan is made on July 5, 2021. John is not able to make an election to keep the RDSP open. Since the withdrawal occurs during a time of no DTC eligibility, the period that must be considered to calculate the amount to be repaid is between January 1, 2011, and July 5, 2021. John will still need to close his RDSP by December 31, 2022 if he is still DTC-ineligible.
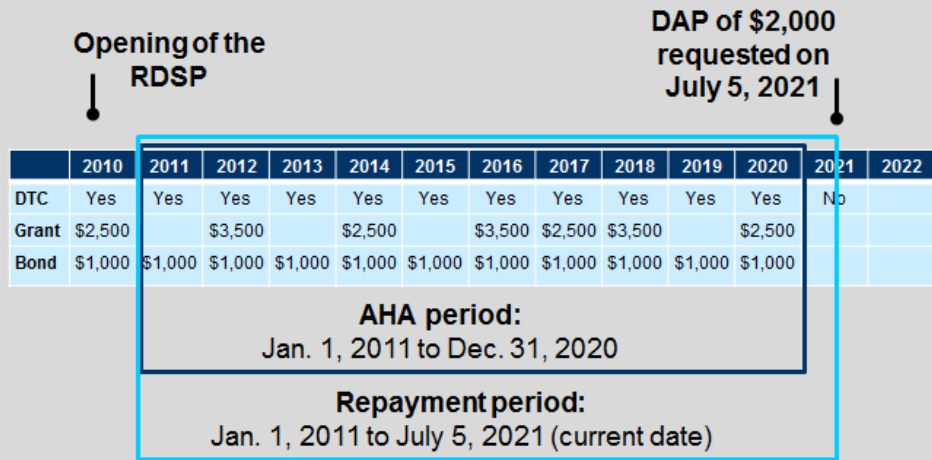
The amount of grant and bond to be repaid is $6,000 since the proportional repayment amount ($6,000) is less than the AHA ($28,000).

When John closes his RDSP on December 31, 2022, the remaining AHA balance ($22,000) will need to be repaid to the Government of Canada.

3.3.2. Loss of DTC Eligibility and Election

If a **trigger event occurs** during an election period, the **AHA** is required to be repaid. The AHA period will start 10 years prior to the loss of DTC and end the date of the event, even if it surpasses 10 years.
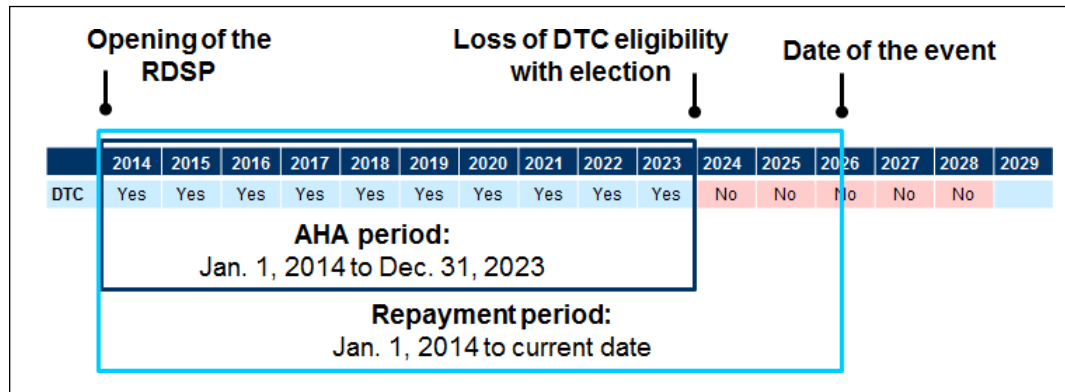
Example

John opened his RDSP in 2010 and received grant and bond until 2020. John is no longer DTC-eligible in 2021 and made an election to keep his plan open. A $2,000 withdrawal from the plan is made on July 5, 2024. Since the withdrawal occurs during a time of no DTC eligibility, the period that must be considered to calculate the amount to be repaid is between January 1, 2011, and July 5, 2024.
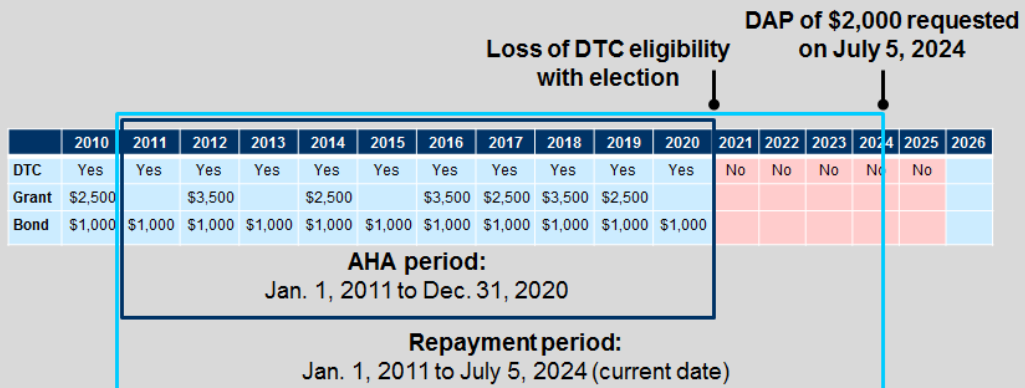
3.4. DTC Eligibility Re-Confirmed After Election

If the beneficiary is granted DTC eligibility again in a future year, the **AHA period is "moved up"** based on the first year during which DTC eligibility was re-confirmed.
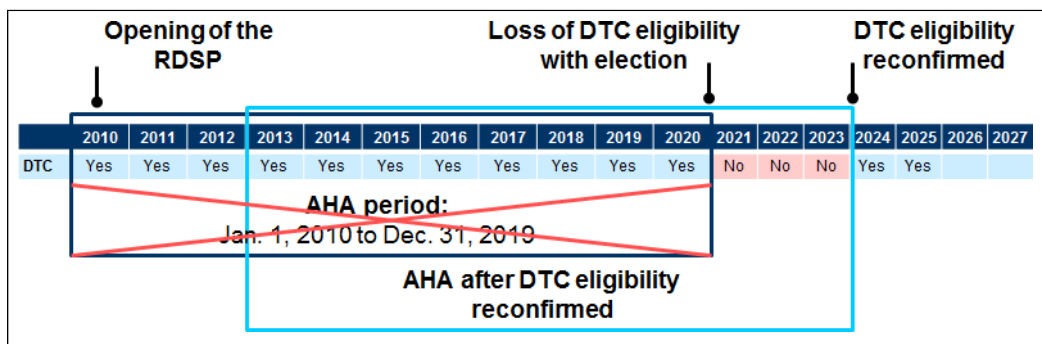
3.5. Event During Election and DTC-Eligible

If an event occurs during a time when the beneficiary is DTC-eligible, the **AHA** period will start 10 years before the date of the event and **will include any period of non-DTC eligibility**.
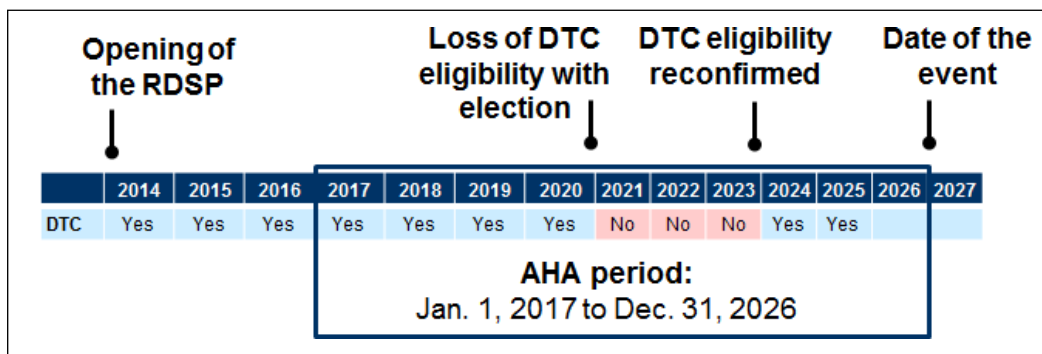
Example

John opened his RDSP in 2010. He lost his DTC eligibility in 2015 but an election is made to keep the plan open. In 2017, John is once again DTC-eligible. A withdrawal from the plan is made on January 4, 2021. The AHA period that must be considered in the calculation of the amount to be repaid is January 5, 2011 to January 4, 2021.

DAP of $2,000 is
requested on Jan. 4, 2021

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
DTC	Yes	Yes	Yes	Yes	Yes	No	No	Yes	Yes	Yes	Yes	Yes
Grant	$2,500		$3,500		$2,500			$2,500	$3,500	$2,500		
Bond	$1,000	$1,000	$1,000	$1,000	$1,000				$1,000	$1,000	$1,000	$1,000

AHA period:
Jan. 5, 2011 to Jan. 4, 2021

The amount of grant and bond to be repaid is $6,000 since the proportional repayment amount ($6,000) is less than the AHA ($22,500).

4. Impact on Limits

Repaid grant and bond cannot be regained at a later date. It is lost forever from the total maximum lifetime limit of $70,000 in grant and $20,000 in bond.

Example:

If the total amount repaid to the Government of Canada was $10,000 in grant and $4,000 in bond, then the total possible payments that could be provided by the Government of Canada in the future would be $60,000 ($70,000 - $10,000) in grant and $16,000 ($20,000- $4,000) in bond.

5. Submitting Repayment Information

Financial transactions (Record Type (RT) 401) are used to record the movement of funds in or out of the RDSP. A repayment of grant or bond is considered to be a financial transaction.

When submitting repayment information to ESDC, the financial institution will submit the following transaction to the CDSP system:

- RT 401, Transaction Type 10 (Repayment of Grant and/or Bond)

In addition, the transaction will identify the Repayment Reason (or flag), with one of the following codes:

- "01" DAP
- "02" LDAP
- "03" Contract terminated
- "04" Contract ceases to be registered
- "05" Beneficiary ceases to be DTC-eligible
- "06" Death of the beneficiary
- "07" Non entitlement (as per legislation)
- "08" Bond payment rectification

In all repayment transactions, financial institutions must report only the amount of the grant and/or the bond being repaid to ESDC. For more detailed information about how transactions are processed between the financial institutions and the CDSP system, see Chapter 4–1: The Interface Transaction Standards.

6. Repayment of Funds

6.1. When Sufficient Funds Exist

If there are sufficient funds in the RDSP, the financial institution will repay the grant and the bond amounts.

> **Example:**
>
> The beneficiary of an RDSP dies. The RDSP Fair Market Value is $62,147
>
> - Earnings: $2,147
> - Contributions: $15,000
> - Grant: $35,000
> - Bond: $10,000
>
> **Grant and bond repayable:** $45,000

Based on the above example, the financial institution will withdraw the funds from the RDSP and submit the following repayment transaction to ESDC:

- **RT 401-10** Repayment of Grant and Bond;
- **Repayment Reason 06** – Death of Beneficiary;
- **$35,000** will be indicated in the "Grant Repayment Amount" field; and
- **$10,000** will be indicated in the "Bond Repayment Amount" field.

6.2. When There Are Insufficient Funds

When the RDSP is terminated, the AHA must be repaid.

If the RDSP has experienced a loss and there are insufficient funds to cover the total amount of grant and bond repayable, the financial institution must submit a Termination Adjustment Transaction (RT 401-10) to ESDC to advise of the shortfall.

Losses are first attributed to earnings, then to contributions, and then to rollovers. Once these accounts are depleted, any remaining losses are apportioned equally across the grants and the bonds that are in the RDSP.

The following example illustrates how the financial institution will determine the amount as well as the repayment transaction that must be submitted to ESDC.

> **Example:** Repayment Reason: The RDSP is terminated.
>
> The RDSP looks like this:
>
> - RDSP Fair Market Value: $800
> - Earnings: $0
> - Contributions: $0
> - Grant: $0
> - Bond: $1,000
>
> Note: Losses in the plan have been applied to the earnings and then to contributions. Therefore, these accounts show a balance of $0.
>
> Total bond repayment: $1,000

Based on the example above, the AHA ($1,000) exceeds the fair market value of the RDSP ($800). Therefore, the financial institution must remit the lesser amount of $800.

To account for the difference of $200, the financial institution must also send a Termination Adjustment Transaction to inform ESDC of the shortfall, but only when the RDSP is terminated.

- **RT 401-10** Repayment of Grant and Bond
- **Repayment Reason 03** – Contract Termination
- **Amount of $800.00** will be indicated in the "Bond Repayment Amount" field.
- **Amount of $200.00** will be indicated in the "Bond Termination Adjustment" field. It is the amount of the shortfall (market value, less bond paid into the RDSP).

Even if the bond repayment is $0 as a result of losses in an RDSP that exceeds earnings, contributions and the bond payment, the two transaction codes above must still be reported to ESDC.

Note: In most cases, the financial institution's system will automatically calculate the amount of grant and/or bond repayable. However, understanding how to determine the amount to be repaid will help financial institutions communicate this information to their clients.

C H A P T E R

4-1

Introduction to the CDSP System

This Chapter is primarily directed to employees of financial institutions responsible for assisting clients who wish to open Registered Disability Savings Plans (RDSPs) and apply for the Canada Disability Savings Grant (grant) and the Canada Disability Savings Bond (bond).

Once the appropriate application forms have been completed and signed, key information must be sent electronically to Employment and Social Development Canada (ESDC) along with requests for the grant and the bond.

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Canada

1. The CDSP System

1.1. Definition

The Canada Disability Savings Program (CDSP) system is an ESDC electronic application that supports the delivery of the RDSP, the grant and the bond.

The CDSP system **provides or exchanges information** with:

- financial institutions offering RDSPs;
- the Canada Revenue Agency (CRA); and
- ESDC, including:
    - the Office for Disability Issues (ODI); and
    - the Social Insurance Registration Office (SIR).

This information exchange allows the CDSP system to:

- verify **contract**, **holder**, and **beneficiary information**;
- confirm eligibility to **register** Disability Savings Plans (DSPs);
- verify **primary caregiver** information, as required;
- **confirm eligibility** for the grant and the bond; and
- track program-related **transactions**, including Social Insurance Number (SIN) and Business Number (BN) verifications, residency, eligibility for the disability tax credit (DTC), payments, repayments, etc.

This, in turn, ensures that each eligible RDSP beneficiary receives the grant and/or the bond to which he or she is entitled and facilitates the tracking of the grant and the bond and related limits for each beneficiary.

The RDSP issuer is the **organization ultimately responsible for the administration of the RDSP, the grant and the bond.** Specifically, it is the organization that has secured approval for the particular RDSP **specimen plan** from CRA and **signed an agreement** with ESDC allowing it to administer the grant and the bond. The RDSP issuer can delegate administrative duties to agents and/or service providers.

Although ESDC validates certain information it receives electronically prior to making grant and bond payments, financial institutions are reminded that all grants and bonds are paid on the condition that the RDSP complies with all relevant legislative requirements. This includes the registration rules described in Section 146.4 of the *Income Tax Act* and the conditions relating to the grant and the bond found in the *Canada Disability Savings Act* and its related Regulations. All grants

and bonds are subject to repayment to the Government of Canada should ESDC or CRA discover that payment was made inappropriately. For more information on repayments, see Chapter 3-6: Repaying the Grant and Bond.

1.2. Terminology

A list of **common terms** used throughout this chapter.

Term	Definition
business number (BN)	A 15 character alphanumeric code, assigned by the CRA, that identifies the RDSP issuer or agent authorized to submit transactions to the CDSP system. It is also the term used to identify the number assigned to the organization caring for a child and receiving an allowance under the *Children's Special Allowance Act (CSAA)*.
correction transaction	Is used to correct a previously submitted and successfully processed contribution. It applies to correcting a contribution amount **or** correcting Primary Caregiver (PCG) information **or** requesting a grant on a contribution transaction where a grant was not originally requested by the financial institution. Corrections will maintain the payment date or the original contribution transaction. See Appendices A and B: Understanding Error Codes and Understanding Refusal Reasons.
Interface Transaction Standards (ITS)	The document that describes the format in which information is to be set when electronically submitting transactions to the CDSP system.
record type (RT)	A data record that is exchanged between the financial institution's system and the CDSP system. There are a series of record types, each identifying a different type of transaction. For example, RT 401 identifies a financial transaction.

reversal transaction	Reversals are utilized to reverse repayments, rollovers, Disability Assistance Payments (DAPs), Lifetime Disability Assistance Payments (LDAPs), and elections. They are done when the original transaction was submitted in error.
transaction type (TT)	The two-digit number following the RT further categorizes the type of transaction. For example, RT 401-01 represents a financial transaction (RT 401) reporting a contribution and/or a grant request (01).

1.3. Record Type and Transaction Type

Transactions submitted by the issuer to the CDSP system are categorised by RT and TT.

Issuer Transactions		
RT	**TT**	**Description**
Contract registration information		
	01	Contract information
101	02	Beneficiary information
	03	Holder information
Contract update information		
102	10	Close a contract
	11	Rename a contract
Beneficiary and holder update information		
	02	Update beneficiary **information**
	03	Update holder information
201	13	Add holder to contract
	23	Remove a holder from a contract
Consent information for beneficiary		
202	01	Add or update consent for beneficiary
	02	Revoke consent for beneficiary

Financial Transactions

401	01	Contribution/grant request
	02	Correction of contribution/grant request
	05	Bond Payment Request
	06	Stop bond payment request
	08	Retirement savings rollover
	09	Retirement savings rollover reversal
	10	Repayment of grant and/or bond
	11	Reverse repayment of grant and/or bond
	20	DAP
	21	LDAP
	22	DAP reversal
	23	LDAP reversal
	30	Education savings rollover
	31	Education savings rollover reversal

Elections

501	01	Episodic DTC election
	02	Episodic DTC election reversal
	03	SDSP election
	04	SDSP election reversal

Reporting Transactions

701	01	Monthly reporting of FMV
	02	Transfer reporting of FMV and earnings amounts

The monthly files sent by ESDC to the issuer in response to the transactions received are categorized by RT.

	Monthly Files	RT
	Error File (.err)	
	• Errors	801
	• Severe Errors	851
	Transaction Processing File (.pro)	901
	SIN Usability File (.sur)	921
	Contract Status File (.reg)	
	• Contract Status	951
	• Episodic DTC Election	952
	• SDSP Election	953
	Transfer Extract File (.xfr)	971
	Beneficiary DTC Eligibility File (.dtc)	981

There are several transaction formats used to report information to the CDSP system. These formats are outlined in detail in the Transactions Format section of the **ITS** document, available for download on ESDC's website (see link in section 4.1). The CDSP system implementation date for each defined transaction is listed in the Transactions Format section as well.

2. Exchange of Information

Financial institutions must use Managed Secure File Transfer (MSFT) software to send data to ESDC via the Internet. It is Entrust ® enabled and is recognized by ESDC as a secure method for data transfer.

The following chart illustrates how files and reports are exchanged between financial institutions and the CDSP system through the MSFT system.
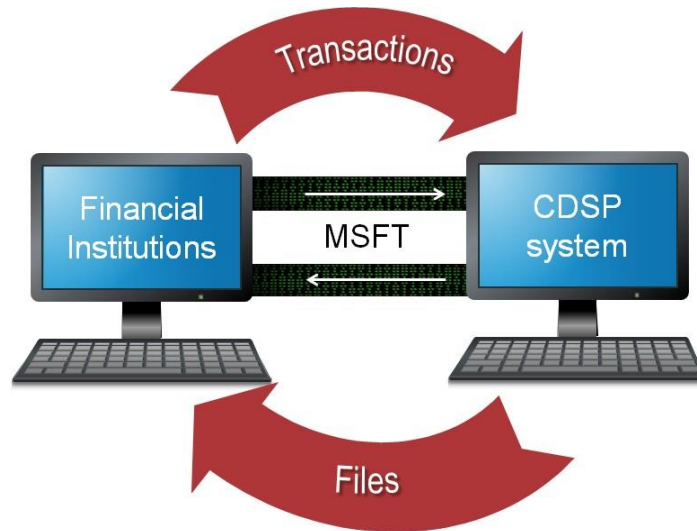
The financial institution **submits transactions** electronically through the MSFT system to **ESDC** for the current reporting period. For more information on the reporting period, see section 4.4.1 below.

ESDC retrieves the submitted transactions and uploads them to the CDSP system.

Once the monthly processing is complete in the CDSP system**, ESDC uploads** the resulting files (RT 801, RT 851, RT 901, RT 921, RT 951, RT 952, RT 953, RT 971 and RT 981) in the MSFT system for the financial institution to retrieve.

3. The CDSP System Process

The following calendar represents an overview of the production cycle processes and responsibilities associated with submitting transactions to the CDSP system.

Sun.	Monday	Tuesday	Wednesday	Thursday	Friday	Sat.
				1	2	3
4	5	6 **Step 1** Issuer submits transactions	7 **Step 2** Level 1 & 2 validation process	8	9 **Step 3** SIN validation with SIR	10
11	12	13 **Steps 4 & 5** Level 3 validation with CRA	14 **Step 6** Final level of verification	15	16	17
18	**Step 7** 19 **Message 1** RT 801, 851, 921, 951, 952, 953, 981	20	21	22	23	24
25	26	**Step 8** 27 **Message 2** RT 901, 971	28	29	**Step 9** 30 **Incentive Payment by ESDC**	31

Step 1 – The financial institution **submits transactions** (Issuer Transaction File) electronically to ESDC for the current reporting period, by 5:00 p.m. (EST) on the fourth business day of the month

ESDC **retrieves** the submitted transactions and uploads them to the CDSP system.

Step 2 – ESDC **validates*** the submitted transactions.

The first two levels of information are validated as follows:

- confirms completion of mandatory fields and proper formatting based on ITS (e.g., date fields must be submitted as YYYYMMDD); and
- verifies compliance with business rules (e.g., beneficiary's age and grant/bond eligibility).

*Validation is only applicable to certain transactions.

Step 3 – The beneficiary and holder SINs are validated with SIR.

Step 4 (For registration only) – level 3 validation. ESDC **communicates** with CRA to verify the DTC eligibility, residency and family income to confirm the request to register the DSP and that it meets the conditions for registration.

ESDC will notify the financial institution once registration has been confirmed.

Step 5 – The CDSP system **processes** financial transactions (RT 401) and validates DTC eligibility, residency and family income to ensure eligibility for grant and bond payment.

Step 6 - Based on processing results, the CDSP system conducts the **final level of verification**, as follows:

- awards grant, bond and/or refusal reason to successfully processed transactions;
- updates beneficiary accounts, including total grant and bond paid to the individual beneficiary account; and
- updates payment information at the specimen plan level allowing the CDSP system to track grant and bond liability based on financial institution.

Step 7 – The CDSP system **generates** the first set of files to financial institutions, informing them of the production results. ESDC **forwards** a first message to inform financial institutions when files are ready for pick-up. The files that may be sent in this first message are:

Error File (.err)

RT 801 Errors: Validation has failed or information submitted is missing, incorrect, or incorrectly formatted. Transaction must be corrected and resubmitted.

RT 851 Severe Errors: Identifying severe errors and advising that the record is rejected and must be corrected and resubmitted.

RT 921 SIN Usability File (.sur): Validation of the beneficiary's SIN with SIR has revealed that the SIN is not usable, usable and/or linked.

Contract Status File (.reg)

RT 951 Contract Status: Information on contracts for which a request to register or transfer has been submitted as well as updates on previously requested contract registrations.

RT 952 Episodic DTC Election: Confirms receipt of DTC election information and informs the issuer of the DTC election period, as established in the CDSP system.

RT 953 SDSP Election: Confirms receipt of Specified Disability Savings Plan (SDSP) election information.

RT 981 Beneficiary DTC Eligibility File (.dtc): All updates which have been made by CRA to the yearly DTC eligibility status of beneficiaries who have a pending (having passed SIR validation) or registered contract.

Step 8 – Approximately four days prior to the last business day of the month, the CDSP system **generates** the second set of files to financial institutions, informing them of the production results. ESDC **forwards** a second message to inform financial institutions when files are ready for pick-up. The files sent in this second message are:

RT 901 Transaction Processing File (.pro): acknowledges that a transaction has been successfully processed or reprocessed / readjudicated (e.g. due to DTC, residency and income updates). It also informs the issuer of the grant and bond amount paid.

RT 971 Transfer Information Extract File (.xfr): All financial information in ESDC's possession from all previous contracts for a particular beneficiary for all "resolved" RDSP transfer transactions.

Step 9 – ESDC **sends the payment** to the financial institutions account on the last business day of the month via direct deposit.

4. Interface Transaction Standards

The ITS **prescribes the format for submitting contract, financial and reporting transactions** electronically to ESDC.

More specifically, the ITS describes the format and layout to be used for the exchange of electronic information between ESDC and financial institutions' systems; it allows for the electronic administration and **payment** of the:

- **grant** and/or
- **bond**.

4.1. Electronic Version of the ITS

The ITS is available for download on the RDSP, Grant and Bond Issuers page on ESDC's website, under the "Systems Documentation" tab at the following link:

Canada.ca/RDSPresources

Amendments to the ITS are communicated to RDSP issuers via electronic bulletins ListServs. This is an email sent to designated employees of the RDSP issuer to announce RDSP events or changes to the RDSP, the grant or the bond. To be added to the ListServ distribution list, contact ESDC at:

rdsp-reei@hrsdc-rhdcc.gc.ca

4.2. System Compliance

All financial institutions must ensure that the files they exchange with ESDC are **compliant with the ITS**.

The **mandatory industry testing process**, driven by ESDC, helps financial institutions to ensure that their systems are ready to report transactions to, and receive information from, the CDSP system. The objective of industry testing is to ensure system compatibility with ESDC and improve the quality of data submitted to ESDC, ultimately ensuring that grants and bonds are paid into the RDSP.

As there is always a risk of errors, industry testing also ensures that the RDSP financial institution's system can accept error codes and grant and/or bond refusal reasons.

Test files sent electronically to the CDSP system **must receive a data format success rate of 95% or higher** and an **overall success rate of 90% or higher** before the financial institution can submit files for processing.

Questions or requests pertaining to industry testing should be forwarded to ESDC at:

rdsp-reei.indtest@hrsdc-rhdcc.gc.ca

The CDSP Industry Testing Guide can be found under the "Systems Documentation" tab at the following link:

4.3. Timelines

ESDC provides schedules identifying applicable processing dates, which consist of:

- processing periods;
- production run cut-off dates; and
- payment dates.

These schedules are forwarded to financial institutions as an electronic bulletin via ListServ and are also available on the Web.

4.3.1. Reporting Periods

The CDSP system processes files and pays grant and/or bond on a monthly basis.

Reporting periods extend from **the first to the last day of the same month**. The financial institution has four (4) business days after the reporting period ends to submit files for processing. Financial institutions must not include any transactions that occurred after the last day of the reporting period.

For example, to be included in the August reporting period, the financial institution must finalize files by the 4th business day after August 31.

If ESDC receives files after the specified cut-off date, it will hold and process those files in the following month's processing cycle .

C H A P T E R

4-2

Setting Up an RDSP

This chapter is primarily directed to employees of financial institutions responsible for assisting clients who wish to open Registered Disability Savings Plans (RDSPs).

In this chapter

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1. Information Exchange

1.1. Record Type 101 (RT 101)

During the processing of transactions, Employment and Social Development Canada (ESDC) may send some or all of the following reports to financial institutions.
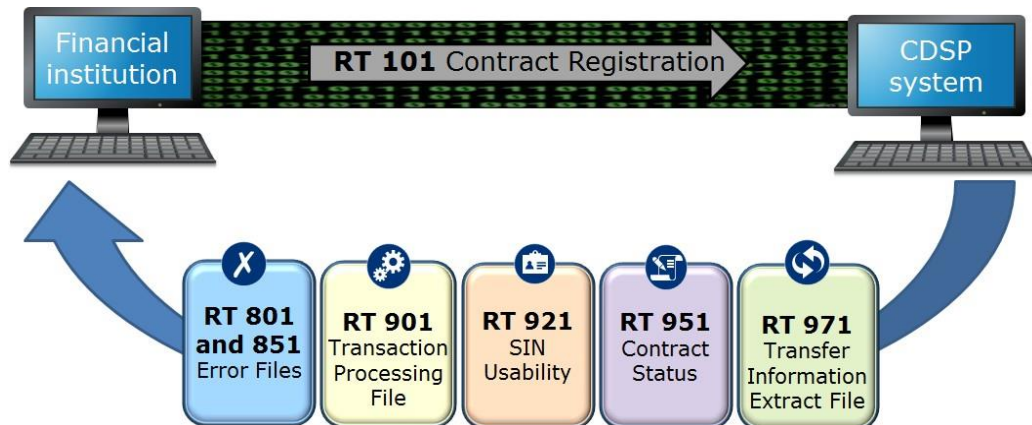
The **Error Files** (RT 801 and RT 851) indicate that transactions were not sent in accordance with format and validation requirements. The Error File contains the transaction number, the error code, the name of the field, and flags from the Social Insurance Registry's (SIR) validation if applicable.

It is the financial institution's responsibility to make the corrections and re-submit the transactions for processing.

If the contract registration transactions (contract, beneficiary and holder information) were successfully processed, this will be indicated in the **Transaction Processing File** (RT 901) at the end of the month.

Every month, beneficiary and holder SINs are verified through SIR. SIR may report that a SIN is "usable", "unusable" or "linked" through the **SIN Usability File** (RT 921).

The **Contract Status File** (RT 951) concerns all contract registration transactions and informs the issuer of the contract registration status.

⑤   The **Transfer Information Extract File** (RT 971) reports to the receiving financial institution, all successfully processed financial transactions for the prior RDSP once a transfer is completed. This file includes transactions that have been reported to the Canada Disability Savings (CDSP) system for the contract of the relinquishing financial institution, as well as those reported for earlier contracts also transferred for the same beneficiary.

2. Opening a New Plan

To open an RDSP, the financial institution must assist the holder in completing the appropriate application forms (see Chapter 1-1: section 6 for additional information). Once the information on the beneficiary, the holder(s), primary caregiver(s) (PCG) and the contract itself is collected, the financial institution submits the registration information (RT 101) transactions electronically via Managed Secure File Transfer (MSFT) to the CDSP system. These transactions are used to:

- confirm that the plan meets the **conditions of registration;**
- verify **beneficiary** information; and
- verify **holder** information.

Below is an illustration of the contract validation process. Each step, numbered 1 through 10, is detailed further in this chapter.
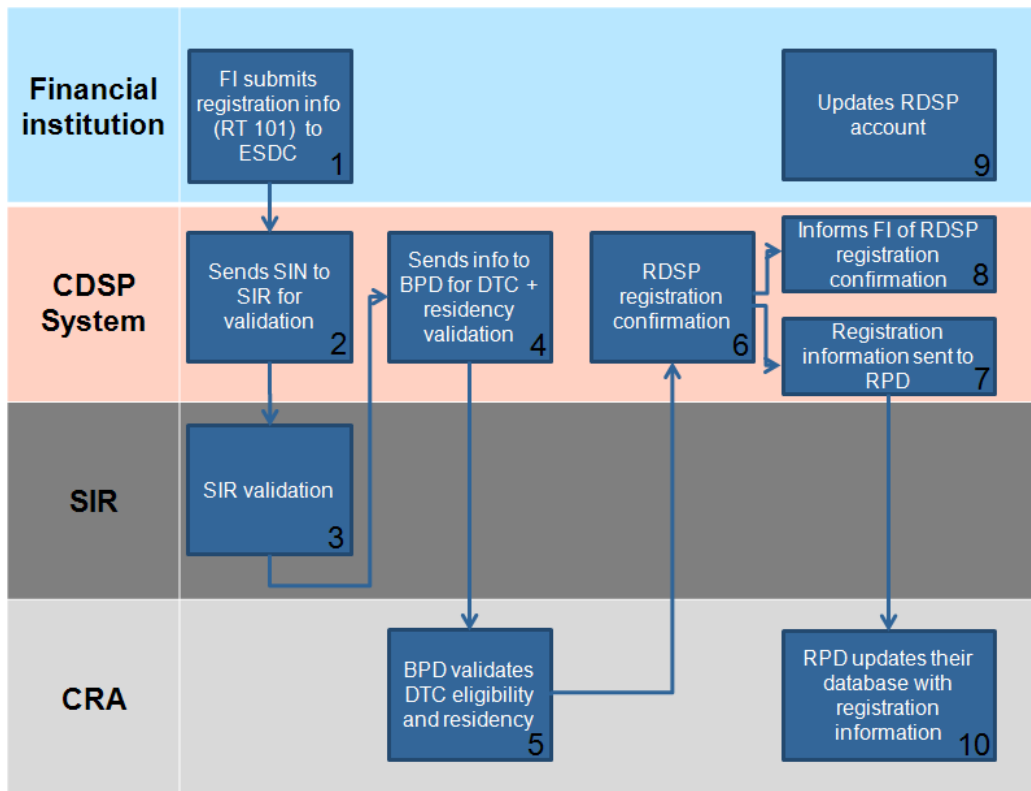
During the validation process, certain pieces of information reported in the contract registration files are validated by the following departments.

- ESDC
    - CDSP system
    - SIR
- Canada Revenue Agency (CRA)
    - Benefit Programs Directorate (BPD)

And, contract registration results are sent to:

- CRA
    - Registered Plans Directorate (RPD)

2.1. Step 1

To confirm the contract meets the conditions of registration, the CDSP system requires three separate transactions for each DSP. **All three transactions must be sent as a package at the same time**. Any of these RT transactions sent individually will not be processed.

- RT 101-01 **Contract** information
- RT 101-02 **Beneficiary** information
- RT 101-03 **Holder** information

Each of these three transactions must be verified and processed successfully before it can be confirmed that the contract meets the conditions of registration.

Note: For more information about mandatory information required for each record type and transaction type in this chapter, consult the Interface Transaction Standards (ITS), available on ESDC's website under the systems documentation tab found here:

Canada.ca/RDSPresources

2.1.1. Contract Information

To establish a contract in the CDSP system and to provide the required elements to confirm contract registration with the CRA, financial institutions must submit a contract registration information transaction (RT 101-01). The CDSP system will validate the information provided and assign a registration status to the submission.

RT 101-01 - Information needed to set up a contract:

- the transaction number established by the financial institution (must be the same for all components of the RT 101 "package");
- the specimen plan number assigned to the financial institution by CRA;
- the contract number of the RDSP;
- the date the contract was signed;
- the primary caregiver's information, if applicable;
- information required to complete a transfer when applicable; and
- the date the contract was created or updated.

When sending contract information (RT 101-01), financial institutions must also send beneficiary (RT 101-02) and holder (RT 101-03) information.

The RT 101-01 can be used to update contract information in the CDSP system up until the contract is confirmed to have met all conditions for registration. To update contract information after registration has been confirmed, see section 3.1 Contract Update Information.

2.1.2. Beneficiary Information

To establish a beneficiary in the CDSP system, financial institutions must submit a beneficiary information transaction (RT 101-02).

RT 101-02 – Information needed for the beneficiary:

- the transaction number established by the financial institution (must be the same for all components of the RT 101 "package");
- the beneficiary's SIN, given name, surname, date of birth (DOB) and sex;
- the beneficiary's address; and
- the beneficiary's language of choice.

The RT 101-02 can be used to update beneficiary information in the CDSP system (other than the SIN) up until it is confirmed that the contract meets all conditions for registration.

To update beneficiary information after registration has been confirmed, see section 3.2 Beneficiary and Holder Update Information.

2.1.3. Holder Information

To establish a holder in the CDSP system, financial institutions must submit a holder information transaction, RT 101-03.

RT 101-03 – Information needed for the holder:

- the transaction number established by the financial institution (must be the same for all components of the RT 101 "package");
- the holder's SIN, given name, surname, DOB and sex or the agency's Business Number (BN) and name;
- the holder's address;
- the relationship of the holder to the beneficiary; and
- the holder's language of choice.

If there is more than one holder, validation must be confirmed for all holders on the contract.

The RT 101-03 can be used to update holder information or add a holder in the CDSP system up until it is confirmed that the contract meets all conditions for registration.

To update, add or delete a holder, see section 3.2 Beneficiary and Holder Update Information.

2.2. Steps 2 and 3

2.2.1. Preliminary validation

Before sending a beneficiary or holder SIN to SIR, the CDSP system performs a preliminary validation to determine the validity of a SIN.

If the SIN is rejected, an Error Report is sent to the issuer with the **Error Code 8250: The SIN or BN is not numerically valid.**
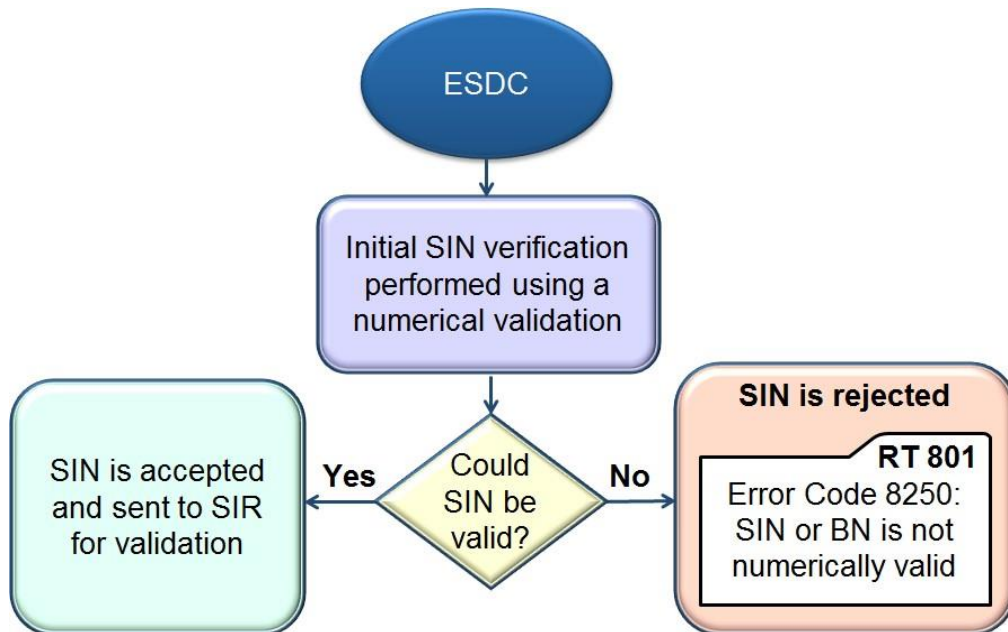
2.2.2. SIR Validates Identities Through SINs

Once the preliminary validation is done, the CDSP system will send the beneficiary and/or holder SIN information for validation with SIR. SIN usability and the five following fields are validated by SIR.

- **SIN**
- **given name**
- **surname**
- **birth date**
- **sex**

2.2.3. Successful, Flagged or Rejected SINs at SIR

If **SIR validation is successful**, the beneficiary and holder are **added to the CDSP system** and a RT 901 report and a RT 951 report are sent to the RDSP issuer. When the contract is in pending status, the holder and the beneficiary are established even if just the minimum requirements are met.
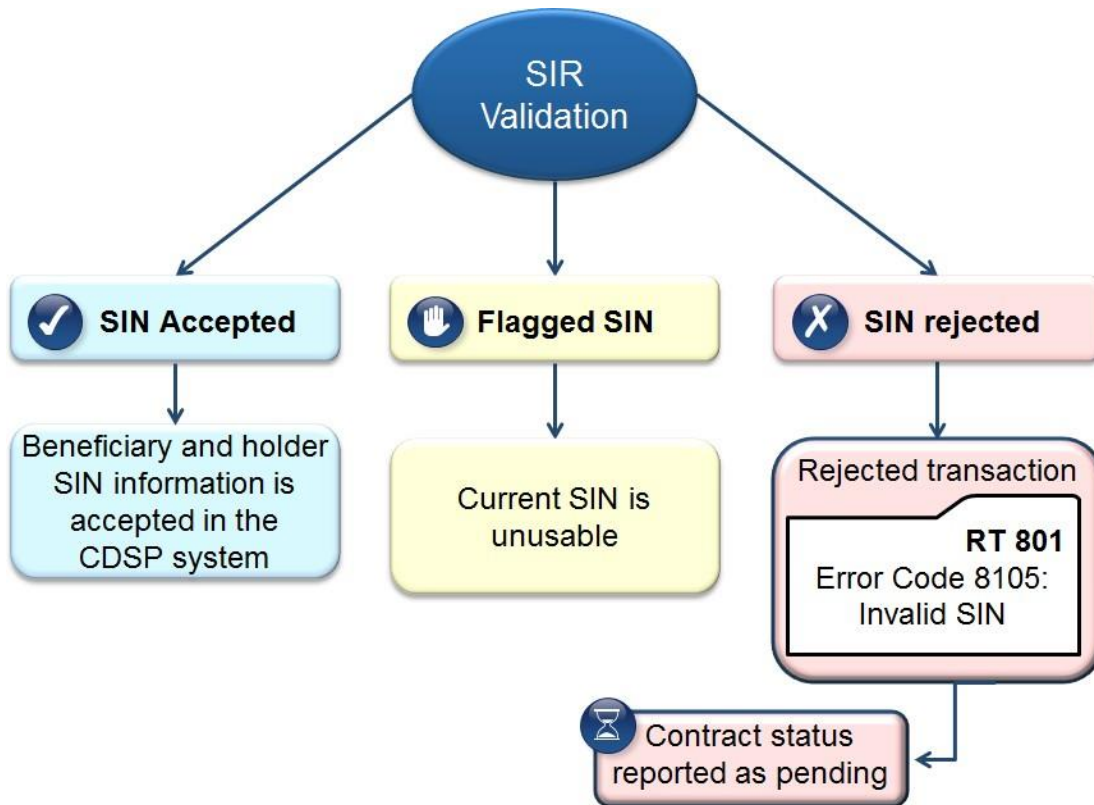
If the **SIN is rejected,** the contract will remain pending and the **Contract Status File** (RT 951) will indicate that a beneficiary or holder SIN failed identity validation.

An error file (RT 801) is sent to the issuer with the **Error Code 8105**: invalid SIN. The error file will indicate which of the five field(s) failed validation: SIN, given name, surname, date of birth or sex.

The beneficiary account will not be established. It will remain pending until validation can be confirmed.

In many cases name changes, inverted numbers, and/or mistakes in birth dates cause errors during the SIN validation process. If the holder and/or beneficiary SIN information submitted by the financial institution does not match the information contained at the SIR, the submission will result in an error and will lead to the information being rejected by the CDSP system.

All transactions (101-01, 101-02 and 101-03) must be corrected and resubmitted to the CDSP system before financial transactions can be processed. NOTE: For more information on correcting SIN errors, see Appendix A "Understanding Error Codes" document available on ESDC's website under the User Guide and Publications tab found here:

Canada.ca/RDSPresources

If a **SIN is flagged as not usable**, the contract status is reported as pending. Flagged SINs can be the result of fraudulent SIN usage, a deceased holder or beneficiary, a temporary SIN being cancelled, etc. They are reported to the financial institution in the SIN Usability File (RT 921).

SIN usability is validated every month that the RDSP is open. Business numbers do not go through SIR validation. For more information, see section 4. Ongoing Information Verification.

2.3. Step 4 and 5

2.3.1. BPD Validates Beneficiary & Holder Information

Once the SINs have been validated at SIR, CRA's **BPD** confirms that the beneficiary meets the following criteria:

- **be a resident in Canada**; and
- **be eligible for the DTC**.
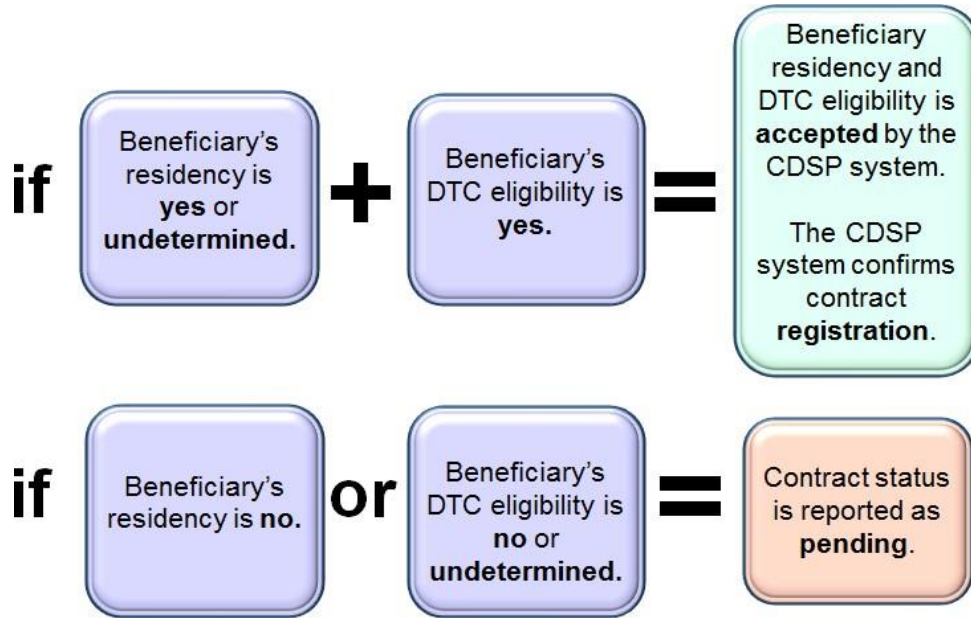
2.4. Steps 6 to 10

2.4.1. ESDC Confirms Registration

ESDC will notify the financial institution once it is confirmed that the plan meets the conditions of registration as reported in the "Current Contract Status" field (RT 951).

2.4.2. ESDC Sends Files to financial institutions

ESDC generates monthly files to financial institutions, informing them of the production results. Files that may be sent in response to a contract transaction are summarized below.

CDSP System Files

The financial institution will receive confirmation of the status of the transactions submitted to the CDSP system including the following notifications:

⚙ **RT 901 Transaction Processing File (.pro)**: Acknowledges that a transaction has been successfully processed. The file also informs the issuer of the grant and bond amount paid.

📇 **RT 921 SIN Usability File (.sur)**: Validation of the beneficiary or holder's SIN with SIR has revealed that the SIN is usable, not usable, and/or linked.

> **Contract Status File (.reg)** contains the following report:
>   - **RT 951 Contract Status:** Information on contracts for which a request to register or transfer has been submitted as well as updates on previously requested contract registrations.
>
> **RT 971 Transfer Information Extract File**: contains all historical financial transaction information (beginning with 401) in ESDC's possession from all previous contracts for a particular beneficiary provided that the transfer is resolved and the prior contract is closed and the receiving contract, for which the file is created, is registered.
>
> **Error File (.err)**
>   - **RT 801 Error Report**: Validation has failed or information submitted is missing, incorrect, or incorrectly formatted. Transaction must be corrected and resubmitted.
>   - **RT 851 Severe Error Report**: Identifying severe errors and advising that the record is rejected and must be corrected and resubmitted.

ESDC forwards a ListServ to inform financial institutions when processing files are ready to be accessed.

3. Changes to a Registered Plan

When information changes regarding a contract that is already registered, or if information changes for a holder or a beneficiary on a contract that is already registered, transactions must be sent to update the information in the CDSP system.

3.1. Contract Update Information

If a financial institution wishes to update information for a registered contract, the Update Contract Information transaction (RT 102) is used.

3.1.1. Close a Contract

To close a contract, the financial institution submits a **RT 102-10 Close a Contract** transaction to the CDSP system.

Information needed to close a contract:

  - the financial institution's contract number;

- the reason why the RDSP is being closed: the beneficiary dies, the beneficiary is no longer DTC-eligible, the RDSP is transferred to another financial institution, or the plan is de-registered;
- the date of the event requiring the closure of the contract; and
- the date the RDSP is closed.

For more information on why a contract must be closed, see Chapter 2-7: Closing an RDSP.

3.1.2. Rename a Contract

If a financial institution wishes to change the contract number or identifier of an established contract, the **RT 102-11 Rename Contract** is used.

Information needed to rename a contract:

- the new number given to the contract by the financial institution;
- the original number given to the contract by the financial institution; and
- the date the contract was renamed.

3.2. Beneficiary and Holder Update Information

If a financial institution wishes to update beneficiary or holder information, or add or remove a holder from a registered contract, the **RT 201 Beneficiary and Holder Update Information** transaction is used (i.e. change of address).

3.2.1. Update Beneficiary Information

If a financial institution wishes to update information on the beneficiary, the **RT 201-02 Update Beneficiary Information** is used.

Information needed to update the beneficiary data:

- the beneficiary's SIN, given name, surname, DOB and gender;
- the beneficiary's address; and
- the date the beneficiary information was updated.

3.2.2. Update Holder Information

If a financial institution wishes to update information on the holder, the **RT 201-03 Update Holder** Information is used.

Information needed to update the holder data:

- the holder's SIN or BN, given name, surname or agency name, DOB and gender;
- the relationship of the holder to the beneficiary;
- the holder's address; and
- the date the holder information was updated.

Note: to ensure Annual Statements of Entitlement are properly directed, issuers should ensure updates to holder addresses are accurately reported to the CDSP system by the end of each calendar year.

3.2.3. Add Holder to Contract

If a financial institution wishes to add a holder to the contract, the **RT 201-13 Add a Holder to the Contract** is used.

Information needed to add a holder to the contract:

- the holder's SIN or BN, given name, surname or agency name, DOB and gender;
- the relationship of the holder to the beneficiary;
- the holder's address; and
- the date the holder was added to the contract.

3.2.4. Remove Holder from Contract

If a financial institution wishes to remove a holder from the contract, the **RT 201-23 Remove a Holder from the Contract** is used.

Information needed to remove a holder from a contract:

- the holder's SIN or BN; and
- the date the holder was removed from the contract.

A holder cannot be removed from a contract unless there is already another holder named on the plan.

4. Ongoing Information Verification

4.1. Monthly SIN Usability

As part of ESDC's ongoing efforts to ensure program integrity, all active beneficiary and holder SIN information will be verified monthly with SIR. As a result of this monthly SIN validation, certain beneficiary and holder SINs will be identified (flagged) by SIR as "SIN is not useable". As well, a beneficiary or holder SIN may have a status of "SIN is useable". This is a result of SIR removing a flag from a beneficiary or holder SIN.

Changes to SIN usability are reported in the RT 921 SIN Usability File. All transactions requesting grant or bond, on or after the SIR flag date will receive a refusal reason "08" – SIN not usable.

4.2. Beneficiary DTC and Residency

If CRA has updated the DTC and/or residency status of a beneficiary, they forward this information to the CDSP system which in turn sends this data to the impacted financial institution through the RT 981 - Beneficiary DTC Eligibility File.

These updates can cause a pending contract to become registered if after the change it meets the conditions for registration. If CRA changes the DTC or residency status from "Yes" to "No", it will result in the refusal of grant and bond payments.

Each month, financial institutions may send different transactions that may cause a contract to be registered:

- consent transaction
- contributions
- correction
- bond
- rollover
- close contract (it may resolve a transfer and register receiving contract)

CHAPTER

4-3

Request for Grant and Bond

This Chapter is primarily directed to employees of financial institutions responsible for submitting requests for the Canada Disability Savings Grant (grant) and the Canada Disability Savings Bond (bond).

In this chapter

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1. Information Exchange

1.1. Record Type 401 (RT 401)

After receiving financial transactions (RT 401) from the financial institution, Employment and Social Development Canada (ESDC) may send the following reports.

The **Error Report (RT 801)** and the **Severe Error Report (RT 851)** indicate transactions in error.

Toward the end of each processing period, ESDC sends financial institutions an e-mail informing them that the **Transaction Processing File (RT 901)** is ready to be downloaded. The report acknowledges all successfully processed transactions and may include:

- amounts of grant and bond payments;
- confirmation of repayments;
- refusal reasons;
- date of payment;
- transaction origin; and
- retirement savings and education savings rollover issues.

2. Requesting Grant and Bond

To receive the grant or the bond, the holder must fill out the grant and bond application form. While grants are based on contributions, no contribution is needed to attract bonds.

Below is an overview of the grant and the bond request process.
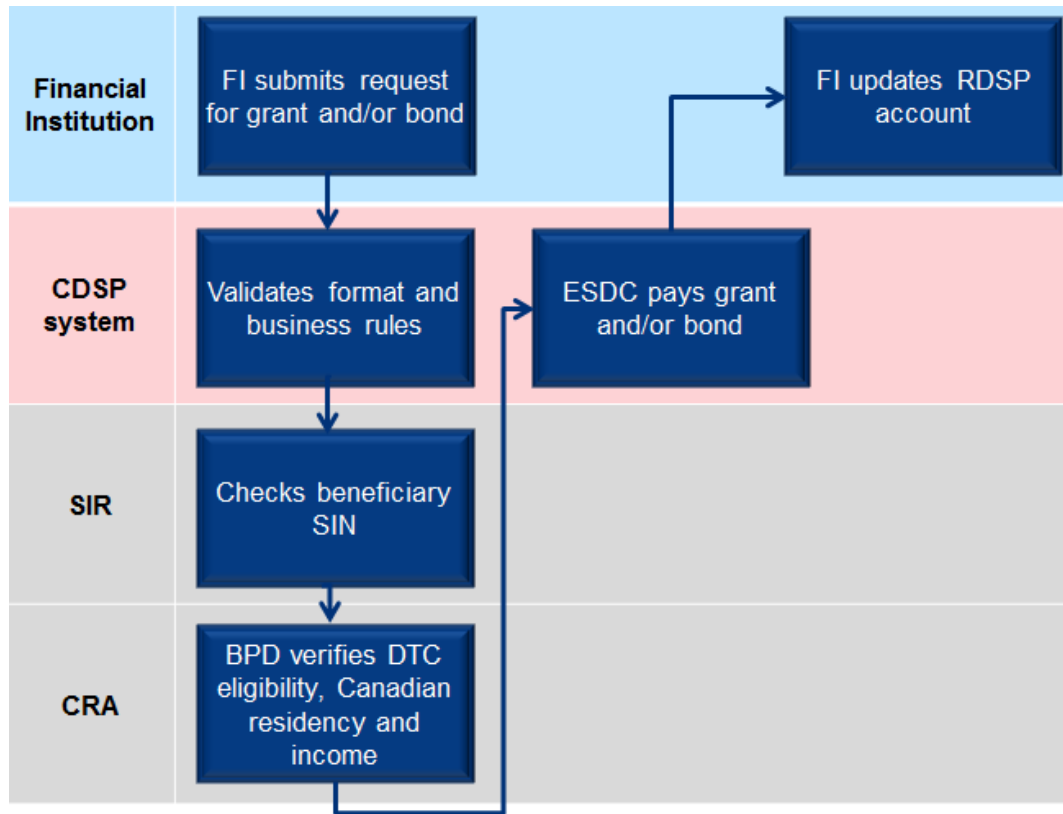
For more information, see Chapter 3-3: Grant and/or Bond Application Process. Forms are available on the ESDC web site under the "Forms" tab found at the following link:

Canada.ca/RDSPresources

2.1. Step 1

RT 401 is used by the financial institution to report all financial transactions and to request grant and bond payments. There are two record types available for use:

- RT 401-01 Contribution/Grant Request
- RT 401-05 Bond Payment Request

2.1.1 Contribution/Grant Request

When the holder deposits a contribution into the Registered Disability Savings Plan (RDSP), financial institutions must submit a **Contribution/Grant Request (RT 401-01)**.

Information needed for a contribution/grant request:

- the transaction number established by the financial institution;
- the specimen plan number assigned to the financial institution by the Canada Revenue Agency (CRA);
- the contract number of the RDSP;
- the beneficiary's Social Insurance Number (SIN);
- the date the contribution is made;
- the amount of the contribution;
- whether grant is requested or not;
- the primary caregiver's (PCG) name and SIN (when applicable); and
- the PCG type (individual or agency).

Note: For more details about information required for each record and transaction type detailed in this chapter, consult the Interface Transaction Standards (ITS), available on the ESDC web site under the "Systems Documentation" tab found at the following link:

Canada.ca/RDSPresources

2.1.2. Bond Request

When the holder requests a bond, financial institutions must submit a **Bond Payment Request (RT 401-05)** containing the information below. The bond, after the initial payment, will continue to be processed automatically in subsequent years, if the beneficiary remains eligible. For more information, see Chapter 3-3, Grant and/or Bond Application Process.

Information needed for a bond payment request:

- the transaction number established by the financial institution;
- the specimen plan number assigned to the financial institution by CRA;
- the RDSP contract number;
- the beneficiary's SIN;
- the date the bond request is made;
- the PCG's information when applicable; and
- the PCG type (individual or agency)

2.2. Step 2

ESDC retrieves the submitted transactions, uploads them to the **Canada Disability Savings Program (CDSP) system** and begins the validation process that includes formatting and business rules.

For more information, see Appendices A and B of the RDSP Provider User Guide: Understanding Error Codes and Understanding Refusal Reasons.

2.3. Step 3

ESDC checks if the beneficiary's SIN is usable at the Social Insurance Registry (SIR).

2.4. Step 4

2.4.1. DTC Eligibility and Residency

The Benefit Programs Directorate (BPD) at CRA confirms the beneficiary's eligibility for the disability tax credit (DTC) and verifies if the beneficiary meets the Canadian residency requirements. If the beneficiary is not DTC-eligible, or is not resident in Canada, or an election has been made at the time of the contribution or the bond request, the transaction will receive a refusal reason.

Note: There must not be an election, or DTC-ineligible years from contract registration (signature date) to the contribution/bond transaction date.

2.4.2. Family Income

BPD also confirms the matching rate to be paid based on the beneficiary's family income. If the beneficiary is 18 years of age or under at the beginning of the calendar year, information on the PCG will be required to determine family income.

For more information on PCGs, see Chapter 2-1: Registered Disability Savings Plans, section 6: Primary Caregiver.

2.5. Step 5

ESDC **sends files** to the financial institution. The resulting grant and/or bond payment or refusal reason (non- payment or partial payment) is communicated to the financial institution in their monthly reports.

- The **Transaction Processing File (.pro) (RT 901)** acknowledges that a transaction has been successfully

processed. For each transaction, this file reports the amount of grant or bond paid or a refusal reason when applicable.

- The **Error File (.err)** contains two types of records. The **Error Report (RT 801)** indicates when validation has failed or information submitted is missing, incorrect, or incorrectly formatted. Transactions in this report must be corrected and resubmitted.
- The **Severe Error Report (RT 851)** identifies severe errors and advises that the record has been rejected and must be corrected and resubmitted.

ESDC will send the grant and/or bond payment to the financial institution for any successful transactions that have not been refused.

For more information on error codes or refusal reasons, see Appendices A and B of the RDSP Provider User Guide: Understanding Error Codes and Understanding Refusal Reasons.

2.6. Step 6

The financial institution updates the individual RDSP account with the received amount as well as the reason for partial or non-payment, as applicable, or corrects missing/erroneous information to resubmit to the CDSP system in the next monthly production run.

3. Contribution/Grant Request Correction

3.1. Correction of Contribution/Grant Request

When a correction needs to be made to a previously submitted and successfully processed contribution, the financial institution submits a **Correction of Contribution/Grant Request (401-02)**. A 401-02 correction is submitted to:

- correct a contribution amount;
- correct PCG information;
- request a grant on a contribution transaction where grant was not originally requested; and
- resubmit transactions that did not attract grant due to a transfer.

There is no limit to the number of corrections that can be done for the same original RT 401-01 contribution/grant request transaction.

Much of the same information required for an RT 401-01 is required for an RT 401-02. The main differences: in an RT 401-02 the original RT 401-01 transaction is referenced so that the CDSP system knows which transaction must be corrected, and a new field is added indicating the correction date.

Information needed to correct a contribution/grant request:

- corrected contribution amount;
- the BN of the financial institution of the original transaction;
- the transaction number of the original request; and
- the date the correction was made.

A correction transaction (RT 401-02), will reverse the original contribution and grant amounts received and replace them with the corrected amounts provided the referenced contract is still registered.

For each successfully processed RT 401-02, financial institutions will receive two records in their RT 901 file:

- **Reversal of original contribution**: contribution and grant originally paid shown as a negative amount in the first record type 901 file with the transaction ID of the correction.
- **Corrected amount of original contribution**: corrected contribution and amended grant paid shown as a positive amount in the second type 901 file with the transaction identification number of the correction.

The CDSP system has been designed to preserve the payment date of the original contribution /grant request.

Some financial institutions may be inclined to correct (RT 401-02) contribution amounts made to an RDSP to $0 and then submit new transactions (RT 401-01). When this is done, the payment date on the older transaction is erased and a more recent payment date is generated on the newer transaction (with the same transaction date). This change of payment date can negatively affect the beneficiary in instances where the assistance holdback amount must be repaid.

Note: The only circumstance in which a new 401-01 should be used to correct a transaction date error.

Finally, as there is no correction transaction for the bond, should an error occur on a bond request submitted to the CDSP system, the correct information must be submitted on a new bond request (RT 401-05).

3.2. Stop Bond Payment Request

When a holder wishes to stop receiving bond for the beneficiary (for example when the beneficiary moves out of the country), the financial institution submits a **Stop Bond Payment Request (401-06)**.

Much of the same information required for a RT 401-05 bond request is required for a RT 401-06. The main differences: in the RT 401-06 the original RT 401-05 transaction is referenced so that the CDSP

system knows which transaction must be stopped, and a new field is added indicating the stop request date.

Information needed to stop a bond payment request:

- the date the request was made to stop the bond payment;
- the BN of the financial institution where the bond request was submitted; and
- the transaction number of the transaction to be stopped that was previously reported by the original financial institution.

If the holder wishes to receive the bond in the future, a new RT 401-05 Bond Payment Request will need to be submitted. Bond payments will resume from the date of the new request.

4. Add/Revoke Consent

Consent must be received to use personal information to ensure the beneficiary receives the benefits to which they are entitled. This personal information is used to establish the beneficiary's residency, DTC eligibility and family income, to register a contract and to pay any grant and bond entitlements, including any unused grant and bond entitlements that are carried forward. For the years in which the beneficiary was 18 years of age or under, this includes the holder and the PCG. **Add Consent and Revoke Consent** transactions can be used to explicitly add or remove individuals from the beneficiary consent list.

The trigger to register a contract and/or re-adjudicate grant and bond requests is provided by the processing of the other financial institutions' transactions, listed below. The CDSP system uses all PCG and all holder information provided for a beneficiary to build this list, such as holder and PCG information provided in the:

- contract package (RT 101-01 and 101-03);
- holder information provided through Add holder (RT 201-13) and Update holder (RT 201-03) transactions;
- PCG1 and PCG2 provided in Financial Transactions (RT 401); and
- PCG information provided through the Add/Update Consent Record Type (RT 202-01).

The CDSP system will use the consent list as applicable.

For example, the CDSP system will use the personal information that results in the maximum legal entitlement for grant and bond.

4.1. Add Consent

The **Add Consent (RT 202)** is used to add an individual to a beneficiary's consent list or update information for existing consent.

Information needed to add/update a PCG:

- the transaction number established by the financial institution;
- the specimen plan number assigned to the financial institution by CRA;
- the contract number of the RDSP;
- the beneficiary's SIN;
- the date the consent was added; and
- the name and SIN of the PCG.

The RT 202-01 is the method by which financial institutions update a beneficiary's PCG information, whether for contract registration purposes or for payment of grant and/or bond entitlements, including:

- situations where the beneficiary is an adult when signing the contract but was 18 years of age or under during the current or past years of entitlements; and
- situations where a beneficiary could have had more than one PCG. Again, this would only be needed if this information was not provided in a contract registration, add/update holder or financial transaction. For example, if a contribution/grant request is already submitted and then there is a change in PCG, using RT202-01 to communicate the change in PCG would be the better method.

This means that a contract can be updated to registered (if all conditions are met) and financial transactions can be re-adjudicated (if all conditions are met) following the successful processing of an add/update consent record type.

4.2. Revoke Consent

The **Revoke Consent (RT 202-02)** transaction is used to cancel consent previously granted, for example a PCG or former holder. The current holder must first be removed from the RDSP contract before their consent can be revoked. However, the current holder cannot be removed unless a new holder is added first.

RT 202-02 – Information needed to revoke consent:

- the transaction number established by the financial institution;

- the specimen plan number assigned to the financial institution by CRA;
- the contract number of the RDSP;
- the beneficiary's SIN;
- the date the consent was revoked; and
- the information on the PCG or holder who is revoking consent.

C H A P T E R

4-4

DAP and LDAP

This Chapter is primarily directed to employees of financial institutions responsible for reporting Disability Assistance Payments (DAP) and Lifetime Disability Assistance Payments (LDAP).

In this chapter

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1. Information Exchange

1.1. Record Type 401 (RT 401)

After receiving financial transactions (RT 401) from the financial institution, Employment and Social Development Canada (ESDC) may send the following reports.

The **Error Report (RT 801)** and the **Severe Error Report (RT 851)** indicate transactions in error.

Toward the end of each processing period, ESDC sends issuers an e-mail informing them that the **Transaction Processing Report (RT 901)** is ready to be downloaded. The report acknowledges all successfully processed transactions and may include:

- amounts of grant and bond payments;
- confirmation of repayments;
- refusal reasons;
- date of payment;
- transaction origin; and
- retirement savings and education savings rollover issues.

2. Withdrawals

There are two types of withdrawals that can be made from a Registered Disability Savings Plan (RDSP) to the beneficiary or to the estate of a beneficiary: DAPs and LDAPs. The financial institution must verify if the DAP/LDAP meets all the withdrawal limits and requirements before any payments may be made.

2.1. Disability Assistance Payments

A DAP is an *ad hoc* payment made to a beneficiary or to the estate of a beneficiary if permitted by the terms of the RDSP specimen plan. When a DAP is made, the assistance holdback amount (AHA) and the proportional repayment rules apply.

Should a financial institution discover that a DAP was processed in error, a **DAP Reversal** must be submitted to the Canada Disability Savings Program (CDSP) system.

2.2. Lifetime Disability Assistance Payments

LDAPs are recurring payments that, once started, must be paid at least once a year until either the plan is terminated or the beneficiary has died. LDAPs may begin at any age but must start no later than December 31 of the year in which the beneficiary turns 60. When an LDAP is made, the AHA and the proportional repayment rules apply.

Should a financial institution discover that an LDAP transaction was processed in error, an "LDAP Reversal" must be submitted to the CDSP system.

For more information on DAPs and LDAPs, see Chapter 2-2 Payments: DAPs and LDAPs.

3. Processes

Below is an overview of the DAP/LDAP reporting process.
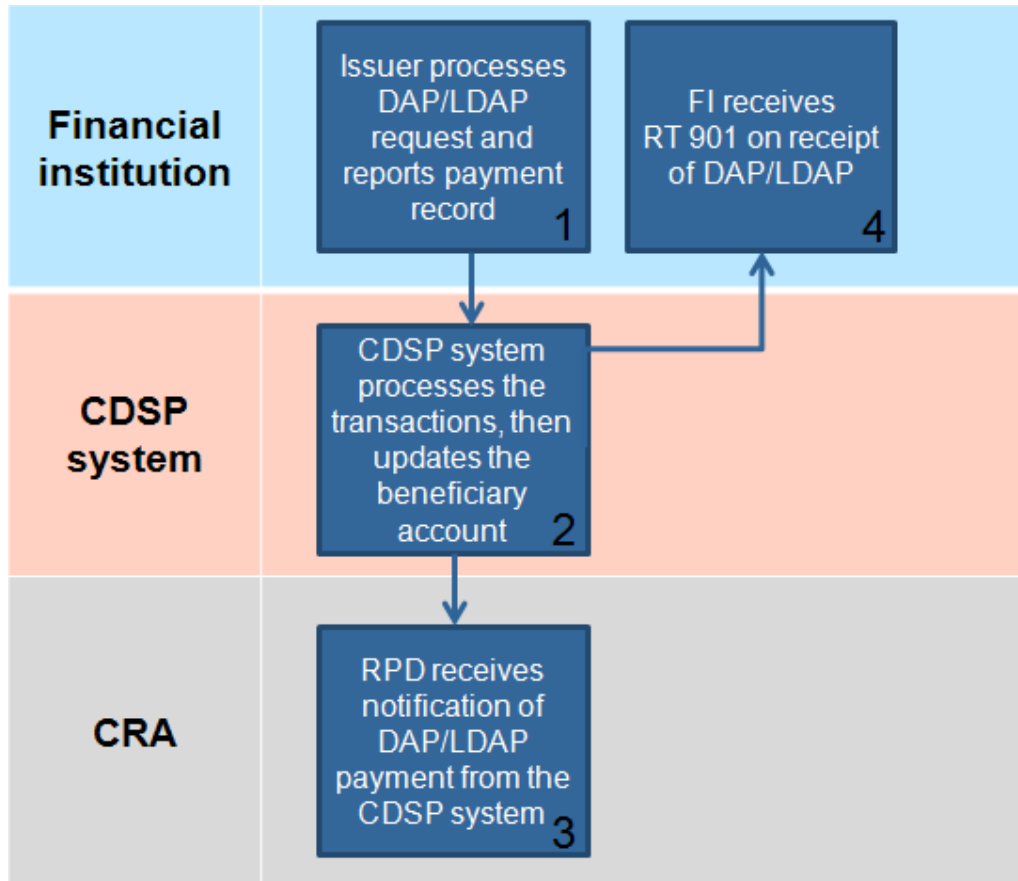
3.1. Step 1

RT 401 is used by the financial institution to report all financial transactions. The following record and transaction types are used to report DAP and LDAP transactions.

- RT 401-20 DAP
- RT 401-21 LDAP
- RT 401-22 DAP Reversal
- RT 401-23 LDAP Reversal

Each of these transactions shares common identification fields:

- the number that identifies the RT;
- the number that identifies the transaction type;
- the issuer's Business Number (BN);
- a unique number assigned to each transaction;
- a specimen plan number assigned by CRA;
- the number assigned to the contract; and
- the beneficiary's Social Insurance Number (SIN).

3.1.1. DAP

To process this type of payment, the financial institution must submit a **DAP** transaction **(RT 401-20)**.

Information needed for a DAP request:

- the date the DAP was requested;
- amount by which prior contributions exceed the non-taxable portions of prior DAPs and LDAPs;
- the grant and bond portions of the DAP;
- the non-taxable portion of the DAP; and
- the amount of the DAP.

> **Note:** For more information about mandatory information required for each record and transaction type detailed in this chapter, consult the Interface Transaction Standards (ITS), available on the ESDC website.
>
> http://www.esdc.gc.ca/eng/disability/savings/issuers/interface _standards/index.shtml

3.1.2. LDAP

To process this type of payment, the financial institution must submit an **LDAP (RT 401-21)** transaction.

Information needed for an LDAP request:

- the date the LDAP was requested;
- the lifetime contributions exceeding the sum of non-taxable portions of all previous DAPs and LDAPs;
- the grant and bond portions of the LDAP;
- the non-taxable portion of the LDAP; and
- the amount of the LDAP.

3.1.3. DAP Reversal

When a DAP is reported in error, the financial institution submits a **DAP Reversal (RT 401-22)** to the CDSP system.

Information needed for a DAP reversal:

- the date on which the DAP was requested;
- the issuer BN reported on the transaction to be reversed;
- the transaction number of the transaction to be reversed; and

- the reason why the DAP needs to be reversed.

3.1.4. Reversal

When an LDAP is reported in error, the financial institution submits an **LDAP Reversal (RT 401-22)** to the CDSP system.

Information needed for an LDAP reversal:

- the date on which the LDAP was requested;
- the issuer BN reported on the transaction to be reversed;
- the transaction number of the transaction to be reversed; and
- the reason why the LDAP needs to be reversed.

3.2. Step 2

The CDSP system receives DAP and LDAP transactions from the financial institution and validates the required information.

Processed transactions (DAP/LDAP payments) will update the CDSP system.

3.3. Step 3

The CDSP system informs the Registered Plan Directorate (RPD), CRA of the DAP/LDAP payments.

3.4. Step 4

Processed DAP/LDAP transactions are reported back to financial institutions in their monthly reports. Transactions containing errors will need to be corrected and resubmitted for processing.

ESDC **sends files** to the financial institution.

- The **Transaction Processing File (.pro) (RT 901)** acknowledges that a transaction has been successfully processed. For each transaction, the amount of grant or bond paid and a refusal reason when applicable are reported.
- The **Error File (.err)** contains two types of records. The **Error Report (RT 801)** indicates when validation has failed or information submitted is missing, incorrect, or incorrectly formatted. Transactions in this report must be corrected and resubmitted. The **Severe Error Report (RT 851)** identifies severe errors and advises that the record has been rejected and must be corrected and resubmitted.

For more information on error codes or refusal reasons, see Appendices A and B: Understanding Errors Codes and Understanding Refusal Reasons.

CHAPTER

4-5

Rollover Transactions

This Chapter is primarily directed to employees of financial institutions responsible for submitting Retirement Savings Rollovers or Education Savings Rollovers.

In this chapter

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1. Information Exchange

1.1. Record Type 401 (RT 401)

After receiving financial transactions (RT 401) from the financial institution, Employment and Social Development Canada (ESDC) may send the following reports.

The **Error Report (RT 801)** and the **Severe Error Report (RT 851)** indicate transactions in error.

Toward the end of each processing period, ESDC sends issuers an e-mail informing them that the **Transaction Processing Report (RT 901)** is ready to be downloaded. The report acknowledges all successfully processed transactions and may include:

- amounts of grant and bond payments;
- confirmation of repayments;
- refusal reasons;
- date of payment;
- transaction origin; and
- retirement savings and education savings rollover issues.

2. Rollovers

Under certain conditions, two types of rollovers may be deposited into a Registered Disability Savings Plan (RDSP):

- retirement savings rollovers; and
- education savings rollovers.

For additional information on rollovers, see Chapter 2-5.

2.1. Retirement Savings Rollovers

The specimen plan must be designated to accept retirement savings rollovers. A retirement savings rollover allows amounts from a deceased individual's:

- Registered Retirement Savings Plan (RRSP)
- Registered Retirement Income Fund (RRIF)
- Registered Pension Plan (RPP)
- Specified Pension Plan (SPP)
- Pooled Registered Pension Plan (PRPP)

to be transferred to the RDSP of a beneficiary with a disability (the deceased's child or grandchild) who was financially dependent on the deceased. Retirement savings rollovers can occur during a Disability Tax Credit (DTC) election period.

Retirement savings rollovers are reported by the financial institution using **Record Type (RT) 401-08 Retirement Savings Rollover Transaction**.

Should a financial institution discover that a Retirement Savings Rollover Transaction was reported in error, a **Retirement Savings Rollover Reversal Transaction (RT 401-09)** must be submitted to the Canada Disability Savings Program (CDSP) system.

2.2. Education Savings Rollovers

The specimen plans must be designated to accept education savings rollovers. In general, the rollover of Registered Education Savings Plan (RESP) investment income into an RDSP on a tax-deferred basis is available for beneficiaries with a severe and prolonged mental impairment that is expected to prevent them from pursuing post-secondary education.

Education savings rollovers are reported by the financial institution using **an Education Savings Rollover Transaction (RT 401-30)**.

Should a financial institution discover that an Education Savings Rollover Transaction was reported in error, an **Education Savings Rollover Reversal Transaction (RT 401-31)** must be submitted to the CDSP system.

2.2.1. During an Episodic DTC Election

Education savings rollovers are not permitted during an Episodic DTC election period.

If an education savings rollover is reported, it will receive a rollover issue code 96 (rollover is made during an Episodic DTC Election Period) in the Transaction Processing File (RT 901).

3. Specimen Plan Approval

The RDSP specimen plan must be approved by Canada Revenue Agency (CRA) to accept retirement savings rollovers and education savings rollovers.

3.1. Form

Rollover forms can vary from one financial institution to another as long as the required information is included. CRA form RC4625 may be used for retirement savings rollovers, but this is not mandatory. The Registered Plan Directorate, CRA will be providing financial institutions with a pro forma form for the education savings rollovers, which will be available on RPD's website. For more information, visit the CRA website.

http://www.cra-arc.gc.ca/menu-eng.html

4. Rollover Process

Below is an overview of the rollover request process.
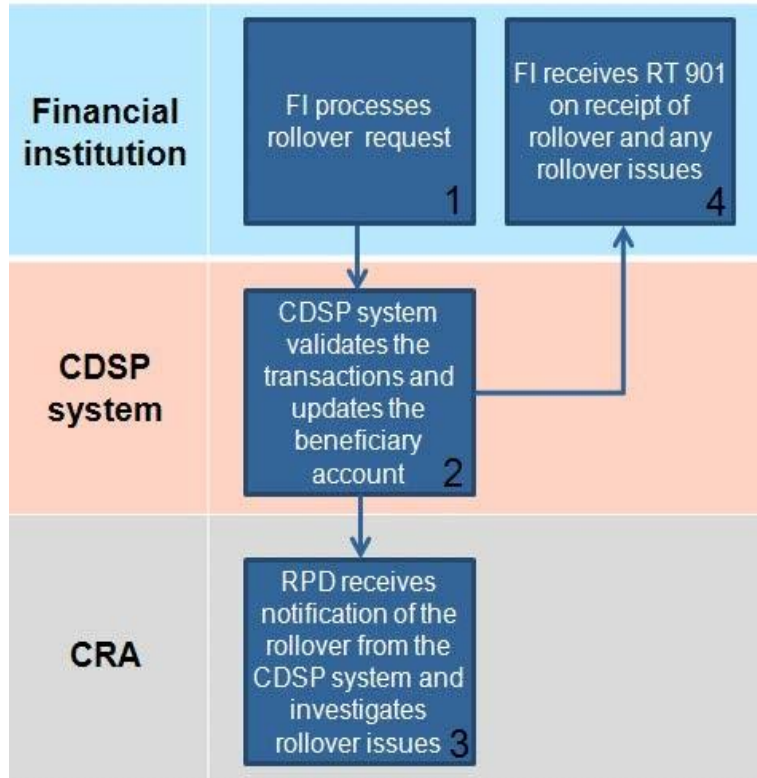
4.1. Step 1

RT 401 is used by the financial institution to report all financial transactions. The following record and transaction types are used to report retirement and education savings rollovers.

- RT 401-08 Retirement Savings Rollover
- RT 401-30 Education Savings Rollover
- RT 401-09 Retirement Savings Rollover Reversal
- RT 401-31 Education Savings Rollover Reversal

Each of these transactions shares common identification fields:

- the issuer's Business Number (BN);
- a unique number assigned to each transaction;
- a specimen plan number assigned by CRA;
- the number assigned to the contract; and
- the beneficiary's Social Insurance Number (SIN).

4.1.1. Retirement Savings Rollover

When the holder requests a retirement savings rollover, financial institutions must submit a **Retirement Savings Rollover (RT 401-08)** transaction containing the following information.

Information required for the retirement savings rollover:

- the date on which the retirement savings rollover was conducted with the financial institution;
- the retirement savings rollover amount;
- the primary caregiver's (PCG) information (when applicable); and
- the PCG type (when applicable).

No transaction fields require information on the deceased individual.

> **Note:** For more information about mandatory information required for each record and transaction type detailed in this chapter, consult the Interface Transaction Standards (ITS), available on the ESDC website:
>
> http://www.esdc.gc.ca/eng/disability/savings/issuers/interface_standards/index.shtml

4.1.2. Education Savings Rollover

When an education savings rollover is requested, financial institutions must submit an **Education Savings Rollover (RT 401-30)** transaction.

Information needed for the education savings rollover:

- the date on which the education savings rollover was conducted with the financial institution;
- the education savings rollover amount;
- the PCG's information (if applicable); and
- the PCG type (when applicable).

For more detailed information on rollovers, see Chapter 2-5: RDSP Rollovers.

4.1.3. Retirement Savings Rollover Reversal

When a retirement savings rollover is reported in error, the financial institution submits a **Retirement Savings Rollover Reversal (RT 401-09)** to the CDSP system for correction.

Information needed for retirement savings rollover reversals:

- the date on which the retirement savings rollover reversal was conducted with the financial institution;
- the BN of the issuer reported on the transaction to be reversed; and
- the transaction number of the transaction to be reversed.

4.1.4. Education Savings Rollover Reversal

If an education savings rollover is reported in error, the financial institution must submit an **Education Savings Rollover Reversal (RT 401-31)** to the CDSP system for correction.

Information needed for education savings rollover reversals:

- the date on which the education savings rollover reversal was conducted with the financial institution;
- the BN of the issuer reported on the transaction to be reversed; and
- the transaction number of the transaction to be reversed.

4.2. Step 2

The CDSP system receives the rollover transactions from the financial institution, validates the required information, and notifies the financial institution that the transactions were received and whether or not the information is complete.

If the PCG information is required, but not provided, error code 8104 will be produced indicating Data Missing from Field.

4.3. Step 3

The CDSP system informs CRA-RPD of the rollover and CRA-RPD investigates any rollover issues. For more information, contact CRA.

4.4. Step 4

Processed rollover transactions are reported to financial institutions in their monthly reports. Transactions containing errors will need to be corrected and resubmitted for processing. Transactions containing rollover issues need to be followed up and the issue resolved.

ESDC **sends files** to the financial institution.

- The **Transaction Processing File (.pro) (RT 901)** acknowledges that a transaction has been successfully processed. May contain a rollover issue.
- The **Error File (.err)** contains two types of records. The **Error Report (RT 801)** indicates when validation has failed or information submitted is missing, incorrect, or incorrectly formatted. Transactions in this report must be corrected and resubmitted. The **Severe Error Report (RT 851)** identifies severe errors and advises that the record has been rejected and must be corrected and resubmitted.

For more information on error codes or refusal reasons, see Appendix A and B: Understanding Error Codes and Understanding Refusal Reasons.

CHAPTER

4-6

Transfers

This chapter is primarily directed to employees of financial institutions responsible for transferring a Registered Disability Savings Plan (RDSP) from one issuer to another. Its purpose is to explain the required transactions to be used in reporting a transfer to the Canada Disability Savings Plan (CDSP) system in accordance with the requirements of the Interface Transaction Standards (ITS).

For more information on the transfer process, see Chapter 2-4: RDSP Transfers.

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1. Information Exchange

1.1. Record Type 971 (RT 971)

Once a transfer is complete and the new RDSP has been registered, Employment and Social Development Canada (ESDC) will send an RT 971 – transfer extract file, to the receiving issuer. This file contains all of the historical data of all successfully processed transactions related to the RDSP. An RT 971 can have the following transaction information:
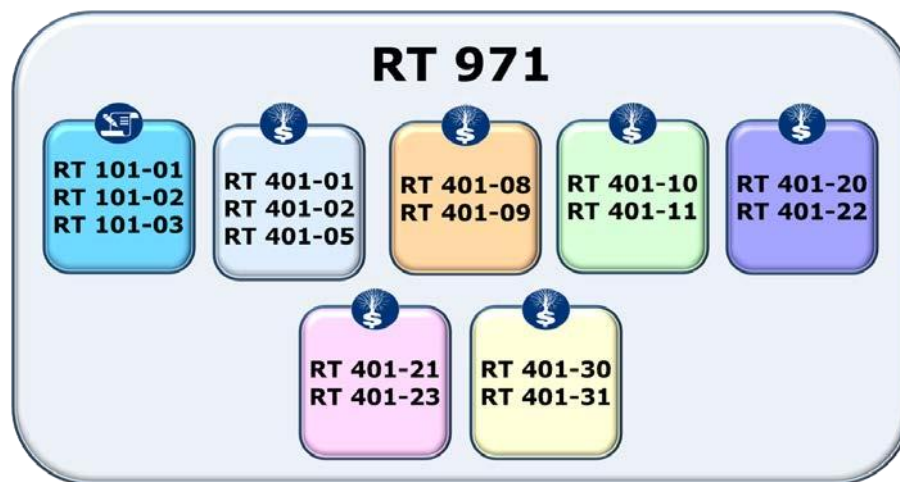
2. Transfer Process

To transfer an RDSP, the financial institutions and the holder complete the **RDSP Transfer** form and the **Holder Consent to an RDSP Transfer** form. Once the information on the beneficiary, the holder(s) and the contract itself is collected, the financial institution submits the transactions electronically to the CDSP system. These transactions are used to:

- confirm the plan meets the conditions of registration;
- verify beneficiary information; and
- verify holder information.

Below is an overview of the transfer process. This is only one example of many transfer possibilities.
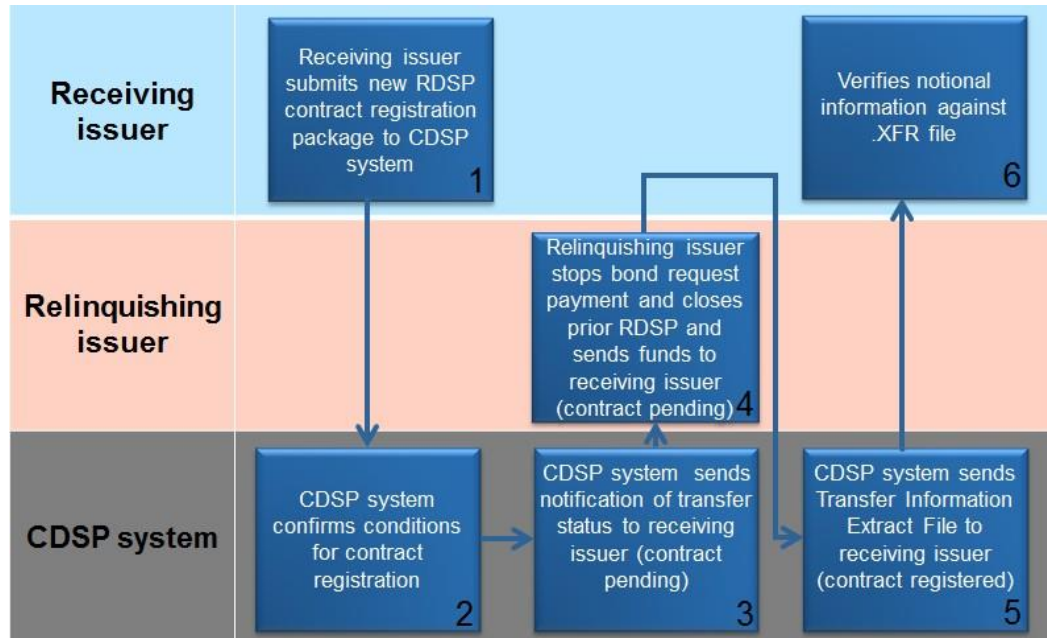
2.1. Step 1

A new contract must be established by the receiving issuer to allow for the transfer of assets from the prior RDSP. This is done by submitting the following transactions:

- RT 101-01 **Contract** information
- RT 101-02 **Beneficiary** information
- RT 101-03 **Holder** information

All three elements of the contract registration package must be sent together. If one contains an error, it must be fixed and then all three transactions must be resubmitted, not just the one with the fixed error. Otherwise the plan will not reach a registered status.

For more information on how to open a new RDSP, see Chapter 4-2: Opening a New Plan.

Each of these transactions shares common identification fields:

- the issuer's Business Number (BN);
- a unique number assigned to each transaction;
- a specimen plan number assigned by Canada Revenue Agency (CRA);
- the number assigned to the contract; and
- the beneficiary's Social Insurance Number (SIN).

> **Note:** For more details about mandatory information required for each record and transaction type in this chapter, and the validation rules, consult the Interface Transaction Standards (ITS) under the Systems Documentation tab at:
>
> Canada.ca/RDSPresources

2.1.1. Contract Information

To establish a new contract in the CDSP system and to provide the required elements to confirm contract registration with the CRA, the receiving issuer must submit a **Contract Information Transaction (RT 101-01)**. The CDSP system will validate the information provided and assign a registration status to the submission when the new contract results from a transfer from a prior contract.

Information required:

- the date the new contract was signed with the receiving issuer;
- the transfer indicator is set to "yes" in position 175 of the transaction (since the new RDSP is being opened as a result of a transfer);
- when the transfer indicator is "yes", the prior RDSP contract number and specimen plan number will be required (the exact information (for example: leading zeros) is indicated in the contract and specimen plan fields).

Since only one contract is allowed to exist at a time, to be able to transfer the assets of a prior RDSP from one issuer to another, the transfer indicator must be set to "Y" when opening the new RDSP.

2.1.2. Beneficiary Information

To establish a beneficiary in the CDSP system for the new RDSP, receiving issuer must submit a **Beneficiary Information Transaction (RT 101-02)**.

Information required for the beneficiary information transaction:

- the transaction number established by the financial institution;
- the beneficiary's SIN, given name, surname, date of birth (DOB) and gender;
- the beneficiary's address; and
- the language preferred by the beneficiary

2.1.3. Holder Information

To establish a holder in the CDSP system for the new RDSP, the receiving issuer must submit a **Holder Information Transaction (RT 101-03)**.

Information required for the holder information transaction:

- the transaction number established by the financial institution;
- the holder's SIN, given name, surname, DOB and gender (or the agency's BN and name if an agency);
- the holder's address;
- the relationship of the holder to the beneficiary; and
- the language preferred by the holder.

If there is more than one holder, validation must be conducted for all holders on the contract. An RT 101-03 must be sent for every holder at the time of registration. If the contract is already registered, an RT 201-13 must be sent to add an additional holder.

> **Note:** For more details about mandatory information required for each record and transaction type, consult the ITS under the Systems Document tab available at:
>
> Canada.ca/RDSPresources

2.2. Step 2

The CDSP system verifies if conditions for registration have been met. See Chapter 4-2: Contract Registration for more information on how to register a contract.

2.3. Step 3

When contract registration transactions are **successfully processed**, the CDSP system sends **an RT 951 (.reg)** file to the receiving issuer. Otherwise**, incomplete or inaccurate transactions** are returned with an **Error Report (RT 801)** to the receiving issuer. Refer to Annex A of the RDSP Provider User Guide for more information on error codes.

2.4. Step 4

The relinquishing issuer must send a stop bond request RT 401-06 to avoid receiving bond after a contract has been closed.

The relinquishing issuer sends the funds to the receiving issuer and submits a **Close a Contract (RT 102-10)** transaction to the CDSP system with closure reason 3 - transfer.

Information required to close a contract:

- the contract number;
- the reason why the contract is being closed: the RDSP is transferred to another financial institution; and
- the date the contract is closed.

The relinquishing issuer also submits a **Transfer Reporting of Fair Market Value (FMV) and Earnings Amounts (RT 701-02)**:

Information needed for Transfer Reporting of FMV and Earnings:

- the date on which the financial data was reported by the financial institution;
- the FMV of the contract; and
- the amount of investment income earned.

2.5. Step 5

Employment and Social Development Canada

- advises the relinquishing issuer of contract closure through an RT 951;
- advises the receiving issuer of contract registration and resolved transfer through an RT 951; and
- sends the successfully processed financial transactions of the relinquishing issuers to the receiving issuer (Transfer Information Extract File - historical record RT 971).

2.5.1. Transaction History

For resolved RDSP transfers, ESDC will provide the receiving issuer with all historical financial transactional information in its possession from all previous contracts for a particular beneficiary. This historical record will be sent in a **Transfer Information Extract File (RT 971)** to the receiving issuer and will include the following transaction types.

- RT 971-01 Contribution/Contribution Correction Information
- RT 971-02 Bond Request Information
- RT 971-03 Retirement Savings Rollover/Retirement Savings Rollover Reversal Information
- RT 971-04 Grant/Bond Repayment – Grant/Bond Repayment Reversal Information
- RT 971-05 DAP/DAP Reversal Information
- RT 971-06 LDAP/LDAP Reversal Information
- RT 971-07 Education Savings Rollover/Education Savings Rollover Reversal Information

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RDSP Provider User Guide

C H A P T E R

4-7

Acronyms and Definitions

There are a number of acronyms and definitions that are specific to Employment and Social Development Canada (ESDC), and the administration of the Registered Disability Savings Plan (RDSP), and the application for and payment of the Canada Disability Savings Grant (CDSG) and the Canada Disability Savings Bond (CDSB).

An alphabetical listing of acronyms and definitions has been designed to assist readers to quickly identify the meaning of such terms as they are referred to within this Guide.

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1. List of Acronyms

The following acronyms within this list of definitions are used throughout this User's Guide.

AHA	assistance holdback amount
AIP	accumulated income payment
BN	business number
CCB	Canada child benefit
CDSA	*Canada Disability Savings Act*
CDSB	Canada Disability Savings Bond
CDSG	Canada Disability Savings Grant
CDSP	Canada Disability Savings Program
CESP	Canada Education Savings Program
CRA	Canada Revenue Agency
CSAA	*Children's Special Allowance Act*
DAP	disability assistance payment
DTC	Disability Tax Credit
ESDC	Employment and Social Development Canada
FMV	fair market value
ITA	*Income Tax Act*
ITS	Interface Transaction Standards
LDAP	lifetime disability assistance payment
MSFT	Managed Secure File Transfer
non-PGAP	non-primarily government assisted plan
ODI	Office for Disability Issues
PA	*Privacy Act*
PGAP	primarily government assisted plan
PIPEDA	*Personal Information Protection and Electronic Documents Act*
PCG	primary caregiver
PRPP	Pooled Registered Pension Plan
QFM	qualifying family member
RDSP	Registered Disability Savings Plan

Regulations	*Canada Disability Savings Regulations*
RESP	Registered Education Savings Plan
RPP	Registered Pension Plan
RRIF	Registered Retirement Income Fund
RRSP	Registered Retirement Savings Plan
RT	record type
SDSP	Specified Disability Savings Plan
SIN	Social Insurance Number
SIR	Social Insurance Registry
SPP	Specified Pension Plan
TT	transaction type

2. List of Definitions

The following terms are used throughout this User's Guide.

accumulated income payment (AIP)	A payment made to a subscriber from the income earned from contribution and education savings incentives paid into a Registered Education Savings Plan (RESP).
agent	An agent provides administrative services on the issuer's behalf.
assistance holdback amount (AHA)	The assistance holdback amount (AHA) is the total amount of Canada Disability Savings Grant (CDSG) and Canada Disability Savings Bond (CDSB) paid into a Registered Disability Savings Plan (RDSP) within the 10-year period before the particular time, less any amount of CDSG or CDSB that has been repaid to ESDC in that 10-year period. For a Specified Disability Savings Plan (SDSP), the AHA is nil.
beneficiary	An individual who meets Registered Disability Savings Plan (RDSP) eligibility requirements that is named by the holder of an RDSP.
business day	A day on which issuers are generally open for business in the province in which the issuer's head office is located.

business number (BN)

A 15-character alphanumeric code, assigned by the Canada Revenue Agency (CRA), that identifies the Registered Disability Savings Plan (RDSP) issuer or agent authorized to submit transactions to the Canada Disability Savings Program (CDSP) system or the number assigned to the organization caring for a child and receiving an allowance under the *Children's Special Allowances Act* (CSAA).

Canada Child Benefit (CCB)

A tax-free monthly payment made to eligible families to help them with the cost of raising children under 18 years of age.

***Canada Disability Savings Act* (CDSA)**

An Act to encourage savings for persons with disabilities. The legislation is the enabling legislation for the Canada Disability Savings Grant (CDSG) and the Canada Disability Savings Bond (CDSB).

Canada Disability Savings Bond (CDSB)

The Canada Disability Savings Bond (CDSB) is money the Government of Canada deposits into the Registered Disability Savings Plan (RDSP) of qualified low-income and modest-income Canadians. The CDSB is paid into the RDSP until December 31 of the year in which the beneficiary turns 49 years of age.

Canada Disability Savings Grant (CDSG)

The Canada Disability Savings Grant (CDSG) is a matching grant the Government of Canada will deposit into a qualifying beneficiary's Registered Disability Savings Plan (RDSP), up to 300%, depending on the amount contributed and the beneficiary's family income. The CDSG is paid into the RDSP, on contributions made on or before December 31 of the year in which the beneficiary turns 49 years of age.

***Canada Disability Savings Regulations* (Regulations)**

The *Canada Disability Savings Regulations* (Regulations) set out the requirements, terms and conditions for the payment, and administration of the Canada Disability Savings Grant (CSDG) and the Canada Disability Savings Bond (CDSB).

Canada Education Savings Program (CESP)	Employment and Social Development Canada (ESDC) is responsible for the administration and delivery of the Canada Disability Savings Grant (CDSG) and the Canada Disability Savings Bond (CDSB). Within ESDC, the Canada Education Savings Program (CESP) provides the delivery mechanism and necessary system supports for the effective administration of the CDSG and the CDSB.
carry forward	The carry forward provision of Canada Disability Savings Grant (CDSG) and Canada Disability Savings Bond (CDSB) entitlements refers to the accumulation and payment of unused CDSG and CDSB entitlements from the past 10 years (starting in 2008).
Canada Disability Savings Program (CDSP) system	An Employment and Social Development Canada (ESDC) electronic application that supports the delivery of the Canada Disability Savings Grant (CDSG) and Canada Disability Savings Bond (CDSB). It enables the exchange of electronic information between the Canada Disability Savings Program (CDSP) system and partners: financial organizations, the Canada Revenue Agency (CRA), and ESDC, including the Social Insurance Registry (SIR) and the Office for Disability Issues (ODI).
child-in-care	A child under the care of a federal or provincial department or an agency approved by a province to have the custody or care of the child that receives payments under the *Children's Special Allowances Act* (CSAA).
***Children's Special Allowance Act* (CSAA)**	The *Children's Special Allowances* Act (CSAA), authorizes a tax-free monthly payment for a child who is under the age of 18, who physically resides in Canada, and who is under the care of a federal or provincial department, or an agency approved by a province to have the custody or care of the child.
contributions	An amount paid into the plan by the holder, or by any entity with the holder's written permission.

designated provincial program	Program established under the laws of a province.
disability assistance payment (DAP)	A payment made from the Registered Disability Savings plan (RDSP) to the beneficiary or to the beneficiary's estate. When a disability assistance payment (DAP) is made, the assistance holdback amount (AHA) and proportional repayment rules apply.
Disability Tax Credit (DTC)	A non-refundable tax credit available to individuals who, in a given year, have one or more severe and prolonged impairments in physical or mental functions, the effects of which have been certified in writing by a medical doctor and approved by the Canada Revenue Agency (CRA) for the purposes of section 118.3 of the *Income Tax Act* (ITA)*.
Disability Tax Credit (DTC) eligible individual	An individual eligible for the Disability Tax Credit (DTC) in respect of a taxation year.
education savings rollover	A Registered Education Savings Plan (RESP) subscriber and a Registered Disability Savings Plan (RDSP) holder may choose to transfer an accumulated income payment under the RESP to the RDSP if, at the time of the election, certain conditions are met.
eligible proceeds	Funds from a Registered Retirement Savings Plan (RRSP), Registered Retirement Income Fund (RRIF), Registered Pension Plan (RPP), Pooled Registered Pension Plan (PRPP), Specified Pension Plan (SPP) or Registered Education Savings Plan (RESP) investment income that are eligible to be transferred to a Registered Disability Savings Plan (RDSP).
error reports	The Canada Disability Savings Program (CDSP) system-generated reports, identifying the field(s) in error, sent to the issuer when information submitted to the CDSP system is missing or improperly formatted.
fair market value (FMV)	The value of the funds in the Registered Disability Savings Plan (RDSP) at a given time.

family income

Family income is used to determine the amount of Canada Education Savings Grant (CDSG) and Canada Disability Savings Bond (CDSB) entitlements. From birth to December 31 of the year a beneficiary turns 18, a beneficiary's family income is based on the income information used to determine the Canada Child Benefit (CCB) (line 236 of the income tax and benefit return) for that beneficiary. Beginning in the calendar year the beneficiary turns 19, the beneficiary's family income is based on his or her income plus his or her spouse's income.

financially dependent child or grandchild

In relation to a retirement savings rollover, the Registered Disability Savings Plan (RDSP) beneficiary was financially dependent (as a result of a mental or physical infirmity) upon the parent or grandparent at the time of the parent or grandparent's death.

financial organization

Used generally to refer to the entity that is offering the Registered Disability Savings Plan (RDSP) product directly to clients.

guardian

An individual, department, agency, or institution that has the legal right to make decisions affecting a child's interests, and has the responsibility of taking care of the child (as defined by provincial law).

holder

An entity that enters into a Registered Disability Savings Plan (RDSP) contract with an issuer and names a beneficiary as the sole beneficiary of the plan.

Income Tax Act (ITA) 146.4

The legislation that governs Registered Disability Savings Plans (RDSP). The Canada Revenue Agency (CRA) is responsible for interpreting and administering the provisions under the _Income Tax Act_ (ITA).

Interface Transaction Standards (ITS)

The Interface Transaction Standards (ITS) outline the data elements and the format that an issuer must use when submitting electronic information to the Government of Canada.

issuer	A corporation that is licensed or otherwise authorized under the laws of Canada or a province to carry on in Canada the business of offering to the public its services as trustee and with which the specified Minister has entered into an agreement that applies to the arrangement for the purposes of the *Canada Disability Savings Act* (CDSA)*.*
Issuer Agreement	An agreement between the Minister of Employment and Social Development and an issuer that sets out the terms and conditions with respect to the administration of the Registered Disability Savings Plan (RDSP), the Canada Disability Savings Grant (CDSG) and the Canada Disability Savings Bond (CDSB).
lifetime disability assistance payments (LDAP)	Payments made from the Registered Disability Savings plan (RDSP) to the beneficiary that, once they begin, they are payable at least annually until or the plan is terminated or the beneficiary dies, whichever occurs first.
linked Social Insurance Number (SIN)	When a beneficiary receives a new Social Insurance Number (SIN) to replace a previous SIN, the old SIN is linked to a new SIN.
Managed Secure File Transfer (MSFT) System	An Entrust®-enabled software recognized by Employment and Social Development Canada (ESDC) as a secure method of data encryption.
non-primarily government assisted plan (non-PGAP)	When, at the beginning of the calendar year, private contributions (including retirement savings and education savings rollovers) exceed the total amount of Canada Disability Savings Grant (CDSG) and Canada Disability Savings Bond (CDSB) held in the Registered Disability Savings Plan (RDSP).
Office for Disability Issues (ODI)	Within Employment and Social Development Canada (ESDC), the Office for Disability Issues (ODI) provides program policy leadership in the design and oversight of selected programs focusing on issues faced by people with disabilities. ODI is the policy and program authority for the Canada Disability Savings Grant (CDSG) and the Canada Disability Savings Bond (CDSB).

***Personal Information Protection and Electronic Documents Act* (PIPEDA)**	Outlines the basic rules for the manner in which organizations can collect, use and communicate personal information.
Pooled Registered Pension Plan (PRPP)	A defined contribution pension plan that is portable and accessible savings vehicle that will help Canadians meet their retirement objectives.
primarily government assisted plan (PGAP)	When, at the beginning of the calendar year, the total amount of Canada Disability Savings Grant (CDSG) and Canada Disability Savings Bond (CDSB) held in the Registered Disability Savings Plan (RDSP) exceeds contributions (including retirement savings and education savings rollovers).
primary caregiver (PCG)	The person eligible to receive the Canada Child Benefit (CCB) for the child, as defined under the *Income Tax Act* (ITA). The primary caregiver (PCG) is primarily responsible for the care and upbringing of the child.
***Privacy Act* (PA)**	The legislation that provides all individuals present in Canada access to federal information about themselves, and specifies how the government can collect, use, disclose, and retain personal information. The Act provides the legal framework for protecting personal information, accessing personal information, data matching, and controlling the use of Social Insurance Numbers (SINs).
qualified dependent	A person who has not attained the age of majority. It is the child of a primary caregiver (PCG) or is under his/her care or the care of his/her spouse and resides with the PCG.
qualifying family member (QFM)	A legal parent, spouse or common-law partner of an adult beneficiary may become the holder of a Registered Disability Savings Plan (RDSP) that is opened for the first time for an adult beneficiary whose capacity to enter into a contract is in doubt and for whom no legal representative was appointed.

record type (RT)	A data record that is exchanged between the Registered Disability Savings Plan (RDSP) issuer's system and the Canada Disability Savings Program (CDSP) system.
Registered Disability Savings Plan (RDSP)	The Registered Disability Savings Plan (RDSP) is a long-term savings plan intended to help Canadians with severe and prolonged disabilities and their families save for the future.
Registered Education Savings Plan (RESP)	Registered plan that is intended to help to save for a beneficiary's post-secondary education.
Registered Pension Plan (RPP)	An arrangement by an employer or a union to provide pensions to retired employees in the form of periodic payments.
Registered Retirement Income Fund (RRIF)	An arrangement between a carrier and an annuitant under which payments are made to the annuitant of a minimum amount each year.
Registered Retirement Savings Plan (RRSP)	A contract or arrangement between an individual and a financial organization under which contributions are made for the purpose of providing the individual a retirement income commencing at maturity.
repayment obligation	The amount of Canada Disability Savings Grants (CDSG)and Canada Disability Savings Bonds (CDSB) paid into a Registered Disability Savings Plan that must be repaid to Employment and Social Development Canada (ESDC).
reporting periods	The time period, extending from the first to the last day of the same month, over which Registered Disability Savings Plan (RDSP) transactions take place. The RDSP provider has four (4) business days after the reporting period to send files for processing by the Canada Disability Savings Program (CDSP) system. They cannot include any transactions which occurred after the last day of the reporting period.

retirement savings rollover	An indirect tax-deferred transfer of proceeds from a deceased individual's retirement savings plan (Registered Retirement Savings Plan (RRSP), Registered Retirement Income Fund (RIF), Registered Pension Plan (RPP), Pooled Registered Pension Plan (PRPP), and Specified Pension Plan (SPP)) to the Registered Disability Savings Plan (RDSP) of the deceased individual's financially dependent child or grandchild.
service provider	A service provider provides support services regarding Registered Disability Savings Plans (RDSP) as well as compiles and forwards electronic transactions to the Canada Disability Savings Program (CDSP) system.
shared custody	Parents that share the custody of a child may receive and share the Canada Child Benefit (CCB) for that child throughout the year. Shared custody exists when a child lives with two different individuals and both are considered to be primary caregivers (PCG). These PCGs, or shared-custody parents, must live in separate locations on an equal or near equal basis; and be primarily responsible for the child's care and upbringing when living with the child.
shortened life expectancy	When a medical doctor or nurse practitioner attested, in writing, that the beneficiary's state of health is such that the beneficiary has a life expectancy of five years or less.
Social Insurance Number (SIN)	A nine-digit number that is needed to work in Canada or to have access to government programs and benefits.
Specified Disability Savings Plan (SDSP)	A Registered Disability Savings Plan (RDSP) is designated as a Specified Disability Savings Plan (SDSP) when a medical doctor or nurse practitioner has attested, in writing that the beneficiary's state of health is such that he/she is not likely to survive more than five years. The holder designates the plan as an SDSP and submits the election with the medical certification to the issuer. An SDSP permits the holder to request annual withdrawals without

requiring the repayment of the assistance holdback amount (AHA) or the proportional repayment amount.

Specified Disability Savings Plan election	When the beneficiary has a shortened life expectancy and the holder designates the Registered Disability Savings Plan (RDSP) as a Specified Disability Savings Plan (SDSP).
Specified Pension Plan (SPP)	Prescribed provincial pension Plan.
specified year	When a medical doctor or nurse practitioner has attested, in writing, that the beneficiary has a shortened life expectancy; a specified year begins when the issuer receives the medical certificate and continues for: each of the five years following the date of the attestation is signed by a medical doctor or a nurse practitioner.
specimen plan	A template of the contract that holders must sign with an issuer when they open a Registered Disability Savings Plan (RDSP) for a beneficiary. The Canada Revenue Agency (CRA) must approve the issuer specimen plan before an RDSP can be offered to the public. The CRA assigns a unique specimen plan number to approved specimen plans.
statement of entitlement	A statement showing the amount of Canada Disability Savings Grant (CDSG) entitlements available as well as the amount of contribution required in the current year to maximize the CDSG that could be paid into the Registered Disability Savings Plan (RDSP).
transaction identifier (ID)	A unique identifier assigned to each transaction by the Registered Disability Savings Plan (RDSP) issuer.
transaction type (TT)	The two-digit number following the record type (RT), which further categorizes the transaction submitted to the Canada Disability Savings Program (CDSP) system.

unusable Social Insurance Number (SIN)

Social Insurance Numbers (SINs) are verified monthly at Social Insurance Registry (SIR). As a result of this monthly SIN validation, certain SINs will be identified "flagged" by SIR as "SIN is not useable".

useable Social Insurance Number (SIN)

Social Insurance Numbers (SINs) may have a status of "SIN is useable". This is a result of Social Insurance Registry reactivating (un-flagging) a SIN.

A P P E N D I X

A

Understanding Error Codes

Employment and Social Development Canada (ESDC) is responsible for the administration of the Canada Disability Savings Grant (grant) and the Canada Disability Savings Bond (bond). The Canada Disability Savings Program (CDSP) system provides the delivery mechanism and necessary system supports for the effective administration of the grant and bond.

This document explains Error Codes generated in response to transactions rejected by the CDSP system and provides guidance on how to resolve them.

For additional technical information, consult the Interface Transaction Standards (ITS).

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1. Background Information

This document provides information to assist in understanding Error Codes. For additional technical information, consult the Interface Transaction Standards (ITS).

1.1. What is an Error Code

An Error Code is a 4-digit code indicating why the CDSP system has rejected a transaction.

1.2. How to report Error Codes

The CDSP system reports rejected transactions in the monthly error report file (.err). Each rejected transaction generates one or more corresponding record type 801 transactions (Error File) which reference the original transaction identifier along with the name of the field in error.

1.3. How does an Error Code differ from a Refusal Reason

If the CDSP system cannot process an RDSP transaction due to an error(s) in the transaction information, the CDSP system will reject the transaction. In these cases, a corresponding record type 801 transaction with an **Error Code** indicating why the CDSP system did not process the transaction is provided. The error(s) must be investigated and the transaction resubmitted with the corrected information if applicable.

A **Refusal Reason** is generated for a processed transaction that is requesting an incentive but has been refused grant or bond for a particular reason. Refusal reasons are reported in the record type 901 transaction (the Transaction Processing File).

1.4. Using this Document

This document includes the following information:

- Error Codes
- ITS description for each Error Code
- detailed explanation for each Error Code

- how to resolve or better understand what caused the error
- a referral to an appropriate point of contact for situations where further investigation may be required to resolve the issue. The points of contact referred to in the document are:

    o Issuer Support: 1-888-276-3632
    o Client Services: 1-866-204-0357
    o Canada Revenue Agency (CRA) – Registered Plans Directorate (RPD): 1-800-267-3100 (E) or 1-800-267-5565 (F)

2. Error Code

ERROR CODE	EXPLANATION
1 Duplicate Issuer Transaction Number	All transactions submitted to the CDSP must contain a unique Issuer Transaction Number for a single issuer. Because identical Issuer Transaction Numbers cannot exist in the CDSP system, such a transaction cannot be processed. **RESOLUTION:** Provide a unique Transaction Number that was not previously submitted.
2 Invalid Record Type /Transaction Type	The record type and/or the Transaction Type is invalid. **RESOLUTION:** Review the transaction file and ensure the Record and/or Transaction Type match those defined in the ITS.
3 Issuer Transaction Number not provided	The Issuer Transaction Number has not been provided. **RESOLUTION:** Verify that a unique Issuer Transaction Number is provided in all submitted records.
4 Issuer Business Number (BN) is not 15 characters	The issuer BN included in a transaction record is not 15 characters long. **RESOLUTION:** Ensure that all BNs within submitted transaction records contain 15 alpha-numeric characters.

ERROR CODE	EXPLANATION
8000 Physical file name does not correspond to file name in header record	As part of the formatting guidelines provided in the ITS, the combination of Authorized Agent BN, Date Sent and File Number must match in both the physical file name and the file's header record (001). Contact the CDSP for any system problem relating to the structure of files and/or records. **RESOLUTION:** Ensure that both the physical file name and the file name found in the file's header are identical. Refer to section 6.8 of the ITS for information on file naming standards.
8001 Incorrect format of physical file name	The submitted physical file name is incorrectly formatted. **RESOLUTION:** Ensure that the physical file name is correctly formatted and contains 36 characters. Refer to section 6.8 of the ITS for information on file naming standards.
8002 Duplicate record with same file name found in the database	A file with the same BN, Transactions Latest Month, Date Sent, and File number already exist in the CDSP system. **RESOLUTION:** Review the file name and ensure the combination of BN, Transactions Latest Month, Date Sent, and File number is unique.
8003 Header Record not the first record in the file	There is another character or transaction found before the Header Record (Record Type (RT) 001). **RESOLUTION:** The Header Record must be the first record in each file. Delete all additional spaces or characters that may appear before the header record and resubmit.
8004 No Header Record	The file does not contain a Header Record (001). **RESOLUTION:** Ensure that the file begins with a Header Record.
8005 Too many Header Records in the file	Multiple Header Records (RT 001) are present in a transaction file. **RESOLUTION:** All files processed by the CDSP must contain a single Header Record. Ensure that only one Header Record beginning with 001 exists in the transaction file.

ERROR CODE	EXPLANATION
8006 This BN is not authorized to send files or is not associated to a Specimen Plan	The BN included in the Header Record is not authorized to send files to the CDSP and/or is not associated to a Specimen Plan. **RESOLUTION:** Ensure that the BN included in the Header Record is the correct BN for the financial organization authorized to send files to the CDSP. If the BN that was originally submitted was correct, contact Issuer Support for further assistance.
8007 The data version in the header does not match the current version of the ITS	The data version information included in the Header Record (RT 001) does not match data versions compatible with the current version of the ITS. **RESOLUTION:** Ensure that the Data Version included in the header record matches the current version of the ITS.
8008 Record count does not match the number of records in the file	The record count indicated in the Trailer Record (RT 999) does not match the number of records in the transaction file. **RESOLUTION:** Ensure that the record count indicated in the Trailer Record matches the actual record count. Refer to section 12 of the ITS for information about Trailer Record formatting standards.
8009 Too many Trailer Records in file	Multiple Trailer Records (RT 999) are present in a transaction file. **RESOLUTION:** Ensure that only one record beginning with 999 is present in the file.
8010 No Trailer Records in file	The issuer submitted a transaction file that does not contain Trailer Record (RT 999). **RESOLUTION:** Ensure that a Trailer Record is present within the transaction file and that it is the last record in the file.
8011 Trailer Record not last in file	The issuer submitted a file with a Trailer Record (RT 999) that is not the last record within the transaction file. The Trailer Record must make up the last line within the transaction file. **RESOLUTION:** Ensure that the Trailer Record is the last in the record sequence of the transaction file and that there are no other records beginning with 999 in the file.

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ERROR CODE	EXPLANATION
8012 Program identifier must be CDSP	The program identifier in the Header Record (RT 001) is not CDSP. **RESOLUTION:** Ensure that the program identifier is CDSP in the transaction file's Header Record.
8013 The transactions latest month must be on or before the current month	The transaction's latest month is not on or before the current reporting period set by the CDSP. **RESOLUTION:** Ensure that the Transaction's Latest Month component of the physical file name is on or before the month following the current reporting period set by the CDSP (i.e. the Transaction's Latest Month cannot be in a future reporting period). Refer to section 6.8 of the ITS for more information about physical file name formatting standards.
8100 Invalid date	A date in the transaction file does not conform to the YYYYMMDD format. **RESOLUTION:** Review the file and ensure that the format YYYYMMDD is used for all dates.
8101 Invalid value	An invalid value was detected in a record submitted to the CDSP. Example: The gender value must be '1' or a '2' (as per the ITS) but the record contains the value '3' at the character position assigned to the gender field. **RESOLUTION:** Ensure that all data provided conforms to formatting guidelines stated in the ITS.

ERROR CODE	EXPLANATION
8102 Is not identified in the CDSP system	A field in a record cannot be matched with existing data in the CDSP system. This error code applies to most transaction records that require matching with data associated to an existing RDSP contract. The following fields can be affected by this Error Code: • the issuer's BN • the Specimen Plan • Social Insurance Number (SIN) information for holders and beneficiaries • Contract Number **RESOLUTION:** Review the transaction and ensure that the data corresponds to data previously validated by the CDSP for the concerned RDSP. If unsure about the data registered in the system, contact Issuer Support.
8104 Data is missing from field	Data is missing in a mandatory field. **RESOLUTION:** Ensure that the mandatory fields were completed for each transaction and that the data complies with the formatting guidelines provided in the ITS for the transaction.
8105 Invalid SIN	The SIN information submitted did not pass validation requirements. **RESOLUTION:** Ensure that the SIN is corrected and matches the SIN provided by the client(s). In addition to the SIN itself, the Given Name, Surname, Date of Birth and Gender associated with the submitted SIN should match information held by the Social Insurance Registry (SIR). Refer to the Error Report record (RT 801) for information on which SIN field has caused the error. If necessary, contact the client(s) to validate the information that they provided. If the data originally submitted appears to be correct, refer the client(s) to the SIR so they can verify what information they hold.

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ERROR CODE	EXPLANATION
8106 Amount must be greater than zero	A dollar amount is not greater than zero within the following transaction types: • Contribution and/or Grant Request (RT 401-01) • Retirement Savings Rollover (RT 401-08) • Education Savings Rollover (RT 401-30) **RESOLUTION:** Ensure that fields containing dollar amounts are greater than zero.
8108 Amount must be greater than or equal to $0	A dollar amount is negative on the following transaction types: • Correction of Contribution and/or Grant Request (RT 401-02) • Repayment of Grant and/or Bond (RT 401-10) • Disability Assistance Payment (DAP) (RT 401-20) • Lifetime Disability Assistance Payment (LDAP) (RT 401-21) • Monthly Reporting (RT 701-01). Applies to Fair Market Value (FMV) Amount field only • Transfer Reporting (RT 701-02). Applies to FMV Amount field only **RESOLUTION:** Ensure that fields containing dollar amounts are equal to or greater than zero.
8109 Amount must be greater than or equal to $1	The Total LDAP amount on the LDAP transaction type (RT 401-21) is less than one dollar. **RESOLUTION:** Ensure that the Total LDAP amount field includes a value that is greater than or equal to one dollar.
8110 Sum of reported amounts must be greater than $0	The sum of all amounts reported on the Repayment of Grant and/or Bond Transaction Type (RT 401-10) is not greater than zero. This sum may include: • Grant Repayment Amount • Bond Repayment Amount • Grant Termination Adjustment Amount • Bond Termination Adjustment Amount **RESOLUTION:** Ensure that the sum is greater than zero.

ERROR CODE	EXPLANATION
8111 Grant must have been previously paid	No Grant was previously paid to a beneficiary and a repayment of Grant and/or a Grant Termination Adjustment is being reported on the Repayment of Grant and/or Bond transaction type (RT 401-10). **RESOLUTION:** Repayment of Grant and Grant Termination Adjustment transactions can only be processed if they correspond to amounts of Grant that were previously paid into a RDSP. Determine if Grant was previously paid to the beneficiary and: • if not, no further action is required as there is no grant to repay or adjust • if grant does appear to have been previously paid, contact Issuer Support
8112 Bond must have been previously paid	A repayment of Bond and/or a Bond Termination Adjustment is being reported on a Repayment of Grant and/or Bond transaction (RT 401-10) but no Bond was previously paid to the beneficiary. **RESOLUTION:** Repayment of Bond and Bond Termination Adjustment transactions can only be processed if they correspond to amounts of Bond that was previously paid into an RDSP. Determine if Bond was previously paid for the concerned RDSP and, • if not, no further action is required as there is no bond to repay or adjust, or • if bond does appear to have been previously paid, contact Issuer Support
8113 Date must be on or after July 1, 2011	The LDAP and DAP and/or Retirement Savings Rollover date is before July 1, 2011. This code applies to the following transaction types: • Retirement Savings Rollover (RT 401-08) • Disability Assistance Payment (RT 401-20) • Lifetime Disability Assistance Payment (RT 401-21) **RESOLUTION:** For the above transactions, ensure the date reported is on or after July 1, 2011.

ERROR CODE	EXPLANATION
8200 Date must be on or after December 1, 2008	The date on the following transactions must be on or after December 1, 2008: • RDSP Contract Registration (RT 101-01). Applies to the Contract Signature Date field only • Contribution and/or Grant request as well as Bond Payment Request (RT 401-01 and 401-05). Applies to the Contribution Date and Bond Request Date fields • Repayment of Grant and/or Bond as well as Reverse Repayment of Grant and/or Bond (RT 401-10 and 401-11). Applies to the Repayment Date and Reverse Repayment Date fields • Disability Assistance Payment (DAP) as well as Lifetime Disability Assistance Payment (LDAP) (RT 401-20 and 401-21). Applies to the DAP date and LDAP Date fields • DAP Reversal as well as LDAP Reversal (RT 401-22 and 401-23). Applies to the DAP reversal date and LDAP reversal date fields • Monthly Reporting and Transfer Reporting (RT 701-01 and 701-02). Applies to the Reporting Date field **RESOLUTION:** Ensure that the date(s) are on or after December 1, 2008.
8201 Date is of a future reporting period	The date reported in a transaction is for a future reporting period. **RESOLUTION:** Ensure that date provided is on or before the current reporting period end date set by the CDSP.
8203 Date must be on or after Beneficiary's date of birth	The date information submitted in a transaction is before the beneficiary's date of birth. **RESOLUTION:** Ensure that the dates provided on the applicable transaction are on or after the beneficiary's date of birth.

ERROR CODE	EXPLANATION
8204 Date must be on or before December 31 of the year in which the Beneficiary turns 49	The Bond Request Date field of a bond Payment Request (RT 401-05) includes a date that is after December 31 of the year in which the beneficiary turns 49 years of age (ex: If the beneficiary turns 49 on June 12 2012, the date submitted must be on or prior to December 31, 2012). **RESOLUTION:** Ensure that the bond Request Date provided is on or prior to December 31 of the year in which the beneficiary turns 49.
8206 Date must be on or after Contract Signature Date	The transaction contains a date that is before the RDSP's Contract Signature Date. Refer to the ITS for a complete list of applicable fields. **RESOLUTION:** Ensure that the date provided is on or after the Contract Signature Date. If there is a need to clarify the contract signature date reported to the CDSP or if there is reason to believe that the date submitted does not precede the Contract Signature Date, contact Issuer Support.
8207 Date must be within Issuer approval dates	The date information submitted to the CDSP does not occur within the Issuer Agreement and Issuer Cessation dates. Refer to the ITS for a complete list of applicable fields. Transactions dated before the start date of issuer approval cannot be processed by the CDSP as this would mean that the issuer was not authorized to report at this time. In some cases, issuers have also been assigned a cessation date which indicates when they are no longer authorized to submit transactions. **RESOLUTION:** Ensure that transaction dates occur within the issuer agreement and cessation dates. Contact Issuer Support for further clarification on an issuer's authorized date range.

ERROR CODE	EXPLANATION
8208 Must be on or after the Bond Request date	The Stop Request Date of a Stop Bond Request (RT 401-06) precedes the original Bond Request date. **RESOLUTION:** A request to stop Bond payments must occur after a bond Request is successfully processed by the CDSP. Review prior RDSP bond activity dates and ensure that the date included in Stop Request date field for the Stop bond Request transaction(s) (RT 401-06) is on or after the original bond Request date.
8220 Specimen Plan must be valid	A Specimen Plan identified in a record is not valid. **RESOLUTION:** Ensure that the Specimen Plan data submitted matches the Specimen Plan identifier for that RDSP. If there are no errors in the Specimen Plan identifier, contact Issuer Support.
8221 Authorized Agent not authorized to send data for the Specimen Plan	The Authorized Agent is not authorized to send data for the indicated Specimen Plan. **RESOLUTION:** Examine the Header Record for the transaction and ensure that the Authorized Agent number indicated is without errors and matches the relevant Authorized Agent. If the Authorized Agent number appears to be correct, contact Issuer Support to clarify the Authorized Agent's status.
8222 Specimen Plan must be associated with the Issuer	The Specimen Plan identifiers submitted to the CDSP are not associated with the issuer BN indicated in the transaction. Consult the ITS for the applicable transactions and fields. **RESOLUTION:** Ensure that the Specimen Plan and/or BN submitted match the Specimen Plan identifier for that applicable RDSP. If both Specimen Plan and issuer BN data appear to be correct, contact Issuer Support.

ERROR CODE	EXPLANATION
8230 Contract must not already be a contract that is Registered, Closed, De-registered or Nullified	A Contract Registration transaction package (RT 101-01, 102-02 and 101-03) is submitted for a contract that already exists. **RESOLUTION:** Ensure that the Contract Registration records refer to the correct Contract Number for the concerned RDSP. If the Contract Number/Specimen Plan combination appears to be correct and there is no knowledge of prior activity for the affected contract, contact Issuer Support.
8231 The Beneficiary must not already have a Pending, Registered or De-registered contract	This error applies to: • a Contract Registration transaction package (RT 101-01, 102-02 and 101-03) is submitted for a beneficiary that is currently associated to an existing RDSP that has a status of Pending, Registered or De-registered • an attempt to initiate a transfer of an existing RDSP but the transfer indicator is not set to Y (Yes) in the Contract registration transaction package **RESOLUTION:** Only one RDSP contract can exist for each eligible beneficiary. Review the transaction and ensure that the Contract Registration transactions refer to the correct Contract Number for the concerned RDSP. If the intent was to initiate a transfer, ensure that the transfer indicator is set to Y (Yes). If the contract-related data is correct, contact the holder to find out whether RDSP activity has occurred for the affected beneficiary with another financial organization. Any other existing contract must be closed in order to register a new contract.

ERROR CODE	EXPLANATION
8233 The Contract Signature Date cannot change once a contract status is pending	A Contract Registration transaction package (RT 101-01, 101-02 and 101-03) has been received for a contract which currently has a status of 'Pending' and the Contract Signature Date is different than the one indicated in original Contract Registration transaction package. **RESOLUTION:** Ensure that the 'Contract Signature Date' field is correct. If the Contract Signature Date has been changed intentionally due to a new contract being signed by the holder(s), close the existing Pending contract and submit a new Contract Registration transaction Package with a new Contract Number in the subsequent CDSP processing period.
8234 The other contract must be associated with the beneficiary and other Specimen Plan and must be Pending, Registered, De-registered or Closed	The Transfer Indicator is set to 'Yes' on a Contract information component of a Contract Registration transaction (RT 101-01) and one of the following is true: • the other contract is not associated with the beneficiary reported in this Contract Registration transaction package • the other contract is not associated with the other Specimen Plan • the other contract has a status other than Pending, Registered, De-Registered or Closed **RESOLUTION:** Ensure the other contract and other Specimen Plan match each other and are associated to the beneficiary of the contract.
8235 Contract is not currently associated to the Specimen Plan	The Contract Number is not associated to the Specimen plan identified within that record and is applicable to the following: • another transaction was submitted before a Contract registration package for a beneficiary • the Contract Registration transaction was rejected due to errors • the contract and Specimen Plan reported on a transaction do not match Refer to the ITS for applicable transactions. **RESOLUTION:** Ensure there are no errors in the

ERROR CODE	EXPLANATION
	Specimen Plan submitted to the CDSP, that the contract was not already submitted and/or check the error report (RT 801) to determine whether it was rejected in error. If the Specimen Plan appears to be correct for that contract, contact Issuer Support.
8236 Contract is not currently associated to the Beneficiary	The RDSP contract on a transaction is not associated to the beneficiary SIN reported on the same transaction. Refer to the ITS for applicable transactions. **RESOLUTION:** Verify the Contract Number and Beneficiary SIN data submitted to the CDSP. If there are no errors, contact Issuer Support.
8237 Contract must be currently associated to the Holder	The holder information in the transaction does not match the holder information for that Contract. This error applies to the Update Holder Information (RT 201-03) and Remove Holder from Contract (RT 201-23) transactions. **RESOLUTION:** Correct any mismatches for the Contract Number and holder SIN data and ensure that the Contract Number field was not blank in the original transaction record(s).
8238 Contract Registration transaction is missing a component	The Contract Registration transaction package does not include a Contract component (RT 101-01), and/or a beneficiary component (RT 101-02) and/or a holder component (RT 101-03). **RESOLUTION:** Ensure that the Contract Registration transaction package contains all three Record Types and resubmit if required.

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ERROR CODE	EXPLANATION
8239 Duplicate Contract Registration in the same period	Multiple Contract information transactions (RT 101-01) indicating duplicate Specimen Plan and Contract Number data are received in the same processing period. Only one Contract Registration transaction for a Contract and Specimen Plan can be submitted in a single processing period. If duplicate Contract Registration transactions are submitted in the same period, one will receive this error and the other will be processed. **Note:** If both Contract Registration transaction packages indicated identical beneficiary SIN data, error 8240 would be generated. **RESOLUTION:** Check the Error Report (RT 801) or the Contract Status Report (RT 951) to determine the status of the processed transaction. Contact Issuer Support to investigate further or for assistance.
8240 Only one Contract Registration request for the Beneficiary in a given period is permitted	Two Contract Registration transaction packages (RT 101-01, RT 101-02 and RT 101-03) that contain the same beneficiary SIN data are received during the same processing period and only one RDSP can exist for each eligible beneficiary. If duplicate Contract Registration transactions are submitted in the same period, one will receive this error and the other will be processed. **RESOLUTION:** Check the Error Report (RT 801) or the Contract Status Report (RT 951) to determine the status of the processed transaction. Ensure that the beneficiary does not have a RDSP with another financial organization.
8241 Contract must currently have a status of 'Registered'	One of the following transactions has been received for a contract that is not registered: • Update Beneficiary (RT 201-02) • Update Holder (RT 201-03) • Add Holder (RT 201-13) • Remove Holder (RT 201-23) • Monthly Reporting (RT 701-01) **RESOLUTION:** If the contract status is Pending submit a new Contract Registration transaction Package (RT 101-01, RT 101-02 and RT 101-03) with updated information. To clarify the current

ERROR CODE	EXPLANATION
	status of the contract, contact Issuer Support.
8242 The date must be the same as reported on the original contribution	The contribution date in the Correction of Contribution/Grant Request transaction (RT 401-02) does not match the original contribution date previously submitted. For example, a July 10, 2010 contribution date is indicated in the RT 401-02 transaction and the original contribution date reported on the contribution is July 1, 2010. **RESOLUTION:** Review any Correction of Contribution/Grant Request transactions and make corrections to the correction date field as needed.
8243 Grant requested may only change from 'No' to 'Yes'	The grant requested field in the Correction of Contribution and/or Grant Request transaction (RT 401-02) is set to N when the original contribution had the Grant Requested field set to Y. **RESOLUTION:** Review the current RT 401-02 record and correct the grant requested field (transaction position 88) to Y so that it is consistent with the original contribution data. If the intention was to reverse (wholly or partially) a prior contribution and grant payment by changing the grant requested field to N in the correction transaction, submit a RT 401-02 record with the new contribution information along with a Repayment transaction (RT 401-10) indicating the amount of grant to repay to the CDSP.
8244 Must be on or after the Original contribution date	The date indicated in the Correction Date field of the Correction of Contribution and/or Grant Request transaction (RT 401-02) is prior to the date of the original contribution being corrected. **RESOLUTION:** Corrections must be dated after the original contribution. Ensure that the date indicated in the Correction Date field of the Correction of Contribution and/or Grant Request transaction (RT 401-02) is on or after that of the original transaction. Contact Issuer Support for clarification of original transaction dates.

ERROR CODE	EXPLANATION
8245 Contract already exists in CDSP system	The Contract Number being submitted via the RT 102-11 already exists for that Specimen Plan. **RESOLUTION:** No two contracts in the CDSP database can be associated to the same Contract Number/Specimen Plan combination. Ensure that a unique Contract Number is chosen when submitting an RT 102-11 transaction.
8246 Contract must already be a contract that is Registered, Deregistered or Pending	The FI submits a Close Contract transaction (RT 102-10) for a contract that is not currently Registered, Deregistered or Pending. **RESOLUTION:** Verify if the Close Contract transaction was submitted in error or contact Issuer Support to clarify the status of the contract.
8247 Contract must already be a contract that is Registered, Closed, or Pending	A Rename Contract transaction (RT 102-11) has been received for a contract that has a status other than Registered, Closed or Pending. **RESOLUTION:** Verify if the Rename Contract transaction was submitted in error or contact Issuer Support to clarify the status of the contract.
8248 Contract is already associated to the Holder	An Add Holder to Contract transaction (RT 201-13) has been received for a contract to which the holder is already associated. **RESOLUTION:** Verify that the SIN and Name fields are for a new holder and are not already associated to the applicable contract.
8249 Cannot remove last Holder on the contract	A transaction includes a request to remove the only holder (RT 201-23) associated to a RDSP. **RESOLUTION:** A RDSP must have at least one active holder. Verify that all holders that have requested to be associated to the RDSP have been reported to the CDSP. If a holder was not previously associated to the RDSP due to error, he/she would need to be added before a request to remove another holder can be processed.

ERROR CODE	EXPLANATION
8250 The SIN or BN is not numerically valid	A SIN reported for either a beneficiary or a holder or the BN reported for an agency is not numerically valid. **RESOLUTION:** Check the SIN against the RDSP application or validate the SIN with the applicable individual as well as the BN if required. Make the correction and then re-submit the transaction.
8251 Beneficiary year of birth cannot be modified	The beneficiary component of Contract Registration package (RT 101-02) or an Update Beneficiary transaction (RT 201-02) was received with a year of birth different than the year originally submitted for a beneficiary. **RESOLUTION:** Confirm the year of birth and correct the transaction if required. Note that the original year of birth submitted would have been validated by the Social Insurance Registry. If the birth year already submitted is inaccurate, contact Issuer Support.
8252 Contract already associated to another Beneficiary SIN	The beneficiary component of a Contract Registration transaction package (RT 101-02) has been received for a beneficiary with a SIN that does not match the beneficiary SIN already associated with this contract. **RESOLUTION:** Only one contract can exist per beneficiary. Verify the beneficiary SIN and correct the error(s) if needed. If there has been a change to the beneficiary's SIN, ensure that the new SIN is being reported.
8253 There must not already be a contract awaiting transfer in the CDSP system for the Beneficiary	A Contract Registration transaction package (RT 101-01, 101-02 and 101-03) has been received with a Y in the transfer indicator field of the RT 101-01 and a contract already exists with a status of Registered, Pending or De-registered and a transfer indicator of Y for the same beneficiary. **RESOLUTION:** Only one transfer request can be processed at a time for a beneficiary. Enquire about other potential RDSP transfers with the applicable holder(s) or beneficiary. If a transfer is no longer required, advise the holder(s) to communicate with the other financial organization so a Close Contract transaction (RT 102-10) can be submitted in lieu of the original transfer request.

ERROR CODE	EXPLANATION
8254 Conflicting contract transactions pertaining to the same contract received in the same period	Multiple, conflicting contract transactions are submitted in the same period creating duplicate contract names: • two unique Rename Contract transactions (RT 102-11) in the same processing period and for the same contract present in the CDSP database • two unique Rename Contract transactions (RT 102-11) requesting to rename two separate contracts to the same new contract name • a Contract Registration transaction package (RT 101-01, 101-02 and101-03) and a Close Contract transaction (RT 102-10) for the same contract in the same period • a Contract Registration transaction package (RT 101-01, 101-02 and 101-03) and a Rename Contract transaction (102-11) for the same contract in the same period **RESOLUTION:** For the two scenarios involving conflicting Rename Contract transactions, ensure that the contract name being used in the transaction is accurate and make corrections if needed. If two Rename Contract transactions were submitted, re-submitting one will suffice in order to successfully complete the renaming. For the scenarios involving a Close Contract or Rename Contract transaction received during the same period as a Contract Registration transaction, verify whether the Close Contract or Rename Contract transactions were submitted in error. If so, no further action is needed. If the intent was to close or rename the contract, re-submit the Close Contract or Rename Contract transactions for the following processing period.
8255 Contract must not be nullified	A transaction cannot be processed because the contract status is nullified. **RESOLUTION:** Register a new contract or contact Issuer Support for assistance.

ERROR CODE	EXPLANATION
8256 Contract is not associated to the Specimen Plan	Transactions were received for a contract that is not associated to the RDSP's Specimen Plan. **RESOLUTION:** Verify and confirm whether the Specimen Plan provided in the original transaction was accurate and make corrections if needed. If there is reason to think that the Specimen Plan reported in the original transaction(s) was incorrect, contact Issuer Support.
8258 The original transaction must not have been reversed	The CDSP received a reversal transaction referring to a transaction that has already been reversed in a prior processing period. **RESOLUTION:** Once a transaction is reversed, it is not possible to reverse it a second time. If the intention was to undo a prior reversal, submit a new transaction that matches the original transaction that was reversed.
8259 There must not be more than one reversal for the same transaction within the current processing period	More than one reversal transaction was received in the same processing period for the same transaction. **RESOLUTION:** No action is required as one reversal will be processed and the other will receive this error.
8260 Contract must have a status of Closed or Registered	A Transfer Reporting transaction (RT 701-02) has been received for a contract that does not currently have the status of either Closed or Registered. Transfer Reporting transactions are sent by the relinquishing issuer involved in a transfer (e.g. the financial organization that sends the funds to another organization) so that the CDSP can have record of assets being moved to another issuer. This type of transaction can only be processed for contracts that are Registered but are awaiting closure pending on the new issuer completing a transfer request or for contracts that are closed as a result of a successfully completed RDSP transfer. **RESOLUTION:** The Transfer Reporting transaction is only applicable to plans that are either currently registered or are now closed but were at one point registered Contact Issuer Support to clarify the current status of a contract.

ERROR CODE	EXPLANATION
8261 The other contract and Specimen Plan cannot change once a transfer has been successfully resolved	The CDSP received a Contract Registration transaction package (RT 101-01, 101-02 and 101-03) and the following conditions exist: • transfer indicator is set to Y • a transfer has been resolved (e.g. the relinquishing contract has been closed after a transfer request was received and processed) for the same contract indicated in the contact registration package • other Contract and Other Specimen Plan information in the contract registration package is different than what was indicated in the previous transfer request that was resolved **RESOLUTION:** It is not possible for relinquishing contract information to change once a transfer has been resolved. Determine whether the new contract registration transaction with a Transfer Indicator set to Y is needed or was sent in error. As the transfer has already been resolved it is likely that no further action is necessary.
8262 Specimen Plan must be designated by CRA to accept rollovers	A rollover transaction has been received that includes a Specimen Plan identifier that has not been designated by CRA as eligible to accept rollovers. **RESOLUTION:** The issuer must update the Specimen Plan with the CRA Registered Plans Directorate to accept rollovers. Once this is done, contact CDSP to undergo industry testing to allow submission of this transaction.
8263 Must be within the date range the Specimen Plan is designated by CRA to accept Rollovers	A Rollover transaction has been received with a date that either precedes or exceeds the period for which the designated Specimen Plan is eligible to accept these requests. **RESOLUTION:** Contact Issuer Support to clarify the parameters for this transaction.
8264 Must be greater than the last Consent transaction date submitted	An Add Consent transaction (RT 202-01) has been received with a Consent Date that is earlier than the date provided for a previous Add Consent transaction. **RESOLUTION:** Ensure that the Add Consent Date provided is later than the date of latest Add Consent activity for that beneficiary.

ERROR CODE	EXPLANATION
8265 Must not exist as a Holder on any contract of the reported beneficiary	An Add Consent transaction (RT 202-01) has been received for a holder or BN that is already associated to an open or closed contract. **RESOLUTION:** No further action is necessary.
8266 Must already be recorded as a consent for the Beneficiary	A Revoke Consent transaction (RT 202-02) has been received that refers to a SIN or BN that does not match an existing consent for the beneficiary. In addition, this code can be generated if both a Revoke Consent and Add Consent transaction are submitted for the same period and for the same beneficiary. **RESOLUTION:** Review the contract to determine who should have Consent status and adjust accordingly.
8267 Must not be an active Holder on the current Beneficiary contract	A Revoke Consent transaction (RT 202-02) has been received with a SIN or BN for an active holder for which an Add Consent transaction (RT 202-01) has been previously submitted. **RESOLUTION:** An active holder of a contract cannot have his previously submitted Consent transaction revoked. To revoke Consent status in such a scenario, submit a Remove Holder transaction (RT 201-23) for the current RDSP contract. (This would only be possible for RDSPs with multiple holders – refer to error 8249). Once the individual or Agency is no longer an active holder, submit a Revoke Consent transaction.
8268 Beneficiary consent cannot be revoked	A Revoke Consent transaction (RT 202-02) has been received with the SIN that matches the contract's beneficiary. **RESOLUTION:** Consent status cannot be revoked for beneficiaries of RDSPs. No further action is required.

ERROR CODE	EXPLANATION
8300 Date is earlier than original Transaction Date	A Reversal Request, Contribution Correction or Stop Bond Request is dated before the date of the original transaction. This applies to the following record types: • Stop Bond Payment Request (RT 401-06) • LDAP/DAP Reversal (RT 401-22, 401-23) • Reverse repayment of Grant and/or Bond (RT 401-11) • Retirement Savings Rollover Reversal (RT 401-09) • Education Savings Rollover Reversal (RT 401-31) • Correction of contribution/Grant Request (RT 401-02) **RESOLUTION:** Ensure that the Reversal/Correction/Stop Bond is not dated earlier than the original transaction associated to this transaction.
8301 Error in original transaction, current transaction cannot be processed	A reversal request, contribution correction or Stop Bond request has been received for a transaction that was rejected in error. This applies to the following transaction types: • Stop Bond Payment Request (RT 401-06) • LDAP/DAP Reversal (RT 401-22, 401-23) • Reverse repayment of Grant and/or Bond(RT 401-11) • Retirement Savings Rollover Reversal (RT 401-09) • Education Savings Rollover Reversal (RT 401-31) • Correction of contribution/Grant request(RT 401-02) • Episodic DTC Election Reversal (RT 501-02) • SDSP Election Reversal (RT 501-04) **RESOLUTION:** The original transaction would not have generated financial activity, therefore reversals or corrections of these transactions cannot be processed. Verify the original transaction number and determine if action is required or contact Issuer Support to clarify.

ERROR CODE	EXPLANATION
8303 Unable to locate the original transaction	The Original Transaction Number contained in one of the following refers to a transaction not previously reported: • Stop Bond Payment Request (RT 401-06) • LDAP/DAP Reversal (RT 401-22, 401-23) • Reverse repayment of Grant and/or Bond (RT 401-11) • Retirement Savings Rollover Reversal (RT 401-09) • Education Savings Rollover Reversal (RT 401-31) • Correction of contribution/Grant request (RT 401-02) • Episodic DTC Election Reversal (RT 501-02) • SDSP Election Reversal (RT 501-04) **RESOLUTION:** Verify the Original Issuer Transaction Number and ensure the original transaction was submitted and processed successfully.
8305 Original transaction must have been designated as the active request	The Original Transaction Number on the Stop Bond Payment Request transaction (RT 401-06) refers to an inactive Bond Payment Request. **RESOLUTION:** Replace the information provided in the Original Transaction Number field with the transaction number of the current active Bond Payment Request. The active bond payment request will be the latest request for which bond was paid.
8306 Another Stop Bond Payment has already been requested for the original transaction	A Stop Bond Payment Request transaction (RT 401-06) has already been successfully processed by the CDSP for the original bond request indicated. **RESOLUTION:** If the intention is to stop the original Bond Payment Request, no further action is needed as the original request was processed. If the intention is to re-activate a Bond Payment Request (e.g. by stopping the previous Stop Bond Payment request), submit a new Bond Payment Request (401-05).

ERROR CODE	EXPLANATION
8307 A more recent Correction transaction is already associated to the contribution	A Correction of contribution/Grant request transaction (RT 401-02) has been received with a correction date that is before the correction date of another Contribution Correction transaction already processed for that transaction. **RESOLUTION:** Corrections to RDSP contributions must be applied in chronological order. Ensure the correction date provided reflects the date that the correction was requested and re-submit the transaction if required.
8308 Original transaction and its reversal were found in the same processing period	An original transaction and its corresponding reversal transaction have been received in the same processing period. **RESOLUTION:** Verify the intent of the submission and resubmit if required.
8309 Date must be on or after Certification Date	The Episodic DTC Election (501-01) transaction date precedes the Medical Doctor certification date. **RESOLUTION:** Ensure that the transaction date provided on the Episodic DTC Election is on or after the date the Medical Doctor signs the form concerning future DTC eligibility.
8310 Beneficiary must not be DTC ineligible for 5 consecutive years on or after the contract signature year and before the year of election request processing	An Episodic DTC Election (501-01) has been received for a beneficiary who has either been ineligible for DTC or for whom eligibility is undetermined for 5 consecutive years on or after the year of the contract signature date and before the year of the processing of the request. **RESOLUTION:** Verify the DTC Election date and determine if action is required or contact Issuer Support to clarify the DTC eligibility of the beneficiary.
8311 Episodic DTC election period must not overlap with an existing Episodic DTC election period for the same contract	An Episodic DTC Election (501-01) has been received for a beneficiary with an existing processed Episodic DTC election with one or more years in common. **RESOLUTION:** Verify the DTC Election date and determine if action is required.

ERROR CODE	EXPLANATION
8312 Must be on or after January 1, 2014	An Education Savings Rollover (401-30) has been received with a date prior to January 1, 2014. **RESOLUTION:** Ensure the date reported in the Education Savings Rollover is on or after January 1, 2014.

B

Understanding Refusal Reasons

Employment and Social Development Canada (ESDC) is responsible for the administration of the Canada Disability Savings Grant (grant) and the Canada Disability Savings Bond (bond). The Canada Disability Savings Program (CDSP) system provides the delivery mechanism and necessary system supports for the effective administration of the grant and bond.

This document explains the Refusal Reasons received in response to financial requests for grant and/or bond when the CDSP system processes a financial transaction but does not award full benefits. The document also describes means to resolve/re-process transactions that have been allocated a refusal reason by the CDSP system.

For additional technical information, consult the Interface Transaction Standards (ITS).

In this chapter

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1. Background Information

This document provides information to assist in understanding Refusal Reasons. For additional technical information, consult the ITS.

1.1. What is a Refusal Reason?

Refusal Reasons indicate why transactions requesting grant or bond, which met all formatting rules and were processed by the system, did not receive a full grant or bond payment.

1.2. How Are Refusal Reasons Reported to Financial Institutions?

The CDSP system reports Refusal Reasons in the 66-67 position of the 901 record type provided at the end of each reporting period. This is applicable to the:

- grant request submitted through a RT 401-01
- bond request submitted through a RT 401-05

1.3. Refusal Reasons Differ from Error Codes

If the CDSP system cannot process an RDSP transaction sent by a financial institution (FI), due to an error in the transaction information, the transaction is rejected. In these cases, a record type 801 transaction with an Error Code indicating why the transaction was not processed is provided in the Error File report that references the original transaction identifier along with the name of the field in error. These Error Codes should be investigated and new transactions with the corrected information resubmitted.

Transactions successfully processed by the CDSP system will not generate Error Codes. If a transaction is processed but the full amount of grant or bond is not paid, a refusal reason will be generated and reflected in the record type 901.

1.4. Using this Document

This document lists the following information for each incentive:

- Refusal Reason Codes and a detailed explanation for each code
- how to resolve or better understand what caused the refusal.
- a referral to an appropriate point of contact for situations where further investigation may be required to resolve the issue. The points of contact referred to in the document are:

- o Issuer Support: 1-888-276-3632
- o Client Services: 1-866-204-0357
- o Canada Revenue Agency (CRA): 1-800-959-8281 (E) or 1-800-959-7383 (F)

2. Refusal Reasons

REFUSAL REASON	EXPLANATION
01 Maximum Current Entitlement of Grant /Bond Paid	All of the beneficiary's grant/bond entitlement, including any carry forward entitlement, has been paid out for the calendar year in which the contribution or bond request was made. This refusal reason is also generated when a bond request is processed with zero bond payment because the income level of the beneficiary/primary caregiver (PCG) exceeds the maximum. **RESOLUTION:** Generally no action is required. If the grant or bond paid does not match the expected amount, investigate and contact issuer support for more information if required.
02 Lifetime Contribution Limit Exceeded	The total amount of contributions (including rollovers) for a beneficiary has exceeded the $200,000 contribution limit. Any subsequent contributions made after this limit is reached are refused grant. **RESOLUTION:** Investigate what caused the total contribution amount to exceed $200,000 and determine if any contributions were reported incorrectly. If there is a discrepancy in the contribution amount(s), submit a contribution correction with the correct amount. If a discrepancy exists in the beneficiary's lifetime contribution amount, contact issuer support for more information.
03 Lifetime Limit Exceeded	The beneficiary has received the maximum lifetime grant payable of $70,000 or for bond, $20,000. **RESOLUTION:** No action is required. This refusal reason on a contribution or bond request means that no further grant or bond will be paid to the beneficiary.

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REFUSAL REASON	EXPLANATION
04 Age of Beneficiary	The transaction date of the contribution is later than December 31st of the year in which the beneficiary turned 49. **RESOLUTION:** No further action is required as grant will not be paid after the end of the year in which the beneficiary turned 49.
05 Specimen Plan not Valid	The specimen plan reported on the bond request no longer has a valid status in the CDSP system. To be valid, a specimen plan must have a status of "registered", "under review", "ceased" or "revoked". This refusal reason only occurs during the annual resubmission of an active bond request. **RESOLUTION:** Contact issuer support to verify the status of the specimen plan reported on the bond request.
06 No Grant requested	Grant was not requested on a contribution as the grant requested flag was set to "No". **RESOLUTION:** Confirm that grant was to be requested for the contribution and if yes, submit a contribution correction transaction for the same amount as the original contribution, and ensure the flag is set to "Yes".
08 SIN Not Usable	The Social Insurance Number (SIN) reported on the contribution requesting grant or bond has been flagged as "not usable" by the Social Insurance Registry (SIR). **RESOLUTION:** A SIN can be flagged for a number of reasons, and if the contract holder has questions about the reason they should contact SIR. If the beneficiary's SIN is unusable because they have a new SIN, resubmit the bond request or submit a contribution correction using the new SIN.
10 Invalid Beneficiary SIN	The SIN used on the annual resubmission of a bond request is no longer valid as it has been linked to a new SIN. **RESOLUTION:** Contact the contract holder to validate the SIN and if required obtain the beneficiary's new SIN and resubmit a bond request using the updated SIN if applicable.

December 9, 2013

REFUSAL REASON	EXPLANATION
19 Contract Not Registered	A grant or bond request has been submitted for a contract that does not have a status of registered. **RESOLUTION:** Use the Contract Status Report to determine why the contract is not registered and re-submit the contract registration package if applicable. If it is not clear why the contract was not registered, contact issuer support.
21 Last Bond payment under this application – new 18+ Bond request required	This is a warning message to submit a new bond application request because the beneficiary is in his or her 18th year. If no 18+ application is submitted bond will no longer be paid. **RESOLUTION:** Request that the holder complete a new 18+ bond application and resubmit the request.
22 Bond request is not/no longer designated to attract Bond for the Beneficiary	The original bond request submitted is no longer active. **RESOLUTION:** Notify the holder and ask if they would like to continue receiving bond. If yes, submit a new bond request to reactivate the bond.
24 Contract status conditions for adjustment of payment not met	A correction has been submitted on a contract that has a status of closed or de-registered. **RESOLUTION:** Determine if contract has correct status and take corrective action. Contact issuer support if required.
26 Bond resubmission date is not within issuer approval dates	The annual resubmission of an active bond request occurred after the cessation date of the Specimen Plan. **RESOLUTION:** Verify the Specimen Plan eligibility with issuer support and then resubmit the bond request with a date which is within the specimen plans approved period. Generally no action is required as the contract is closed or transferred when the specimen plan is no longer approved.
29 Beneficiary is a non-resident	The beneficiary is not a Canadian resident as of the day the transaction occurred. **RESOLUTION:** Refer the holder to CRA to confirm the beneficiary's residency status as of the transaction date.

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REFUSAL REASON	EXPLANATION
30 Beneficiary DTC eligibility not confirmed	DTC eligibility has not been confirmed by CRA for the beneficiary in the year which the transaction occurred. **RESOLUTION:** Refer the holder to CRA to confirm DTC.
32 Beneficiary DTC eligibility not confirmed for 2 or more consecutive non-election years	DTC eligibility has not been confirmed by CRA for the beneficiary for two or more consecutive years where an election has not been submitted. **RESOLUTION:** Refer the holder to CRA to confirm DTC.
33 Beneficiary DTC eligibility not confirmed for 5 or more consecutive years	DTC eligibility has not been confirmed by CRA for the beneficiary for five or more consecutive years regardless of a DTC election. **RESOLUTION:** Refer the holder to CRA to confirm DTC.
99 Other	Used only in special cases. **RESOLUTION:** Information provided as these cases occur.

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A P P E N D I X

C

Transaction Types

This document lists the transaction types that can be sent to the Canada Disability Savings Program (CDSP) system as well as the files that are sent to financial institutions in response to the transaction types.

For additional technical information, consult the Interface Transaction Standards (ITS).

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1. Objective

To help financial institutions determine which transaction files are sent to the CDSP system and which files are produced by the CDSP system in response to the received transaction files.

A quick reference table is provided.

2. Using this Document

This document includes the following information:

- a list of the transactions types sent by the financial institution to the CDSP system;
- a list of processing activities that may result from the transaction types sent by the financial institution; and
- a list of files processed by the CDSP system.

3. Column Descriptions

1st Column: Record Type (RT) and Transaction type (TT) sent by the financial institution to the CDSP system

- A list of the possible transaction types sent by the financial institution to the CDSP system.

2nd Column: Processing that may result from the transaction types sent by the financial institution

- Depending on the nature of the transaction type submitted by the financial institution, the following processing activities may occur (such as contract registration, Canada Disability Savings Grant (grant) and Canada Disability Savings Bond (bond) payments, grand and bond re-adjudication).

3rd Column: Files sent by the CDSP system to financial institutions

- A list of potential files (Error File, Transaction Processing File, SIN Usability File, Contract Status File and Transfer Extract File) sent by the CDSP system in response to specific transaction types sent by the financial institution.
- **RT 981 – Beneficiary DTC Eligibility File**: on a monthly basis, if the Canada Revenue Agency (CRA) has updated the Disability Tax Credit (DTC) status of a beneficiary, they forward this information to the CDSP system which in turn sends this data to the impacted financial institution. It is not sent in response to a specific transaction type sent by the financial institution.

4. Finding More Information

For more information on transactions listed in the following table, see the reference sources below.

4.1. RT 101 – Contract Registration

- RDSP Provider User Guide, Chapter 4-2: Setting Up an RDSP, Sections 1 (Information Exchange) and 2 (Opening a New Plan)
- ITS, Sections 3.1 (Contract Registration Transaction) and 6.4 (Contract Registration Information)

4.2. RT 102 – Contract Update

- RDSP Provider User Guide, Chapter 4-2: Setting Up an RDSP, Section 3.1 (Contract Update Information)
- ITS, Sections 3.2 (Contract Update Transactions) and 6.5 (Contract Update Information)

4.3. RT 201 – Beneficiary and Holder Update

- RDSP Provider User Guide, Chapter 4-2: Setting Up an RDSP, Section 3.2 (Beneficiary and Holder Update Information)
- ITS, Sections 3.3 (Beneficiary and Holder Update Transactions) and 6.6 (Beneficiary and Holder Update Information)

4.4. RT 202 – Consent

- RDSP Provider User Guide, Chapter 4-3: Request for Grant and Bond, Section 4 (Add/Revoke Consent)
- ITS, Sections 3.4 (Consent Transactions) and 6.7 (Consent Information for Beneficiary)

4.5. RT 401 – Financials

- RDSP Provider User Guide, Chapter 4-3: Request for Grant and Bond
- RDSP Provider User Guide, Chapter 4-4: DAP and LDAP
- RDSP Provider User Guide, Chapter 4-5: Rollover Transactions
- RDSP Provider User Guide, Chapter 4-6: Transfers
- ITS, Sections 3.5 (Financial Transactions) and 6.8 (Financial Transactions)

4.6. RT 501 – Election

- RDSP Provider User Guide, Chapter 2-3: Specified Disability Savings Plan
- RDSP Provider User Guide, Chapter 3-6: Repaying the Grant and Bond, Section 3 (Loss of DTC and Elections)
- ITS, Sections 3.6 (Election Transactions) and 6.9 (Elections)

4.7. RT 701 – Reporting

- ITS, Sections 3.7 (Reporting Transactions) and 6.10 (Reporting Transactions)

RT and TT sent by the financial institution to the CDSP system (the 3 digit number is the RT, the 2 digit is the TT)			Processing that may result from the TT sent by the financial institution			Files sent by the CDSP system to financial institutions					
			Contract Registration	Grant and Bond Payments	Grant and Bond Re-adjudication	Transaction Processing 901 (.pro)	Error File 801 851 (.err)	Contract Status 951 952 953 (.reg)	SIN Usability 921 (.sur)	Transfer 971 (.xfr)	Beneficiary DTC Eligibility 981 (.dtc)
101[1]	Contract Information	01	X	X P[2]	X	X	X	951		If the transfer is resolved and the old contract is closed	Is sent if CRA has reported a change in the beneficiary's DTC status to the CDSP system. It is not sent in response to a transaction type sent by the financial institution
	Beneficiary Information	02	X	X P	X	X	X		X		
	Holder Information	03	X	X P	X	X	X		X		
102	Close Contract (may be relinquishing contract in a transfer)	10	X (Received in Transaction Processing File 901)		X (Received in Transaction Processing File 901)	X	X	951		If the transfer is resolved and the new contract is registered	
	Rename Contract	11				X	X				
201	Update Beneficiary Information	02				X	X		X		
	Update Holder Information	03			X	X	X		X		
	Add Holder to Contract	13			X	X	X		X		
	Remove Holder from Contract	23				X	X				

[1] 101-01, 101-02 and 101-03 must always be sent as a package

[2] "P" Means "potential"

RT and TT sent by the financial institution to the CDSP system (the 3 digit number is the RT, the 2 digit is the TT)			Processing that may result from the TT sent by the financial institution			Files sent by the CDSP system to financial institutions					
			Contract Registration	Grant and Bond Payments	Grant and Bond Re-adjudication	Transaction Processing 901 (.pro)	Error File 801 851 (.err)	Contract Status 951 952 953 (.reg)	SIN Usability 921 (.sur)	Transfer 971 (.xfr)	Beneficiary DTC Eligibility 981 (.dtc)
202	Add or Update Consent for Beneficiary	01	X	X	X	X	X	951 P 952 P		If the transfer is resolved, the old contract is closed and the new contract is registered	Is sent if CRA has reported a change in the beneficiary's DTC status to the CDSP system. It is not sent in response to a transaction type sent by the financial institution
	Revoke Consent for Beneficiary	02				X	X				
401	Contribution and Grant Request	01	X	grant	X	X	X	951 P 952 P		If the transfer is resolved, the old contract is closed and the new contract is registered	
	Correction of Contribution and Grant Request	02	X	grant	X	X	X	951 P 952 P			
	Bond Payment Request	05	X	bond	X	X	X	951 P 952 P			
	Stop Bond Payment Request	06				X	X				

RT and TT sent by the financial institution to the CDSP system (the 3 digit number is the RT, the 2 digit is the TT)			Processing that may result from the TT sent by the financial institution			Files sent by the CDSP system to financial institutions					
			Contract Registration	Grant and Bond Payments	Grant and Bond Re-adjudication	Transaction Processing 901 (.pro)	Error File 801 851 (.err)	Contract Status 951 952 953 (.reg)	SIN Usability 921 (.sur)	Transfer 971 (.xfr)	Beneficiary DTC Eligibility 981 (.dtc)
Retirement Savings Rollover	08		X		X	X	X	951 P 952 P		If the transfer is resolved, the old contract is closed and the new contract is registered	Is sent if CRA has reported a change in the beneficiary's DTC status to the CDSP system. It is not sent in response to a transaction type sent by the financial institution.
Retirement Savings Rollover Reversal	09					X	X				
Repayment of Grant and/or Bond	10					X	X				
Reverse Repayment of Grant and/or Bond	11					X	X				
Disability Assistance Payment (DAP)	20					X	X				
Lifetime Disability Assistance Payment (LDAP)	21					X	X				

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RT and TT sent by the financial institution to the CDSP system (the 3 digit number is the RT, the 2 digit is the TT)			Processing that may result from the TT sent by the financial institution			Files sent by the CDSP system to financial institutions					
			Contract Registration	Grant and Bond Payments	Grant and Bond Re-adjudication	Transaction Processing 901 (.pro)	Error File 801 851 (.err)	Contract Status 951 952 953 (.reg)	SIN Usability 921 (.sur)	Transfer 971 (.xfr)	Beneficiary DTC Eligibility 981 (.dtc)
	DAP Reversal	22				X	X				Is sent if CRA has reported a change in the beneficiary's DTC status to the CDSP system. It is not sent in response to a transaction type sent by the financial institution
	LDAP Reversal	23				X	X				
	Education Savings Rollover	30	X		X	X	X	951 P 952 P		If the transfer is resolved, the old contract is closed and the new contract is registered	
	Education Savings Rollover Reversal	31				X	X				
501	Episodic Disability Tax Credit (DTC) Election	01				X	X	952 A			
	Episodic DTC Election Reversal	02				X	X	952 A			
	Specified Disability Savings Plan (SDSP) Election	03				X	X	953 A			
	SDSP Election Reversal	04				X	X	953 A			

RT and TT sent by the financial institution to the CDSP system (the 3 digit number is the RT, the 2 digit is the TT)			Processing that may result from the TT sent by the financial institution			Files sent by the CDSP system to financial institutions					
			Contract Registration	Grant and Bond Payments	Grant and Bond Re-adjudication	Transaction Processing 901 (.pro)	Error File 801 851 (.err)	Contract Status 951 952 953 (.reg)	SIN Usability 921 (.sur)	Transfer 971 (.xfr)	Beneficiary DTC Eligibility 981 (.dtc)
701	Monthly Reporting of Fair Market Value (FMV)	01				X	X				Is sent if CRA has reported a change in the beneficiary's DTC status to the CDSP system. It is not sent in response to a transaction type sent by the financial institution
	Transfer Reporting of FMV and Earnings Amounts	02				X	X				