

Testimony

The Registered Disability Savings Plan (RDSP)

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In the Winter 2012 issue of *Hermès*, AQEIPS explained the Disability Tax Credit Certificate. This is the first step towards opening a Registered Disability Savings Plan (RDSP), an initiative offered by the Federal government which assists Canadians with disabilities to save over the long term.

A few years ago, I was constantly being told about the importance of planning my retirement, because I had not yet opened this much talked about RRSP! It was during the National Educational Association of Disabled Students Association (NEADS) biannual conference in 2010 that I learned about the savings plan specially designed for persons with disabilities. Now convinced of the importance of telling others about it, I will present a simplified summary of the RDSP, which will then enable you to apply for the Canada Disability Savings Grant and the Canada Disability Savings Bond.

Eligibility criteria for the RDSP:

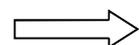
You are eligible for the Disability Tax Credit (which confirms that you have a "severe and prolonged impairment in physical or mental functions" certified by a specialist);

You are under the age of 60;

You are a resident of Canada;

You have a valid social insurance number (SIN).

In summary, the contributions made to an RDSP (\$200,000 overall contribution limit) are not tax deductible and the benefits paid out of an RDSP will not be included as income. The investment income accumulates tax-free, until you take money out of your RDSP. In addition, the Government pays out a matching grant of up to \$3,500.



What I appreciate is that by contributing to your RDSP, you may be eligible for the Canada Disability Savings Grant. This is a matching grant that the Government deposits directly into your RDSP, which can reach up to 300% depending on the amount contributed and your family income (with a limit of \$70,000 over your lifetime.) For an example of how this grant is calculated, consult the following Website:

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

You may also be eligible for the Canada Disability Savings Bond, a yearly amount of up to \$1,000 that the Government will deposit into the RDSP of low-income and modest-income Canadians.

It should be noted that these grants and bonds will be deposited into your RDSP until you turn 49 years old (To encourage saving, these amounts must remain in your RDSP for at least 10 years.) Do not give up due to the complexity of these steps, because it is really worth the effort! I encourage you to find out more information from your financial institution. Based on my personal experience, very few employees are familiar with the RDSP, so be sure to mention the plan when you make an appointment.

To learn more, visit the Canada Revenue Agency Website at the following address:

<http://www.cra-arc.gc.ca/tx/ndvdl/tpcs/rdsp-reei/menu-eng.html>.

Source : Human Resources and Skills Development and Canada Revenue Agency.

