In the past, it has been difficult for family to leave assets to disabled relatives without encountering income tax or the clawing back of provincial or federal government-funded disability payments. Since 2009, the Registered Disability Savings' Plan (RDSP) has provided an excellent investment opportunity, for clients with disabilities, to invest both government funding and personal savings, in a tax-deferred program.

Modelled on the Registered Education Savings' Plan (RESP), Canada's RDSP is the first of its kind in the world. The RDSP is an excellent option for consumers of Mental Health Services for three reasons: **(i)** it is flexible in terms of who can contribute to the plan (family, friends, organizations); **(ii)** it is fully exempt from the calculations of the province's social assistance, SAID, or related monthly support payments, and from Canada Pension Plan Disability; and **(iii)** it has room to receive generous matching contributions from the Federal Government (up to $90,000 in combined grant and bond value, depending upon the client's family income).

The RDSP is composed of the client's contributions, the interest accrued by the plan, the Canada Disability Savings' Grant (CDSG) and the Canada Disability Savings' Bond (CDSB)—the latter two paid by the Federal Government. The bond is especially valuable for clients with low incomes: if their family income is less than $23,855, the government will invest $1000 per year on their behalf, with no contribution required.[1] Beneficiaries must wait 10 years after their receipt of the last grant or bond (until age 50) before withdrawing funds. Otherwise, they must repay the government's grant and bond contributions, for the years preceding the withdrawal.

When clients turn 50, they lose eligibility for the grant and bond, but can still benefit from tax-deferred growth by contributing personal savings until they turn 59. Additionally, the lifetime maximum in government grants available is $70,000 (per client) and the lifetime maximum for bond funding per client is $20,000. The lifetime limit on personal contributions per client is $200,000. Withdrawals must begin at age 60, are taxed only on the government's contributions and the interest accrued, and at a rate determined by the client's income bracket. The client's or family's original contributions are redeemed free from taxation.

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

Beneficiary's family income	Government BOND
Up to and including $23,855 (or if the holder is a public institution)	$1,000
Between $23,855 and $40,970	Proportional part of the $1,000 based on the formula in the Canada Disability Savings Act
More than $40,970	No bond is paid

How do clients qualify? The major and potentially most demanding requirement is the **Disability Tax Credit Certificate** (DTC, available in Canada Revenue Agency's Package RC 4064, form T2201). The DTC includes

[1] Figures in this flyer and the above tables are reproduced from the Federal Government's website, using 2010 statistics (see www.cra-arc.gc.ca/E/pub/tg/rc4460/rc4460-e.html). "Family income" refers to the income of the child's parents, if the client is under 18; and to the client's own income (and that of any spouse), if they are 18 or older. Clients with very low incomes can transfer eligible disability tax credits to a family member who pays income tax.

an extensive medical assessment to be completed by a "qualified practitioner" like you (a medical doctor or psychologist). In the case of clients' Mental Health, the impairments must be "prolonged" (lasting a continuous period of at least a year), and cause clients to be "markedly restricted" in at least one of the basic activities of living; or "significantly restricted," in two or more of those same activities. These activities include "adaptive functioning" (incl. self-care), memory, problem-solving, goal-setting, and judgment, etc. If patients qualify by either category, and after an adjudication period of at least six to 8 weeks, they will be deemed eligible by the government for the DTC. (Note: Because not everyone so restricted by a mental health disability currently qualifies for Saskatchewan Assured Income for Disability [SAID] or social assistance, the RDSP may be all the more important.)

Acceptance for the DTC is sometimes not an easy process and advocates warn that it is harder for clients to gain the credit if their first application is denied. So your contribution as the "qualified practitioner" must be judiciously made. In the case of a client with episodic mental health issues, or who has a limited understanding of their condition, www.rdspresource.ca/ may assist in the preparation of the DTC application, with a fee charged if the applicant succeeds.

Other details:

- ✓ The "**holder**" can be the beneficiary, or, if they are a minor, a legal parent or guardian. A legal representative with Power of Attorney status can manage a client's RDSP, if they are unable to do so themselves. (In last resort the court will appoint an adult guardian.)
- ✓ **New to 2011** are provisions that allow clients to carry forward grant and bond entitlements for the years 2008-2011, for a period of up to 10 years after those years.
- ✓ **Also new** is the provision that parents or grandparents may turn over some or all of their retirement savings upon death (RRSPs, RIFs and RPPs), tax-free, to a disabled descendant's RDSP. The Federal Government will not match these contributions.
- ✓ For further details on aspects of the RDSP relevant to medical practitioners, see the Canada Revenue Agency's website: **www.cra-arc.gc.ca/qualifiedpractitioners** .[2]
- ✓ For further details on consumer issues with the RDSP, see or refer clients to **www.plan.ca** and **www.rdsp.com.** These linked sites include teleconferences, tutorials, an "RDSP Calculator" and a free 27-page guide for consumers.
- ✓ Most major banks as well as some investment firms now offer the RDSP.
- ✓ There are no restrictions whatsoever on how clients may use their RDSP savings, once withdrawn (e.g. down payments on a house or vehicle, or for amenities like dining out and taking holidays).

Advocates of clients with disabilities lobbied for the RDSP because it can contribute to their clients' quality of life through financial security; and to the peace of mind of parents and family members. Certainly the RDSP won't singlehandedly address all of the financial needs of eligible disabled clients (e.g. housing, will and estate planning, inheritance trusts, arrangements for supported decision-making, etc.). Consumers will continue to require support from Federal and Provincial Government programs. But the RDSP warrants your attention, since you are a medical practitioner to those with mental health issues. One financial institution describes the RDSP as possibly Canada's "most significant measure introduced for disabled individuals in the past 25 years." [3]

[2] Medical Practitioners can download Government forms and publications for the RDSP through Canada Revenue at www.cra-arc.gc.ca/formspubs/menu-eng.html or by calling 1-800-959-8281. **RC4460** (on the RDSP) and **RC 4064** (including T2201, the DTC application) are especially important. **HRSDC** also has extensive information on the RDSP at www.hrsdc.gc.ca/eng/disability_issues/disability_savings/index.shtml

[3] While every effort has been made in this brochure to ensure that the material is correct at the time of publication, its accuracy cannot be guaranteed. Always advise clients and their families to consult a qualified financial advisor, regarding RDSPs.