

## Registered Disability Savings Plan (RDSP)

The Registered Disability Savings Plan (RDSP) is a long-term savings plan to help Canadians with disabilities and their families save for the future of the person with the disability. Often these funds are referred to as “Matched Savings Plan” for the disabled.

1. Who is eligible (to become a beneficiary) of an RDSP?
  - You must have a valid Social Insurance Number.
  - The individual must first qualify for the Disability Tax Credit (DTC), and the Canada Child Tax Benefit if you have a child under the age of 19.
  - Your income taxes need to be current.
  - is a resident in Canada when the plan is entered into.
  - You must be younger than 60 years old (certain conditions).
2. Who can contribute? Anyone can contribute to an established RDSP- family, friends, neighbours... it gives people who want to help financially a way to do so.
3. The money can be invested to grow- we have heard that it is the best government funded return on investment available. Depending on someone’s income, the investment has the opportunity to immediately triple in value.
4. Canada Disability Savings Grant is another way for the federal government to contribute money to your RDSP. When you (or your family or friends) deposit money into the RDSP, the federal government will also contribute funds.

The amount of Disability Savings Grant you receive depends on your income tax returns for the previous two years.

- For a minor, the grant is calculated on their family’s net-adjusted income.
- For an adult, the grant is based upon the beneficiary’s personal net-adjusted income (even if they live with their parents). If beneficiary has a spouse, it is their family net-adjusted income.

The size of Canada Disability Savings Grant is subject to the following rules:

- a. If the beneficiary's income is \$87,123 or less:
  - For the first \$500 contributed into the RDSP, the beneficiary will receive \$3 for every \$1 contributed.
  - For the next \$1,000, the beneficiary will receive \$2 for every \$1 contributed.
  - The maximum grant for any one year is \$3,500. The lifetime maximum grant is \$70,000.
- b. If the beneficiary's income is above \$87,123:
  - For the first \$1,000 contributed into the plan, the beneficiary will receive \$1 for every \$1 contributed.
  - The maximum grant for any one year is \$1,000. The lifetime maximum is \$70,000.
  - A beneficiary may receive the full \$3,500 grant one year, and \$1,000 the next year (it is completely dependent on their income for two years prior.)

Canada Disability Savings Bond is another way that the federal government will put money into your RDSP.

- If your net income is less than \$25,584 per year, the federal government will put \$1,000 into your RDSP each year.
- If you are younger than 18, then it is your family income that counts.
- If your net income is between, \$25,584 and \$43,953, the government will put a portion of \$1000 into your account.
- The maximum amount that the federal government will invest in your RDSP in your lifetime is \$20,000.
- You have to be 49 or younger to get the bond.
- *Note: If you want to get the bond, you have to file your income taxes for the past two years. If you are younger than 18, then your family has to file their income taxes.*

5. Choose your financial institution. Most people already have a financial institution and with a savings or checking account. In opening an RDSP, the first thing to ask is: "Does your current financial institution offer the RDSP? If so, then your choice might be fairly easy. If you do not yet have an account with a financial institution, or your financial institution does not offer the RDSP, you will need to choose one, or find a financial planner that has an RDSP offering.
6. Once you open your RDSP account, you will need to choose how to invest it. Some financial institutions will have a set investment plan that you must follow, where other banks will allow you to choose a plan.
7. Administrative or management fees? Know these fees before investing as there are always fees. The advisors at financial institutions should help you make good decisions on how to invest your money depending on how old you are, how much money you have and how quickly you want to use it.
8. Choose your holder - A Holder is the person who manages the plan, makes decisions around investments and payment options. You are probably the Holder if you are an adult and you have 'contractual competence'. You can still have someone to assist you in opening your RDSP and making financial decisions.
9. Contractual competence - The financial institution needs to know that you are able to manage your own financial affairs. If they don't think you can, they may question your ability to be the Holder and request that you have a legal representative to open and manage the RDSP on your behalf.
10. For a child, the Holder must be a parent or guardian. Parents can remain Holders of the plan, even when the person becomes an adult, but can also pass the holdership over or become joint Holders.

For more information on the RDSP and other Government Savings plans, please visit:

[www.cra-arc.gc.ca/rdsp/](http://www.cra-arc.gc.ca/rdsp/)