

# RDSP FACT SHEET

## REGISTERED DISABILITY SAVINGS PLAN



### Benefits of RDSPs

The Registered Disability Savings Plan (RDSP) is offered by the federal government for people with disabilities. It is intended to be a source of long-term savings to help the beneficiary of the RDSP be better financially prepared for their future. The RDSP allows for savings to grow tax-free and is eligible for government incentives.

- ✓ Earnings grow tax-free until the money is withdrawn. This allows the RDSP contributions to grow faster.
- ✓ RDSPs may be eligible for government incentives
  - Up to an annual amount of \$3,500 and lifetime maximum of \$70,000 in grants and;
  - Up to an annual amount of \$1,000 and lifetime maximum of \$20,000 in bonds,
  - These can boost an RDSP's value significantly
- ✓ Income payments from RDSPs do not affect income-tested federal government programs, including Old Age Security, Guaranteed Income Supplement and Canada Pension Plan.
- ✓ In most provinces, including Ontario, you will still qualify for existing provincial social assistance programs if you have an RDSP.



### Opening an RDSP

Canadians with qualifying disabilities are eligible to be beneficiaries of an RDSP provided they:

- ✓ Have been approved for the Disability Tax Credit (and Canada Child Tax Benefit if the beneficiary is a child under the age of 19)
  - Download Canada Revenue Agency Form T2201 from [www.cra-arc.gc.ca](http://www.cra-arc.gc.ca), complete Part A and Part B of the form as follows and send it to Canada Revenue Agency for approval.
  - The intended beneficiary of the RDSP (or their authorized representative) completes Part A.
  - Part B of the form is completed by one of the following qualified practitioners: medical doctor - optometrist - occupational therapist - audiologist - physiotherapist - psychologist - speech-language therapist
- ✓ Are a Canadian resident
- ✓ Have a valid Social Insurance Number
- ✓ File an income tax return
- ✓ Are under 60 years of age



## What does it mean to be a holder of an RDSP?

- ✓ The account holder is the person (or people) who opens the RDSP and authorizes contributions. It may also be the beneficiary, provided they are an adult and are able to enter into a contract with the RDSP issuer. Otherwise, the account holder can be the beneficiary's spouse, common-law partner, parent or legal guardian.
- ✓ The holder can be the beneficiary, the legal parent of the beneficiary, or an authorized representative (guardian, public department, agency or institution legally authorized to act on behalf of the beneficiary).
- ✓ Eligibility requirements of the holder(s):
  - Age of majority
  - Valid SIN
  - No requirement to be a resident of Canada (unless the holder is also the beneficiary)
  - Varies according to whether beneficiary is a minor or adult

## What are the government incentives?

### Canada Disability Savings Grant (CDSG)

- ✓ Offers a matching grant based on the amount contributed and family net income
- ✓ Maximum lifetime incentive of \$70,000

FAMILY NET INCOME	CONTRIBUTION	CDSG	ANNUAL MAXIMUM
\$114,750 or less	On the first \$500	300%	\$1,500
	On the first \$1,000	200%	\$2,000
Greater than \$114,750	On the first \$1,000	100%	\$1,000

### Canada Disability Savings Bond (CDSB)

- ✓ Contributions are not required to receive CDSB
- ✓ Government will pay up to \$1,000 per year with a lifetime limit of \$20,000

YEAR	ADJUSTED FAMILY NET INCOME	CDSB MAXIMUM
2025	\$37,487 or less (if the holder is a public institution)	\$1,000
	Greater than \$37,487 but less than or equal to \$57,375	Part of the \$1,000 based on a formula: <b><math>\\$1,000 - [\\$1,000 \times (A-B) / C-B]</math></b> A = Family income B = \$37,487 C = \$57,375
	More than \$57,375 or if no income available from CRA	No CDSB is paid

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