



June 2009

## Registered Disability Savings Plan

Securing the future for Canadians with disabilities

The RDSP is a new savings plan that will assist families in planning for the long-term financial security of our relatives with disabilities. Over time, the RDSP will provide billions of dollars to supplement income, enable home ownership, and enhance quality of life for as many as 500,000 Canadians with disabilities. RDSPs became available at financial institutions in December of 2008.

Our dream is that peace of mind be defined only when our relatives live life to its fullest - when their lives are filled with family and friends, and when their dreams become reality. In our experience financial security and social well-being are two of the biggest keys. We hope that the RDSP becomes the vehicle for achieving this financial security.

### Highlights of the Registered Disability Savings Plan

- Like Registered Education Savings Plans, the plan will allow funds to be invested tax-free until withdrawal
- Any individual that is eligible for the *Disability Tax Credit* may establish an RDSP
- In the case of a minor child, a parent or guardian can establish and direct the RDSP
- \$200,000 lifetime contribution limit, but there is no annual limits on contributions
- Contributions permitted by the individual, family member and/or friends
- No restrictions on when the funds can be used or for what purpose
- Upon withdrawal, the growth, the Grant, and the Bond are taxed in the hands of the beneficiary, and are likely to be taxed at a much lower rate.

### Highlights of the Canada Disability Savings Grant

- The Canada Disability Savings Grant will provide a federal contribution to assist families in saving for the future.
- Grants are greater for families in the lower and middle-income categories.
- When annual net income is less than \$77,664 the grant will contribute:
  - ~ \$3 for every \$1 contributed on the first \$500
  - ~ \$2 for every \$1 contributed on the next \$1,000.
- When annual net income is over \$77,664, the grant will contribute:
  - ~ \$1 for every \$1 contributed up to \$1,000.
- The Grant can be received up to a maximum of \$70,000 or up until the end of the year the person turns 49.

### Highlights of the Canada Disability Savings Bond

- When annual net income is \$21,816 or less, the Canada Disability Savings Bond will provide \$1,000 per year without any contribution.
- The RDSP thus becomes accessible to persons with disabilities whose family does not have the resources to make contributions.

- The Bond can be received for up to \$20,000 or up until the end of the year the person turns 49.

### **Payments from the RDSP**

- The beneficiary of a plan can receive Disability Assistance Payments as soon as the RDSP is established. There are no restrictions on when the funds can be withdrawn or for what purpose, but any Grant or Bond received within 10 years must be repaid.
- Each dollar withdrawn is considered to be comprised of contribution, Grant or Bond, and growth. The proportion that is Grant, Bond and growth is taxable.

### **Federal/Provincial Implications**

**British Columbia, Newfoundland and Labrador, Saskatchewan, Manitoba, Yukon, Alberta, Nova Scotia, Northwest Territories and Ontario** have all exempted the RDSP as an asset and income when determining a person's eligibility for provincial disability benefits. **Quebec** and **New Brunswick** have exempted the RDSP as an asset and partially exempted any payments from the plan. **Prince Edward Island** has fully exempted the RDSP for calculating eligibility for income-tested social programs, except where someone's income exceeds the low-income level defined by the National Council on Welfare. Nunavut has not yet made a decision on the RDSP. For up-to-date information on provincial announcements and treatments of the RDSP visit [www.rdsp.com](http://www.rdsp.com).

### **Financial Institutions**

Currently a few financial institutions are offering the plan, and we expect more to begin offering the RDSP in the next year. For a list of financial institutions currently offering the RDSP please visit "Where Do I Get It?" at [www.rdsp.com](http://www.rdsp.com).

**Planned Lifetime Advocacy Network (PLAN)** is a non-profit social enterprise established in 1989 by and for families committed to future planning and securing a good life for their relative with a disability. PLAN has led the advocacy work and has been promoting the creation of a Disability Savings Plan for the past six years.

#### **Stay Informed and Get Involved!**

- Make sure you or your relative are qualified for the Disability Tax Credit, have submitted a 2007 and 2008 tax return, and have a Social Insurance Number
- Visit PLAN's new RDSP website at [www.rdsp.com](http://www.rdsp.com)
- Join PLAN for free today to receive important RDSP updates and other great benefits [www.plan.ca](http://www.plan.ca)
- Register for a free RDSP Telephone Seminar by calling 604.439.9566 – available from anywhere in Canada toll-free.