

**Your Guide to Opening a Registered
Disability Savings Plan:**

**A Step-by-Step Information Booklet for
Persons with Disabilities looking to Gain
Financial Literacy Skills and Independence**



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Definitions

Disability Tax Credit (DTC): this is a non-refundable tax credit that lessens the amount of income tax a person with a severe and long-term disability may have to pay.

Registered Disability Savings Plan (RDSP): a long-term savings plan for persons who qualify for the Disability Tax Credit.

Canada Disability Savings Grant (CDSG): this is a matching grant given by the Government of Canada. Depending on your family income and the amount of money you put into your RDSP, the Government will provide up to \$3,500 each year with a lifetime amount of \$70,000. You can only receive this Grant until the end of the year in which you turn 49 years old.

Canada Disability Savings Bond (CDSB): this Bond is provided by the Government to low-income and moderate-income persons and families. With this bond, individuals do **not** need to contribute any money into their RDSP. You can only receive this Bond until the end of the year in which you turn 49 years old.

Assistance Holdback Amount (AHA): the assistance holdback amount is the total amount of Grant and Bond that has been paid into an RDSP within a 10-year period before a particular time. Part of or all of the Assistance Holdback Amount may have to be paid back to the Government under certain circumstances.

RDSP Holder: the RDSP plan holder is the person who opens the RDSP and makes or authorizes contributions on behalf of the beneficiary.

RDSP Beneficiary: the RDSP beneficiary is the person with a disability who will use the RDSP funds.

Disability Assistance Payments (DAPs): these are payments made from an RDSP to the beneficiary or his/her estate for a specific one-time purpose. A DAP is made up of RDSP contributions, earnings from the RDSP and the Grant and Bond.

Lifetime Disability Assistance Payments (LDAPs): these are payments that once they begin to be paid, are payable at least annually to the beneficiary until he/she dies or until the RDSP is terminated. LDAPs are made up of RDSP contributions, earnings to the RDSP, and the Grant and Bond.

Specified Disability Savings Plan (SDSP): is used to give a beneficiary who has a shortened life expectancy access to their RDSP savings without paying back Grant and or Bond savings.

Introduction

In 2008, the Government of Canada introduced the Registered Disability Savings Plan (RDSP), a long-term savings plan for persons with disabilities who qualify for the Disability Tax Credit (DTC). There are several benefits to opening an RDSP:

1. RDSP beneficiaries could receive the Canada Disability Savings Grant and Bond (see definitions)
2. The Government will also provide unused Grant and/or Bond amounts for up to 10 years prior to you opening an RDSP as long as you also qualified for the DTC during the ten years preceding.
3. RDSP contributions and/or Grant and Bond amounts will **not** affect any Nova Scotia provincial income assistance amounts a beneficiary receives.

An RDSP can be opened for anyone who is 59 years old or younger and who matches the following requirements:

- Has a Social Insurance Number (SIN)
- Has qualified for the Disability Tax Credit
- Is a Canadian resident

Furthermore, there are different rules on who can open or be the RDSP holder:

- If the beneficiary is 18 years old or older and is able to look after themselves then they are the RDSP holder
- If the beneficiary is 18 years old or older and is not able to look after their own affairs then the RDSP holder is the person, organization or entity that is chosen in a court of law
- If the beneficiary is younger than 18 years old then the RDSP holder must be a legal parent, or an individual or organization who is legally responsible for the beneficiary

This step-by-step guide will help you or your loved one gain financial security and future independence through this beneficial program. Independent Living Nova Scotia (ILNS) and the Society for Deaf and Hard of Hearing Nova Scotians (SDHHNS) can also help you open an RDSP. If you would like help or to set up an appointment, please contact us:

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Step 1: Apply for the Disability Tax Credit

If you have already qualified for the Disability Tax Credit, SKIP this step and move on to Step 2 on page 5.

To open an RDSP, individuals **must** qualify for the Disability Tax Credit (DTC). To qualify for the DTC, please complete these steps:

1. Click on the following link to fill out a short questionnaire to see if you qualify for the DTC: <https://bit.ly/2yn7mn3>
2. You, your guardian or a legal representative then need to fill out **Part A** of the DTC Certificate (Form T2201.)
3. Create a list with as much information about **how** your disability affects and/or limits you on a daily basis. Provide this list to the medical professional who is filling out **Part B** of the DTC Certificate.
4. **Part B** of the application needs to be filled out by one of the medical professionals listed below:
 - Medical Doctor
 - Nurse Practitioner
 - Optometrist
 - Audiologist
 - Occupational therapist
 - Physiotherapist
 - Psychologist
 - Speech-language pathologist

You may be required to **pay** for any costs linked with the medical professional filling out this form. If you receive funding from Employment Support and Income Assistance (ESIA) or the Disability Support Program, check with them to see if they pay for such costs.

5. Once the DTC Certificate is completed, make a copy of it for your records and send the original DTC form to the Canada Revenue Agency (CRA) at the following address:

Sudbury Tax Centre
Post Office Box 20000
Station A
Sudbury, ON, P3A 5C1

If you believe there is any other information the CRA might need, include it with the DTC Certificate. It will take between 4 -10 weeks to process the DTC application.

6. If the CRA requires more information, they will contact you or the medical professional who filled out Part B of the DTC Certificate.

7. Once the CRA reviews the application, you will receive a **notice of assessment** approving you for the DTC or not. If you are approved, the notice will tell you when you have to re-apply for the DTC. If you are not approved, the notice will explain why not.
8. If you are not approved for the DTC, you can either appeal the CRA's decision or what is usually easier to do is to re-apply for the DTC.

Step 2: Opening a Registered Disability Savings Plan

Now that you are approved for the DTC, you can open an RDSP by following these steps:

1. Make an appointment with your local bank to open an RDSP. Make sure there is a representative there who knows how to do this.
2. If there is no one who knows how to open an RDSP you can either call one of the following toll-free numbers to set up an RDSP **or** make a bank appointment and dial the appropriate toll-free phone number so both you and the bank representative can go through the process together.

ATB Securities Inc.	1-888-282-3863
Bank of Montreal (BMO)	1-800-665-7700
Bank of Nova Scotia	1-877-929-4499
Central One Credit Union / Trust Company	1-800-661-6813, Ext. 5358
Community Trust Company	1-800-268-1576
CIBC Securities Inc.	1-800-465-3863, Ext. 2
Desjardins Trust	1-877-286-3420, Option 1
Investors Group	1-888-746-6344
Mackenzie Financial	1-800-387-0614, Option 3
National Bank Direct Brokerage	1-800-363-3511
The RBC Royal Bank	1-800-668-3663
TD Canada Trust / TD Waterhouse	1-800-465-5463, Option 3

3. To receive the Canada Disability Savings Grant (CDSG) and/or Canada Disability Savings Bond (CDSG), your bank must fill out the Canada Disability Savings Grant and Bond Application; your bank representative will submit the appropriate information to the Government.

Step 3: Making Contributions

Once you set up your RDSP, you can start contributing to your RDSP. Here are some guidelines to follow when putting money into your RDSP:

1. You can put as much money into your RDSP as you want to, as long as the private contribution amount is no more than \$200,000; Private contributions include: regular contributions, rollover contributions from a Registered Retirement Savings Plan (RRSP) or Registered Education Savings Plan (RESP). This amount does not include Grant or Bond amounts or earnings.
2. To receive the maximum amount of Grant and/or Bond money you **must** file your taxes every year. If you do not file your taxes, you cannot receive any Bond money and you will only be able to receive \$1,000 of the Grant money instead of the full \$3,500. This is important because the Government decides how much Grant and/or Bond money you will receive based on your **personal income** or your **family income** if you are under 18 years old.

The Government also decides how much Grant and/or Bond money you are entitled to receive based on income tax returns you filed **two years** ago.

3. If you want to receive unused Grant and/or Bond money from the past 10 years, then you would have needed to file income tax returns for the past 12 years.

The Canada Disability Savings Grant is a matching grant the Government pays into your RDSP. To receive this Grant, you **must** contribute to your RDSP. You can receive up to \$3,500 per year with this Grant and up to \$70,000 over your lifetime. Please see below how much you could receive based on your family income as well as your RDSP contributions:

Family Income	Contributions	Canada Disability Savings Grant	Annual Maximum Amount
\$95,259 or less	On the first \$500	\$3 for every \$1 contributed	\$1,500
	On the next \$1,000	\$2 for every \$1 contributed	\$2,000

Greater than \$95,259 (or if there is no income tax return)	On the first \$1,000	\$1 for every \$1 contributed	\$1,000
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The Government also has the Canada Disability Savings Bond for **low-income** and **moderate-income** persons and families. You do not need to make any contributions to your RDSP to receive this Bond. The Government decides how much you will receive based on the following:

Family Income	Annual Canada Disability Savings Bond	Lifetime Limit
\$31,120 or less	\$1,000	\$20,000
Between \$31,120 and \$47,630	The beneficiary will receive less than \$1,000; the Bond amount will be adjusted based on income	\$20,000
More than \$47,630	No bond is paid	Not applicable

If an RDSP is opened for a beneficiary who is under the age of 18, then the Canada Disability Savings Grant and/or Bond Application form needs to be filled out twice, once before the beneficiary turns 18 then again when the beneficiary turns 18. If an RDSP is opened after the beneficiary turns 18, then the application only needs to be completed once to receive Grant and/or Bond money; your bank will work with the Government, so the Grant and/or Bond amounts go directly into your RDSP.

If you receive any Grant and/or Bond money from the Government, there needs to be an Assistance Holdback Amount (AHA) of all Grant and/or Bond money you receive within a 10-year period. The Assistance Holdback Amount might need to be repaid to the Government of Canada if the following situations happen:

- If the RDSP is closed
- Death of the beneficiary
- Beneficiary becomes unqualified for the Disability Tax Credit
- If the beneficiary takes out a Disability Assistance Payment and/or a Lifetime Disability Assistance Payment before they turn 60 years old.

Step 4: Making Withdrawals

Finally, it is time to begin making withdrawals from your RDSP. It is important to note that RDSP withdrawals are overseen by the Income Tax Act (ITA). As mentioned in the definitions portion of this guide, RDSP beneficiaries are allowed to make two types of withdrawals:

- Disability Assistance Payments (DAPs) are one-time withdrawals that will be used for a specific disability-related cost
- Lifetime Disability Assistance Payments are regular withdrawals that must be provided to the beneficiary at least once a year. Beneficiaries must begin receiving LDAPs by the end of the year they turn 60, but they can start sooner. Furthermore, beneficiaries must receive LDAPs until there is no more moneys in the RDSP or if the beneficiary dies.

There are some rules when withdrawing money from your RDSP:

1. If you receive the Grant and/or Bond, you cannot use your RDSP savings right away. If you use contributions, you will need to pay part of or all of the Grant and/or Bond money you received within the past **ten years** back to the Government; the Grant and/or Bond amount from the 10-year period is part of the Assistance Holdback Amount.
2. If you don't receive the Grant and/or Bond, you can use RDSP contributions at any time.

Specified Disability Savings Plans

If an RDSP beneficiary has a shortened life expectancy, then they will be able to change their RDSP to a Specified Disability Savings Plan (SDSP). With a Specified Disability Savings Plan, you are able to use your RDSP contributions before you turn 60 **if** a medical doctor or nurse practitioner says you have five years to live or less, however you must give your bank the following:

- a. A letter from your doctor or nurse practitioner telling your bank you have five years to live or less.
- b. Your own written request that your RDSP be changed to a Specified Disability Savings Plan (SDSP).

Once your bank tells the Government, your RDSP will become an SDSP and you can use this money without paying back any Grant and/or Bond money as long as the total taxable amount withdrawn from the account for one year is \$10,000 or less.

Additional Resources

Disability-Related Information 2017: Tax measures for persons with disabilities – this document provides information for different tax credits available to persons with disabilities along with more information on the Disability Tax Credit (DTC).

<https://www.canada.ca/content/dam/cra-arc/formspubs/pub/rc4064/rc4064-17e.pdf>

Registered Disability Savings Plan – this resource provides information on RDSPs, the Canada Disability Saving Grant and Bond, what portion of RDSP savings are taxable and much more.

<https://bit.ly/2z6eFB9>

Disability Tax Credit Self-Assessment Eligibility Questionnaire – if you are unsure whether you are eligible for the Disability Tax Credit, you can take the following questionnaire to find out.

<https://bit.ly/2yn7mn3>