



Information Bites...

Bite sized chunks of information for families that include a member with a disability

Registered Disability Savings Plan

What is a Registered Disability Savings Plan (RDSP)?

The RDSP will help you or your family member save money for the future. The federal government will also put money into the RDSP. Sometimes you can get money from the federal government for your RDSP even if you don't put any money in.

What is the Canada Disability Savings Bond?

The Bond is one way that the federal government will put money into your RDSP. If a person with a disability has less than \$21,947 in income per year, the federal government will put \$1,000 into the RDSP. If the person with the disability is younger than 18, then it is the family income that counts. If the family has an income between \$21,947 and \$39,065, you can still receive some of the \$1,000.

What is the Canada Disability Savings Grant?

The Grant is the second way for the federal government to put money into your RDSP. When you or other family or friends put money into the RDSP, the federal government will also put some in.

The maximum Grant that the federal government will put into an RDSP is \$3,500 per year and \$70,000 in their lifetime. The amount that the federal government puts in depends on your income, if your child is younger than 18. If they are 18 or older, it depends on their income. The person has to be 49 or younger to get the Grant.

Who is eligible for the RDSP?

- people who get the Disability Tax Credit
- people who are 59 or younger can put money in an RDSP
- people who are 49 or younger can get the federal government money

What is the Disability Tax Credit (DTC)?

The DTC is a tax credit that a person gets if they have a disability. Parents caring for a child with a disability can also claim it to save taxes. You or your family must apply for the DTC to be able to claim it or to be able to open an RDSP. To apply for the DTC you need to get your doctor to fill out a special form called T-2201 and send it to Canada Revenue Agency (CRA). After reviewing the form, CRA will let you know whether it has been approved.

Things you must do to set up an RDSP for yourself or your son or daughter

- Make sure you or your son or daughter has a Social Insurance Number (SIN). You can apply for a SIN at any Service Canada Centre 1-800-o-canada (1-800-662-6232). Make sure you bring two pieces of valid identification, like a birth certificate or a permanent resident card.
- Make sure you or your family member has the Disability Tax Credit.
- If you are 18 or older, make sure you file your Income Tax Return. You need to do it for the last two years. Then you need to do it every year from now on.
- If your son or daughter is under 18, make sure to apply for the Canada Child Tax Benefit. If you do not get this benefit already, call CRA and ask for an application form.

Where do I or my son or daughter set up an RDSP?

To date, these are the financial institutions approved by the federal government to issue the plan:

- Royal Bank of Canada (RBC): 1-800-463-3863
- Bank of Montreal (BMO): 1-800-665-7700
- Canadian Imperial Bank of Commerce (CIBC): 1-800-465-3863
- TD Canada Trust - 1-866-280-2022
- Scotiabank - 1-877-929-4499

How will my son or daughter receive money out of their RDSP?

The most common arrangement is monthly payments. The amount of the payments will be based on how much money is in the plan when the payments begin and the life expectancy of the beneficiary. Your financial advisor at the bank will tell you the best way to arrange this.

What can my son or daughter use their RDSP payments for?

The money is for your son or daughter's direct benefit. Funds from their RDSP can be used enhance their quality of life as they choose. Remember that this is a long-term investment. It is important to consider that it will take thirty years to maximize federal government contributions and these contributions must stay in place for ten years in order to avoid early withdrawal penalties. Withdrawal options should be discussed with your financial advisor.

Where can I get more information?

Canada Revenue Agency (CRA): 1-800-959-2221
PLAN: (604) 439-9566 or www.rdsp.com or www.plan.ca

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