

*What is the RDSP?*

Launched by the Federal Government in late 2008, the Registered Disability Savings' Plan (RDSP) is an attractive option for you as a consumer of Mental Health Services. It is flexible in receiving contributions from you, your family, friends, even organizations. It features generous contributions from the Federal Government until the end of your 49th year. And the RDSP is exempt from calculations that would limit the benefits of the Provincial Government's SAID or Social Assistance, and the Federal Government's CPP Disability programs

*What Rules Apply?*

Investments need to be made at least 10 years prior to withdrawal, have no annual limit on contribution, and can be spent on anything of benefit to you (property, a car, a vacation, etc). Outside of your personal contributions, the grant and bond are the two forms that the RDSP can take. Depending upon your family income,<sup>1</sup> the government may contribute up to a lifetime total of \$90,000 (a maximum of \$70,000 in "grants" that match your investments, plus a maximum of \$20,000 in "bonds" that require no contribution from you). There is a lifetime limit to your personal contributions of \$200,000. If you have low income and little or no savings or investments from family or friends, the Federal Government will still give you an annual Bond of \$1000.<sup>2</sup> The government stops its contributions at the end of your

<sup>1</sup> "Family income" refers to the income of the child's parents (if the child is under 18) or of the adult child (and any spouse) if they are 18 or over.

<sup>2</sup> See the table at the end of this page.

49<sup>th</sup> year. You may personally contribute until the end of your 59<sup>th</sup> year.<sup>3</sup> You must begin withdrawing funds at age 60— tax on the RDSP is deferred until this time, and is imposed only on the government contribution and the interest accrued.

*What are the Requirements?*

*First*, you must apply for the **Disability Tax Credit (DTC)**, the federal tax credit granted only to individuals with "severe and prolonged impairments." (If you are a child, you must also have completed the Canada Child Tax Benefit.) An extensive medical report for the DTC (see RC 4064, Form T2201) must be completed by a reliable and qualified practitioner (a medical doctor or psychologist). It is crucial that you communicate closely with this person, to ensure that they fully understand your medical condition, what restrictions it places on your daily functioning and when the symptoms first restricted your life. "Marked" restrictions in one or more areas or "significant" restrictions in two or more areas are required for you to be eligible. You must collect all documents, including the medical report, prior to submission, to ensure that they accurately report the extent of your disability. Submit the application to the government yourself. Expect to wait at least 6-8 weeks for a response. For a fee, you may find assistance with the DTC application through [www.rdspresource.ca](http://www.rdspresource.ca). *Secondly*, a valid Social Insurance Number (SIN) is required. (You must be a resident of Canada to qualify for the DTC.) *Thirdly*, you

<sup>3</sup> Figures throughout this pamphlet and the table regarding government contributions are reprinted from the government's 2010 statistics.

also must file your income taxes for at least the past two years. *Finally*, you must be age 59 or less, and select your "holder" – the beneficiary of the RDSP, if they are 18 years or older. (A parent or legal guardian may be the "holder" for a child or on the beneficiary's behalf.)

*What is the Return on my Investment?*

<b>Beneficiary's family income</b>	<b>Government GRANT</b>	<b>Maximum</b>
<b>Up to and including \$81,941</b>		
on the first \$500	\$3 for every \$1 contributed	\$1,500
on the next \$1000	\$2 for every \$1 contributed	\$2000
<b>More than \$81,941</b>		
on the first \$1,000	\$1 for every \$1 contributed	\$1,000

<b>Beneficiary's family income</b>	<b>Government BOND</b>
<b>Up to and including \$23,855</b>	<b>\$1,000</b>
<b>Between \$23,855 and \$40,970</b>	Proportional part of the \$1,000 based on the Can. Disability Savings' Act formula
<b>More than \$40,970</b>	No bond is paid

You can also make occasional, large lump some contributions, instead of smaller annual ones.

*How do I withdraw funds?*

No withdrawals can be made between ages 49 and 59. When government contributions exceed personal ones, you may begin regularly-scheduled periodic withdrawals at age 60. When private contributions are the largest, there are no limits on the amounts or timing of the withdrawals, from age 60 onward. Withdrawals cannot be made until 10 years after the government contributions have stopped, or you will lose the government's portion of the RDSP. The grant, bond and interest made are taxable upon withdrawal, at a rate indexed to your income bracket. Personal contributions are not taxed.

*Where do I go to get an RDSP?*

The major banks (BMO, RBC, Scotia, TD, CIBC, some Credit Unions) offer the RDSP. But not all are equal and charges may apply. New provisions allow you to switch your financial institution (for a fee), if you wish.

PLAN (the Planned Lifetime Advocacy Network, the non-profit group who lobbied the government for the RDSP) estimated in 2008 that 500,000 Canadians would be eligible for the RDSP. Statistics in early 2011 show that only 50,000 Canadians actually hold them. Difficulties with applying for the DTC as well as age restrictions may be two reasons why.

The RDSP cannot on its own meet your needs for daily support and assistance with income. But it is nonetheless a useful and life-enriching opportunity for you. One financial institution observes that the RDSP "may be the most significant measure

introduced for disabled individuals in the past 25 years."

*For More Information:*

- ✓ Visit [www.plan.ca](http://www.plan.ca) and [www.rdsp.com](http://www.rdsp.com) – these linked sites provide an online tutorial, teleconferencing on the RDSP, a "RDSP Calculator," a free "Step by Step Guide for Individuals and Families," and staff who will reply to your questions.
- ✓ See the website of the Canada Revenue Agency at [www.cra-arc.gc.ca/qualifiedpractitioners](http://www.cra-arc.gc.ca/qualifiedpractitioners) and follow the link, "Persons with Disabilities." The government guide "RC4460-RDSP" has many details about the RDSP. You can also call CRA at 1-800-959-8281.
- ✓ Human Resources and Skills Development Canada also features the "Canada Disability Savings' Program" (1-866-204-0357). This site provides information for the consumer on the grant and bond, how to carry forward previous entitlements (2008-11) and how to transfer family's retirement funds to your RDSP. See [www.hrsdc.gc.ca/eng/disability\\_issues/disability\\_savings/index.shtml](http://www.hrsdc.gc.ca/eng/disability_issues/disability_savings/index.shtml).

This brochure is intended as a general source of information only. Every effort has been made to ensure that the material is correct at the time of publication, but its accuracy cannot be guaranteed. Always consult a qualified financial advisor before making investments.

## Is the **Registered Disability Savings' Plan (RDSP)** Right for You?

## A Guide for Consumers of Mental Health and Addictions Services