



## Registered Disability Savings Plan

Securing the future for Canadians with disabilities

The Registered Disability Savings Plan became law on December 14<sup>th</sup>, 2007, when the legislation received royal assent. RDSPs should become available at financial institutions in late 2008.

The RDSP is a new vehicle that will assist families in planning for the long-term financial security of our relatives with disabilities. Over time, the RDSP will provide billions of dollars to supplement income, enable home ownership, and enhance quality of life for as many as 700,000 Canadians with disabilities.

Our dream is that peace of mind be defined only when our relatives live life to its fullest; when their lives are filled with family and friends; when they have season's tickets to the Canucks or Raptors or the National Ballet; when they have their prized gameboy or tickets to Springsteen; when their dreams become reality. In our experience, financial security and social well-being are two of the biggest keys. We hope that the RDSP becomes a vehicle for achieving financial security.

### Highlights of the Registered Disability Savings Plan

- Like the Registered Education Savings Plan, the RDSP will allow funds to be invested tax-free until withdrawal
- Any individual that is eligible for the *Disability Tax Credit* may establish an RDSP
- In the case of a minor child, a parent or guardian can establish and direct the RDSP
- A \$200,000 lifetime contribution limit
- Contributions permitted by the individual, any family member or friends
- No annual limit on contributions
- Contributions grow on a tax deferred basis
- No restrictions on when the funds can be used or for what purpose
- Upon withdrawal, the income, the Grant, and the Bond are taxed in the hands of the beneficiary, and are likely to be taxed at a much lower rate

### Highlights of the Canada Disability Savings Grant

- The Canada Disability Savings Grant will provide a federal contribution to assist families in saving for the future
- Grants are greater for families in the lower and middle-income categories
- When annual net income is less than \$74,357 the grant will contribute:
  - ~ \$3 for every \$1 contributed on the first \$500
  - ~ \$2 for every \$1 contributed on the next \$1,000
- When annual net income is over \$74,357, the grant will contribute:
  - ~ \$1 for every \$1 contributed up to \$1,000
- The Grant can be received for 20 years, until the beneficiary turns 50
- Beneficiaries must wait 10 years after last Grant or Bond is received to avoid penalties

## Highlights of the Canada Disability Savings Bond

- When annual net income is \$20,833 or less, the Canada Disability Savings Bond will provide \$1,000 per year whether or not contributions are made to the plan
- The RDSP thus becomes accessible to persons with disabilities whose family does not have the resources to make contributions
- Like the Grant, the Bond can be received for up to 20 years until the person reaches their 50th birthday

## Withdrawals from the RDSP

- The beneficiary of a plan can receive Disability Savings Payments as soon as the RDSP is established. There are no restrictions on when the funds can be withdrawn or for what purpose, but any Grant or Bond received within 10 years must be repaid.
- Each dollar withdrawn is considered to be comprised of contribution, Grant or Bond, and income. The proportion that is Grant, Bond or income is taxable.

**Planned Lifetime Advocacy Network (PLAN)** is a non-profit social enterprise established in 1989 by and for families committed to future planning and securing a good life for their relative with a disability. PLAN has led the advocacy work and has been promoting the creation of a Disability Savings Plan for five years.

### Stay Informed and Get Involved!

- Make sure you or your relative are qualified for the Disability Tax Credit and have submitted a 2007 tax return
- Visit PLAN's new RDSP blog at [www.rdsp.wordpress.com](http://www.rdsp.wordpress.com)
- Become a PLAN Associate today to receive important RDSP updates and other great benefits
- Register for one of PLAN's free RDSP Telelearning Seminars
- For more information on the RDSP and to become a PLAN Associate, go to our website [www.plan.ca](http://www.plan.ca)