

Registered Disability Savings Plans FAQs

What is it?

A new type of savings plan for people with disabilities.

Who can open one?

Any Canadian citizen or resident under the age of 60 with a social insurance number who claims the disability tax credit. If you have never claimed this credit on your income taxes, download the application form, which must be filled out by a health professional, at <http://www.cra-arc.gc.ca/E/pbg/tf/t2201/> or call 1-800-959-2221 and request Form T2201. If you have a dependent under the age of 18 with a disability, you can open a RDSP on their behalf.

Why should I bother?

You can get free money! Through the Canada Disability Savings Grant and the Canada Disability Savings Bond, you may be eligible to receive contributions to your plan even if you cannot deposit money into it yourself. Interest accrues tax free in the account until withdrawn. When money is withdrawn, it is taxed according to the beneficiary's income, which means you will likely pay little or no tax on it. See below for more details on the grant and bond.

Will this affect my ODSP cheque?

NO! Ontario has announced RDSP income and assets will not affect calculations made for income support benefits. In addition, you can receive up to \$6,000 per year from a savings plan or trust without your cheque being affected.

How do I open one?

Currently, two banks offer RDSPs: BMO and RBC. Other banks are expected to begin offering the plans soon. BMO can be reached at 1-800-665-7700 and RBC can be contacted at 1-800-463-3863.

Canada Disability Savings Bond

If family income is below \$21,287, you can receive \$1,000 per year. At higher income levels, the bond is phased out up to a maximum income of \$37,885. This means, if your income is below \$37,885 you can receive free money simply for

opening a RDSP! The maximum you can receive in bonds in your lifetime is \$20,000. No contributions to your savings plan are required to receive this bond!

Canada Disability Savings Grant

If you can afford to make deposits to your RDSP, you may also be eligible for the grant. If family income is below \$75,769 the grants are equal to 300% on the first \$500 of contributions and 200% on the next \$1,000 of contributions. This means, if you deposit \$1,500 into your plan, you can receive an additional \$3,500 from the grant alone. The maximum you can receive in grants in your lifetime is \$70,000.

Grants and bonds can be received up to age 49.

For more information, visit

http://www.hrsdc.gc.ca/eng/disability_issues/disability_savings/index.shtml

Note that numbers above regarding income levels may change slightly from year to year.