

Access RDSP Level 1 Webinar Notes Package

The RDSP

- A federal government plan which takes the form of a long-term investment account
- Like an RESP
- Can include up to \$90,000 in contributions from the government
- Does not affect federal disability benefits
- Does not affect most provincial disability benefits



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- A federal government plan which takes the form of a long-term investment account
- Like an RESP
- Can include up to \$90,000 in contributions from the government
- Does not affect federal disability benefits
- Does not affect most provincial disability benefits
- The RDSP will...
 - Provide a powerful vehicle for saving and investing
 - Permit family and friend contributions without risking any disability or income benefits
 - Allow more freedom for you or your relative to determine how best to spend the money
- The RDSP will not...
 - Assure a good life or future security without other planning

RDSP Quick Facts

- Contributions can be made up to the end of the calendar year in which the beneficiary turns 59
- Anyone may contribute to the plan with the written consent of the holder
- \$200,000 lifetime contribution limit (no annual contribution limit)
- Contributions are not tax-deductible
- You decide how to spend the money once you start making withdrawals

RDSP Quick Facts

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- Contributions are not tax-deductible
- You decide how to spend the money once you start making withdrawals
- You will need to shop for a suitable financial institution with investment options and knowledgeable advisors

RDSP Eligibility Checklist:

- Be a Resident of Canada
- Hold a permanent Social Insurance Number (SIN)
- Must open before the end of the calendar year in which the beneficiary turns 59
- Have the Disability Tax Credit (DTC)



RDSP Eligibility Checklist:

- Be a Resident of Canada

- Hold a permanent Social Insurance Number (SIN)
 - You only have a permanent SIN once you become a permanent resident, which means that you would only qualify for grants and bonds as a permanent resident
- Must open before the end of the calendar year in which the beneficiary turns 59
- Have the Disability Tax Credit (DTC)

What is the DTC?

- The qualifying factor to open an RDSP
- The T2201 form
- Can be used as a tax deduction
- Helps individuals access other tax benefits
- A transferrable tax credit
- Can be claimed retroactively up to 10 years



What is the DTC?

- The qualifying factor to open an RDSP
- The T2201 form
- Can be used as a tax deduction
- The DTC itself is valuable and it's important to think about who they could transfer the credit to and how much money they could get back from their taxes. You don't have to live with the person to transfer the credit to them, you just need to look at how they impact you and the things they provide to you Helps individuals access other tax benefits
 - You're allowed to write off more expenses on your taxes with the DTC, among other tax benefits. You will need to talk to your accountant to figure it out
- A transferrable tax credit
- Can be claimed retroactively up to 10 years
 - If you (or the person claiming the DTC) has paid taxes in those years, you may be eligible to receive money back from the government
 - The amount will vary depending on each person's situation

Talking with your Medical Practitioner

- Have an open discussion with your medical practitioner about your situation and the severity of your disability
- Give specific examples and details regarding the effects on your life on the worst day
- Eligibility for the DTC is based on the effects of the impairment, not on the medical condition itself



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- Give specific examples and details regarding the effects on your life on the worst day
- Eligibility for the DTC is based on the effects of the impairment, not on the medical condition itself
- Most medical practitioners charge a fee to complete the form. Ask your medical practitioner if they would consider waiving or lowering their fee. You may be able to claim these fees as medical expenses on line 330 or line 331 of your tax return.

Notice of Determination

- Your Notice of Determination may say:
 - You are approved for a certain number of years, typically 5
 - CRA requires additional information from your medical practitioner before they can decide
 - Your application is declined

Notice of Determination

- Your Notice of Determination may say:
 - You are approved for a certain number of years, typically 5
 - Generally, for chronic conditions when the physician indicates no foreseeable improvements in functioning, the CRA may grant approval for 5, 10 or more years. For conditions when the physician is unsure of the duration, successful applications result in one or more years.
 - CRA requires additional information from your medical practitioner before they can decide
 - Your application is declined
 - There is a possibility that you will be declined or have another form sent to the doctor on the first try. If this happens, don't be discouraged – you have the right to reapply or appeal
 - Call our Helpline for support with this!
 - 1-844-311-7526

Who can set up an RDSP?

For a Minor
Parents or legal guardians set up the plan and have the option to remain as sole or co-holder once the beneficiary becomes an adult

For an Adult
The holder and beneficiary can be the same person, though it may be somebody else dependent on contractual competence

Contractual Competence
It depends on the nature of the disability and whether this impacts cognitive ability. Every beneficiary should have a power of attorney

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- For a Minor:

- Parents or legal guardians set up the plan and have the option to remain as sole or co-holder once the beneficiary becomes an adult
- For an Adult:
 - The holder and beneficiary can be the same person, though it may be somebody else dependent on contractual competence
- A note on Contractual Competence
 - It depends on the nature of the disability and whether this impacts cognitive ability. Every beneficiary should have a power of attorney
 - Read the following article for more information on contractual competence:

www.rdsp.com/2011/06/10/rdsp-barrier-8-contractual-competency-should-someone-lose-their-decision-making-rights-just-so-they-can-open-an-rdsp/

What is a Holder?

- The holder of the RDSP account is somebody who is responsible for the following tasks:
 - Managing the RDSP
 - Working with the financial institution
 - Choosing or approving investments
 - Supervising withdrawals

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- The holder of the RDSP account is somebody who is responsible for the following tasks:
 - Managing the RDSP
 - Working with the financial institution
 - Choosing or approving investments
 - Supervising withdrawals
- You can have more than one holder on an RDSP account at one time
- Who can be a Qualifying Family Member? (Currently available until 2023 for adults who do not have contractual competence)
 - A legal parent of the beneficiary
 - A spouse or common-law partner of the beneficiary who is not living apart and separate from the beneficiary because of a breakdown of their marriage or common-law partnership

Free Money

To receive up to \$70,000 in Canada Disability Savings Grants and/or up to \$20,000 Canada Disability Savings Bonds, the beneficiary must:

- File an Income Tax Return for two years prior, and continue to file annually

Grants and bonds can only be received until December 31st of the year in which the beneficiary turns 49



Free Money

- To receive up to \$70,000 in Canada Disability Savings Grants and/or up to \$20,000 Canada Disability Savings Bonds, the beneficiary must:
- File an Income Tax Return for two years prior, and continue to file annually
 - 2018 & 2019 tax returns for 2020 contributions; the government won't know what money you're making this year, so they must base it on previous years
 - Hint: Start filing income taxes for your child with a disability at age 16 to avoid any problems with the RDSP grants and bonds (they will assume that the person is a high-income earner and they will not be eligible). Once they are an adult, the government contributions will be based on their income for the previous two years.
 - If you are trying to go back retroactively to 10 years, you do need to have your taxes done all the way back 12 years
- Grants and bonds can only be received until December 31st of the year in which the beneficiary turns 49

Canada Disability Savings Grant – 2019 Amounts

- The Federal Government matches annual contributions at the following rates:
- Up to a lifetime maximum of \$70,000

Annual Income	Amount of Grant Money
Less than or equal to \$95,259	- \$3 for every \$1 contributed on the first \$500 (up to \$1,500) - \$2 for every \$1 contributed on the next \$1,000 (up to \$2,000) - Total of \$3,500
More than \$95,259 *Or no tax return filed	\$1 for every \$1 contributed on the first \$1,000 (max \$1,000)

- This will take a minimum of 20 years to obtain \$70,000 without including retroactive contributions – can get the full amount if you start at age 30

Canada Disability Savings Bond – 2019 Amounts

- Annual Federal Government contributions to RDSPs of people with low and modest incomes, and does not require personal contributions
- Up to \$1,000 each year, to a lifetime maximum of \$20,000

Annual Income	Amount of Bond Money
Less than or equal to \$31,120	\$1,000
Between \$31,120 and \$47,630	Up to \$1,000 Calculated on a pro-rated basis



- Only requirement is that your taxes are filed
- Bonds are deposited automatically
- You need a minimum of 10 years to obtain the maximum bond amount

Retroactive Grants and Bonds

- Bond amounts will be paid automatically
- Grant amounts can be received by making contributions for previous years
- You can only access them until the end of the calendar year in which the beneficiary turns 49
- The government will put in a maximum of \$10,500 in any one year for the grant, and up to \$11,000 for the bonds



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- The government will put in a maximum of \$10,500 in any one year for the grant, and up to \$11,000 for the bonds
- The retroactive amounts are calculated in a complicated way, and it's best to call our helpline to have an advisor work through your personal situation
- Don't put in more than \$3,500 for the first year because you will lose out based on the grant ratio payments, and then the amounts will differ for consecutive years


Withdrawals & Proportional Repayment Rule

- Withdrawal is restricted, and the RDSP is not something that you can easily dip into without penalty
- Intended to be a 30+ year savings plan, and is more beneficial the earlier you open one
- Once you start making withdrawals, you can decide how you want to spend the money
- Open an RESP as well an RDSP for somebody under the age of 25
- Build up an emergency savings fund

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- Open an RESP as well an RDSP for somebody under the age of 25
- Build up an emergency savings fund
- For some people it will be a much shorter or a much longer savings plan – call our helpline and speak with a Helpline adviser about how withdrawals might work for you!

Extra \$150 Contribution for BC Residents

- Plan Institute provides a one-time \$150 grant to eligible BC residents:
 - Adults with a disability, who are under the age of 60, have an RDSP, and have received income assistance or a total annual income of \$25,000 or less (in one year since 2008)
 - Children with a disability, who are 17 years old or younger, and have an RDSP
- For more information and applications, go to: www.rdsp.com/endowment-150/ 

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Your Scenario – The RDSP Calculator

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Free RDSP Support

Access RDSP is a province wide partnership between Plan Institute, Disability Alliance BC (DABC), and BC Aboriginal Network on Disability Society (BCANDS) which provides a "one-stop-shop" for all things RDSP to encourage long-term saving.

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