



REGISTERED DISABILITY SAVINGS PLAN (RDSP)

WHAT IS AN RDSP

A registered disability savings plan (RDSP) is a savings plan intended to help parents and others save for the long-term financial security of a person who is eligible for the disability tax credit (DTC).

- Contributions to an RDSP are not tax deductible
 - There is a matching of contributions by the Government of Canada at a rate of 300%, 200% or 100% depending on family income (Canada Disability Savings Grant)
- **The Government of Canada will pay a bond of up to \$1,000 a year to low-income Canadians with disabilities (family income \$32,028 or less for 2022) (Canada Disability Savings Bond)**
 - **No contributions have to be made to get the bond.**
 - **The lifetime bond limit is \$20,000.**
- Contributions that are withdrawn are not included as income to the beneficiary when paid out of an RDSP.
- Canada disability savings grant (grant), Canada disability savings bond (bond) & investment income earned in the plan are included in the beneficiary's income for tax purposes when paid out of the RDSP.

WHO CAN BE A BENEFICIARY OF AN RDSP?

You can designate an individual as beneficiary if the individual meets all of the following criteria:

- Is eligible for the DTC (disability tax credit) (unless transferring from an existing RDSP to a new RDSP).
- Has a valid social insurance number (SIN).
- Is a resident of Canada when the plan is entered into.
- Is under the age of 60 (a plan can be opened for an individual until the end of the year in which they turn 59). The age limit does not apply when a beneficiary's RDSP is opened as a result of a transfer from the beneficiary's former RDSP.

A beneficiary can only have one RDSP at any given time, although this RDSP can have several plan holders throughout its existence, and it can have more than one plan holder at any given time.

WHO CAN CONTRIBUTE TO AN RDSP?

Anyone can contribute to an RDSP with the written permission of the plan holder.

TO SET UP AN RDSP

Make an appointment with your financial institution. When you call to make an appointment, be sure to ask what documents they need you to bring and make it clear that you will be applying for the Canada disability savings bond.