

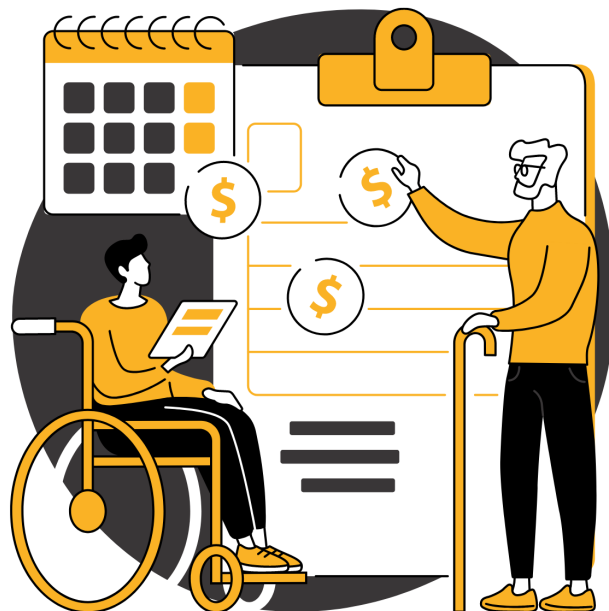
Access RDSP  
*Change your tomorrow today*



# RDSP HELP SHEET

## How Can My RDSP Help Me When I Turn 60?

*A Guide for Plan Beneficiaries*



Congratulations! You made a wise choice to open an RDSP. Now, as you approach age 60, the RDSP really starts to pay off. The RDSP helps you with your ongoing financial needs as you approach retirement age.

## **What happens with my RDSP when I turn 60?**

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Before we look at what happens with your RDSP when you turn 60, you need to know that there are two types of 'payments' or withdrawals that you can make from your RDSP.

### **Payments before you turn 60**

Before you turn 60, you are allowed to take one-off, individual 'payments' or withdrawals from your RDSP. These are called Disability Assistance Payments or DAPs. A DAP is a discretionary payment that can be requested and made to you or your estate at any time.

#### **Example:**

Miguel decides he wants to take a course at a local college. He needs a one-time \$5,000 DAP to pay for his tuition for the course.

#### **IMPORTANT TO KNOW:**

First, check with the financial institution that holds your RDSP to see if they allow Disability Assistance Payments (DAP). Not all financial institutions allow them.

### **Payments when you turn 60**

When you turn 60, you will commence receiving Lifetime Disability Assistance Payments or LDAPs from your RDSP. Once started, LDAPs are paid to you at least annually. After LDAP payments commence, they must continue.

**Example:**

Natalie turns 60 years old on August 15, 2030. LDAP payments must begin to be paid to Natalie no later than December 31, 2030.

**IMPORTANT TO KNOW:**

LDAP Payments are designed to provide you with an income throughout your retirement. LDAP payments are paid to you until you either close your plan, you turn 83 OR the beneficiary passes away.

## When payment types can be combined

If your financial institution allows Disability Assistance Payments or DAPs, you may find you want to take a DAP, a one-time withdrawal, even after you have started your Lifetime Disability Assistance Payments (LDAP). Below is an example that shows why someone would want to combine both payment types.

**Example:**

Aki currently receives a monthly LDAP of \$500 to help cover her expenses. When her computer monitor breaks in January, Aki asks for a one-time \$300 DAP to replace it. So, for the month of January, Aki will receive both her regular \$500 LDAP as well as an extra \$300 DAP to replace her monitor.

## Key Learnings: check what you have learned so far:

- If I need money for a one-time 'payment' or withdrawal before I turn 60, I can ask my financial institution if they offer that option. The one-time payment or withdrawal is called a Disability Assistance Payment or DAP.
- I must start taking Lifetime Disability Assistance Payments, or LDAPs, in the year I turn 60.
- Once I start taking LDAP payments, they must continue.
- If my financial institution allows one-time DAP payments, I can consider withdrawing a DAP if I need the funds and combine that payment with my LDAP payments.

# **How much money am I allowed to take out?**

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When you want to take a 'payment' or withdrawal from your RDSP, there are rules that apply. First, let's focus on the Lifetime Disability Assistance Payment or LDAP payment rules for withdrawal.

## **Lifetime Disability Assistance Payments (LDAPs)**

The RDSP is intended to help with a person's ongoing financial needs after they turn 60. In some ways, the Lifetime Disability Assistance Payment is like a pension, that

starts at age 60.

In the year you turn 60, you and/or your Plan Holder will contact your financial

institution and ask for your LDAP payments to begin.

Your financial institution can set up your LDAP payments to be deposited directly into your personal bank account on an annual or a monthly basis.

## **What is the LDAP formula?**

To take an LDAP payment from your RDSP, the financial institution must first apply a formula called the LDAP formula. The LDAP formula is used to calculate how much money you can take out each year. The Canadian government, who created the RDSP plan, created this formula.

## **On what is the LDAP formula based?**

The formula is based on the fair market value of your RDSP and your current age.

For more details on the formula simply ask your financial institution or contact Plan Institute at 1.844.311.7526 [info@rdsp.com](mailto:info@rdsp.com).

## **When LDAP and DAP payments can be combined**

If your financial institution allows Disability Assistance Payments, you may find you may want to take a DAP, a one-time payment, after you have started your Lifetime Disability Assistance Payments.

To combine a one-time DAP payment with your regular LDAP payments, the financial institution must first apply a formula. The formula is used to calculate how much money you can take out at that time and under what circumstances. The Canadian government, who created the RDSP plan, created this formula.

## **Key Learnings: check what you have learned so far:**

- In the year I turn 60, I will need to ask my financial institution to begin my Lifetime Disability Assistance Payments. My financial institution will apply a formula to calculate how much money I will be paid each year, based on the fair market value of my RDSP and my current age.
- If I need a one-time 'payment' or DAP before I turn 60, I can ask my financial institution if they offer that option. My financial institution will apply a formula to calculate how much money I can withdraw based on the fair market value of my plan and my age.
- If I request a DAP payment along with my LDAP payments, my financial institution will apply a formula to calculate how much money I will be paid each year.

## **What is the '10-year rule'?**

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When you ask for any payments or withdrawals from your RDSP, the financial institution must first apply the '10-year rule'.

One of the benefits of having an RDSP is that under certain circumstances, the government gives you (the beneficiary) grants or bonds. Many people receive these grants and bonds. We refer to them as 'government contributions'.

Grants or bonds are funds deposited directly into your RDSP, either monthly or quarterly.

**\*For more details on the formula simply ask your financial institution or contact Plan Institute at 1.844.311.7526 info@rdsp.com.**

### **The most important thing for you to know about the '10-Year Rule':**

If any grants or bonds have been paid into your RDSP within the last ten years, you will need to pay a penalty of \$3 per \$1 withdrawn, which is a repayment of grants and bonds, back to the government. Government contributions (grants and/or bonds) paid to you will vest after a ten-year period. While these grants and bonds may not be available for withdrawal without penalty, at this point they have become the vested assets of the beneficiary.

#### **Example:**

In 2010, Jameel's parents opened an RDSP plan for him. In 2010, the government contributed \$10,500 in grants and bonds to Jameel's RDSP account. To avoid a withdrawal penalty, the \$10,500 deposit must stay in Jameel's account for at least 10 years. After 10 years, the \$10,500 deposit becomes the vested asset of the beneficiary.

### **Key Learnings: check what you have learned so far:**

- Government contributions (grants and/or bonds) paid to you will vest after a ten-year period.
- If you have been paid a grant or bond within the last ten years and then decide to withdraw from your RDSP, you will have to repay some grants and bonds to the government. This is charged in the form of a withdrawal penalty.

## **Next Steps**

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Congratulations! You are taking all the right steps to research what to expect from your RDSP as you approach the age of 60.

If you need any more information, simply ask your financial institution, or contact Plan Institute at 1.844.311.7526 or [info@rdsp.com](mailto:info@rdsp.com) for more details.

Plan Institute is here to help!

# Resources

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## DTC Resources

- [Guide RC4064 Disability-Related Information](#)
- [Tax credits and deductions for persons with disabilities](#)
- A dedicated CRA line for health care providers is available to discuss the DTC program, application criteria and the Income Tax Act. Call 1-800-280-2639

## Access RDSP Resources

*We provide free supports and services for physicians and patients, including:*

### Tools for your patient:

- [Disability Benefits wayfinder](#): Your patient can find out which disability supports are right for them.
- [Disability Tax Credit Tool](#): Your patient can go through this questionnaire that will generate materials that can help you with their application.
- [RDSP Calculator](#): Your patient can use this tool to find out how much they can make if they open an RDSP.

### One-on-One Disability Tax Credit Support:

- Email: [rdsp@disabilityalliancebc.org](mailto:rdsp@disabilityalliancebc.org)
- Toll-free: 1-800-663-1278

### RDSP Support:

- Assistance to open an RDSP
- Specialized support and navigation for Indigenous peoples
- RDSP & Disability Planning Helpline
- RDSP & DTC Info sessions for individuals, organizations, and professionals
- \$150 grant for low-income BC residents

- Toll-free:1-844-311-7526 / Email: info@rdsp.com

**One-on-one DTC and RDSP support for Indigenous patients:**

- Email: rdsp1@bcands.bc.ca
- Toll Free: 1-888-815 -5511



# CONTACT US:

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## RDSP & Disability Planning Helpline:

1-844-311-7526



## Email:

[info@rdsp.com](mailto:info@rdsp.com)



## Website:

[www.rdsp.com](http://www.rdsp.com)

Access RDSP is a province-wide partnership between [Plan Institute](#), [Disability Alliance BC \(DABC\)](#), and [BC Aboriginal Network on Disability Society \(BCANDS\)](#) to encourage financial security via uptake of the Registered Disability Savings Plan (RDSP).

These initiatives are made possible with generous support from the [Vancouver Foundation](#).

## Access RDSP

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