

How to Start and Manage a Registered Disability Savings Plan in British Columbia

“Don’t wait! I used the RDSP Calculator and saw that the sooner you start investing, the more you make in the end. It makes a big difference!”
Josh, Vancouver



The Power to Dream
October 2018 Edition

Contents

Getting Started / 3

- What is an RDSP? / 3
- What is the benefit of an RDSP? / 4
- Who is eligible for an RDSP? / 4
- Is it really worth it? / 5
- Will the RDSP impact my government income benefits? / 5
- Access RDSP / 7

Step 1: Proof of Identification Requirements / 10

- Proof of identity / 10
- Social Insurance Number / 11
- Photo identification / 11

Step 2: Disability Tax Credit / 12

- Are you eligible for the Disability Tax Credit? / 12
- How to apply for the Disability Tax Credit / 13
- What you should know / 14

Step 3: Appeal your Disability Tax Credit (if necessary) / 15

Step 4: File Your Income Tax Returns Annually / 18

Step 5: Choose Your Financial Institution / 20

Step 6: Choose Your Holder / 22

Step 7: Open Your RDSP / 23

Step 8: Invest Your Money / 25

Step 9: Re-Apply for the Disability Tax Credit, As Necessary / 27

Step 10: Learn About Withdrawals/Withdraw Your Money / 28

Getting Started

What is an RDSP?

A Registered Disability Savings Plan (RDSP) is a long-term savings plan for people with disabilities. If you have a disability, you may be eligible to open an RDSP. You may want to have someone help you apply for an RDSP or prefer to have someone apply for it on your behalf. This guide is intended to help you, or someone who supports you, through each step of the process.

Continues on page 4 >

“The RDSP will be a source of financial freedom and provide me with an ability to live a more comfortable life.”
Gemma, Kamloops



What is the benefit of an RDSP?

Even if you don't have any of your own money to contribute, an RDSP is a good idea to help you save for your future.

If you are eligible, the main reason you should open an RDSP is to take advantage of money the federal government will provide on your behalf.

If you are under age 50, you may be able to get up to \$90,000 in grants and bonds over your lifetime.

- **Bonds** (you do not have to deposit money into your RDSP to get these): Individuals with low incomes may get up to \$1,000 per year.
- **Grants** (a contribution must be made to your RDSP to receive these): Low and modest-income individuals may get up to \$3 for every \$1 you deposit. Matching rates are based on your income and how much you deposit, to an annual limit of \$3,500.

Who is eligible for an RDSP?

You are eligible to open an RDSP if you are:

- Qualified for the Disability Tax Credit (see Step 2 on p.12);
- a Canadian resident;
- and
- Under the age of 60.

Continues on page 5 >

“There is a lot of confusion out there. I now know that you don't need to have money to open an RDSP. And if your income is low, the government will put money into your account anyway!” **Paul, Nanaimo**

Is it really worth it?

The rules for RDSPs are complicated, and getting an RDSP may seem like an overwhelming process. However, if you have low or modest income, the benefits of getting an RDSP are well worth the effort.

The chart on the next page shows the power of the RDSP for a family with an annual net income of \$26,000 a year. If they contribute \$900 per year, they will earn \$2,300 in federal RDSP grants and another \$1,000 in bonds every year. Over your lifetime, you could receive \$250,966 from your RDSP, from:

- \$18,000 in contributions
- \$20,000 in federal bonds
- \$46,000 in federal grants, and
- \$166,966 in earned interest (at 3% per year).

Will the RDSP impact my government income benefits?

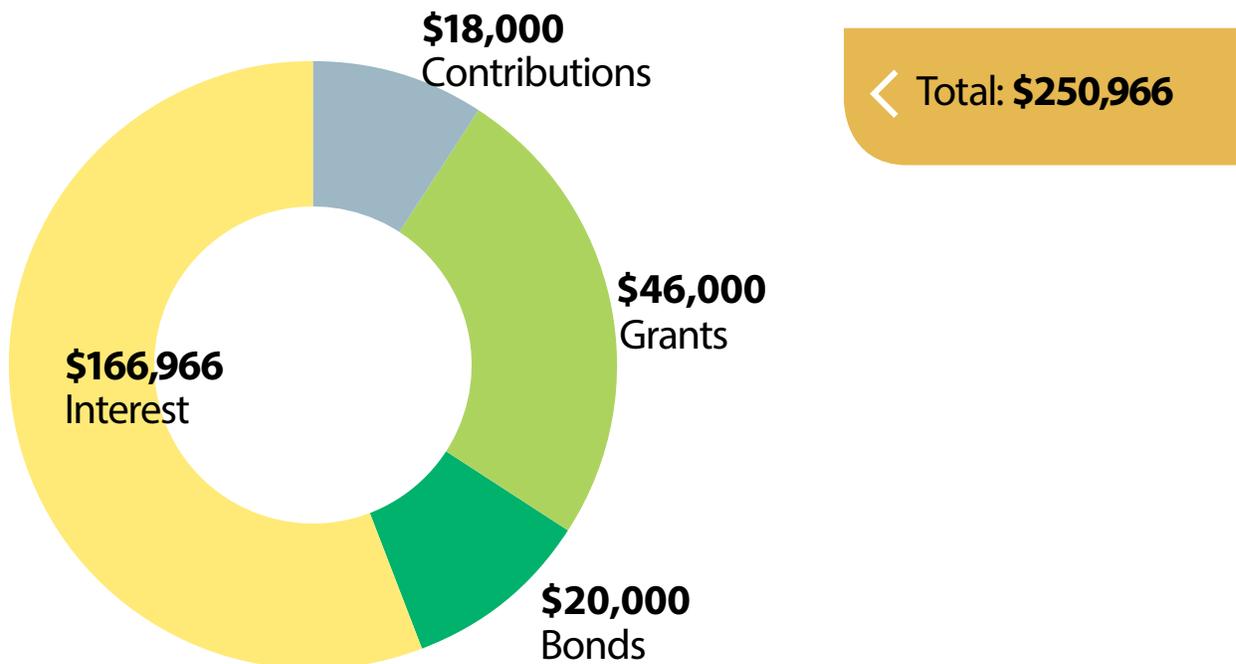
In B.C., the RDSP is exempt as an asset and as income, which means that the RDSP will not impact your income assistance or disability assistance (also known as PWD).

In addition, the RDSP does not affect Federal benefits such as Canada Pension Plan-Disability (CPP-D), Old Age Security payments and the Guaranteed Income Supplement.

Continues on page 6 >



RDSP started at age 30, \$900/yr contributed until age 50 by a family with adjusted income of \$26,000/yr, at 3% interest until the end of disbursements (age 83), by source



Resources:

Step-by-Step Guide to RDSPs (Plan Institute):

<https://tinyurl.com/RDSP-Guide-PLAN>

Federal RDSP Guide (PDF): <https://tinyurl.com/Federal-Guide>

RDSP Quick Guide Checklist (Richmond Centre for Disability):

<https://tinyurl.com/RCD-RDSP-Checklist>

Safe and Secure:

<http://safeandsecureplanning.com/>

RDSP Calculator: www.rdsp.com/calculator

Disability Planning Hotline: 1-844-311-PLAN (1-844-311-7526)

Access RDSP

Access RDSP is a province-wide partnership between Plan Institute, Disability Alliance BC (DABC), and the BC Aboriginal Network on Disability Society (BCANDS), with support and funding from the Vancouver Foundation. The partnership promotes financial security for people with disabilities through the RDSP.

The Access RDSP Program received the Doctors of BC's 2018 Excellence in Health Promotion Award for their work in assisting to increase financial security for persons living with disabilities in British Columbia.

Access RDSP team members provide free supports and services for people who want to start an RDSP including:

- 1. Disability Tax Credit Application**

Support – DABC advocates provide one-on-one support by helping individuals who are eligible for the RDSP to apply for the DTC, a pre-requisite for the RDSP. Call their Advocacy Access line at 604-872-1278 or 1-800-663-1278, or email rdsp@disabilityalliancebc.org.

- 2. Disability Planning Helpline** – One-on-one support provided by expert advisors on key future planning and RDSP information. Call 1-844-311-PLAN to contact the Helpline.



Celebrating Excellence in Health Promotion with the Doctors of BC

Continues on page 8 >

- 3. Free Information Sessions** – Access RDSP offers in-person and tele-seminar learning sessions, providing RDSP and DTC information for families, healthcare professionals, financial professionals, organizations, and other groups. Learning sessions include information about becoming eligible, opening RDSP accounts, and maximizing the benefits from an RDSP.
- 4. Indigenous RDSP Navigation** – BCANDS Navigators provide one-on-one support by helping Indigenous individuals and families who are eligible for the RDSP to apply for the DTC, a pre-requisite for the RDSP. Connect with one of BCANDS’s Indigenous RDSP Navigators at rdsp2@bcands.bc.ca, (250) 381-7303 (Ext: 204), or toll free: 1-888-815-5511 (Ext: 204).
- 5. \$150 Grant for BC Residents** – Plan Institute administers Endowment 150, a \$150 one-time grant aimed at helping individuals and families save for the future by jump-starting their RDSP.

For more information about the Access RDSP program, please visit: www.rdsp.com

Access RDSP |Planning for the Future: A Success Story:

www.youtube.com/watch?v=PDPMDr3nhXU

Access RDSP
Change your tomorrow today



"Are you sure there is supposed to be \$10,000 in my account?!"

Julie is 46-years-old. BCANDS Navigators assisted her through the process of opening both the DTC and the RDSP. They were then able to assist Julie in receiving 10 years of back-dated bonds. As a result, the government contributed \$10,000 to her RDSP.

“I am a person with disability. I went to Disability Alliance BC when I heard about the RDSP to seek help to apply for this. Lillian was my advocate. As she could speak both Chinese and English, having her as my advocate was very beneficial. When Lillian met with me, she was very informative and explained everything to me thoroughly so that I could understand the rules and process of applying for the Disability Tax Credit, and then the RDSP. The process was easy as she had everything ready for me and outlined the step-by-step process. She was also very good at following up and reminding me of the application process. I must say having her there made my application very smooth. The most difficult part in applying for this was that there were lots of rules and information, and it was very confusing. But with the knowledge of my advocate Lillian, it was easy. Even though my RDSP is open, I still have lots of questions and confusion as even the banks don't understand the RDSP, but my advocate knows it. I realize I will greatly benefit from the RDSP as I have the ability to save for my future help with my needs. And even though I saved, I will not be penalized, and I will have help from the grants and bonds. The RDSP will truly help me when I'm older to survive.”

Disability Alliance BC Client

Step 1: Proof of Identification Requirements

To open an RDSP, you will need a Social Insurance Number (SIN) and photo identification. If you currently don't have any identification, you might need to get proof of your identity before you can apply for a SIN and/or photo ID.

Proof of identity

You will need proof of identity (your Birth Certificate or Certificate of Canadian Citizenship) to obtain a Social Insurance Number (SIN) and photo identification.

Resources:

Apply for a B.C. Birth Certificate:

<https://www2.gov.bc.ca/gov/content/life-events/order-certificates-copies>

Birth Certificates from Other Provinces:

<https://www.canadianbirthcertificate.com/>

Citizenship Certificates:

<https://tinyurl.com/citizenship-certificates>

Continues on page 11 >



Social Insurance Number

A Social Insurance Number (SIN) is a number that you need if you want to work or receive other benefits. You will need a SIN to file your tax returns and to apply for the Disability Tax Credit, which is also needed to open an RDSP.

Resources:

Service Canada:

www.servicecanada.gc.ca/eng/sin/apply/how.shtml

Photo identification

Your bank or credit union will require photo identification when you are ready to open your RDSP. If you don't already have a photo ID (like a driver's licence), the BC Services Card has a photo option—and there's no fee.

Resources:

BC Services Card:

<http://www2.gov.bc.ca/gov/content/governments/government-id/bc-services-card>

ICBC:

www.icbc.com/driver-licensing/getting-licensed/Pages/Apply-for-an-enhanced-licence-ID-or-BCID.aspx

“The government doesn't issue 'SIN' cards anymore. Now all you need to do is to visit a Service Canada Office with another piece of valid ID, and they give you your number then and there.” **Theresa, Kelowna**

Step 2: Disability Tax Credit

To open an RDSP, you **must** be approved for the Disability Tax Credit. This is the most important step in opening an RDSP—if your application for the Disability Tax Credit is not approved, you cannot open an RDSP.

Are you eligible for the Disability Tax Credit?

Do you have a mental or physical disability that is expected to last, or has lasted, one year or more? If yes, you *may* be eligible for the Disability Tax Credit. If no, you are not eligible for the Disability Tax Credit.

If you answered yes to the question above, can you answer yes to any one of the following questions?

- Are you blind?
- Do you need extensive therapy or treatment?
- Are you limited in activities that people need to do regularly? For example: speaking, hearing, walking, using the bathroom, eating, getting dressed, remembering, banking, finding your way around, dealing with emergencies.

If you can answer yes to at least one of these questions, you should apply for the Disability Tax Credit. If you answer no to all three questions, you are not eligible for the Disability Tax Credit or the RDSP.

Continues on page 13 >

How to apply for the Disability Tax Credit

1. Complete Part A of Form T2201:
www.cra-arc.gc.ca/E/pbg/tf/t2201/README.html
2. Take the form to your doctor or other medical specialist (see the form for instructions). Nurse practitioners are now certified to complete the DTC form.
3. Get the signed form back from your doctor or other medical specialist
4. Send the signed form to a Canada Revenue Agency Tax Centre. Locations are mentioned on the application form.

“Applying for the Disability Tax Credit (DTC) and starting an RDSP was incredibly simple. My doctor was familiar with the DTC application and it only took him 5 minutes to complete his portion of my application. I mailed it to CRA and it was approved within a month. I called the investment centre at my regular bank and asked for help starting an RDSP. They took me through the process in about 20 minutes.

That’s not even the best part though. I personally contributed less than \$1,500 to the RDSP and within a month it had a 5-digit balance. It grew so quickly because I was being approved for grants and bonds that I was eligible to receive from previous years. I’m so thrilled to know that I have money set aside for my future and that it will continue to grow every year.”

Sam, Vancouver

Continues on page 14 >

What you should know

For additional advice, consult the resources listed below.

Resources:

For information about one-on-one support for the Disability Tax Credit application or Indigenous DTC and RDSP Navigators:

<http://www.rdsp.com/supports-and-services/>

A Guide to Understanding and Claiming the Disability Tax Credit (Ontario Federation for Cerebral Palsy, 2011):

<http://www.ofcp.ca/pdf/DTC-Article-from-OFCP-Mar-2011.pdf>

Disability Tax Credit: A Do-It-Yourself Guide (Ontario Community Advocacy and Legal Centre):

<https://tinyurl.com/Legal-Centre-DTC-Guide>

5 Myths about the Disability Tax Credit (PLAN, 2012):

<http://plan.ca/blog/5-myths-about-the-disability-tax-credit/>

Step 3: Appeal your Disability Tax Credit (if necessary)

If you are not approved for the Disability Tax Credit, you will get a letter explaining why you were turned down. At this point, you should probably get some professional advice, like a professional tax accountant who specializes in disability tax credits, or an advocate. A professional can help you decide how to proceed.

If you are turned down for the Disability Tax Credit, there are two things you can do:

- If there is any information about your disability that you did not include with your application, you can send additional information to your tax services office; and
- You can ask for the decision to be reviewed by the Canada Revenue Agency.

Continues on page 16 >

“We were able to assist a single woman named Leah in applying for an RDSP for her son Scott, who has Cerebral Palsy and Autism. Lisa told us it gave her ‘peace of mind’ knowing that Scott would have savings for the future.”

People in Motion, Kamloops

Resources:

Vancity has partnered with Ability Tax and Trust advisors to offer the Equal Futures RDSP. It provides an easy, efficient, and FREE service to eligible individuals to learn about, qualify for, and open a Vancity RDSP:
<http://www.equalfutures.ca/>

PLAN offers a tutorial on how to apply for the Disability Tax Credit:
www.rdsp.com/tutorial/how-do-you-apply-for-the-disability-tax-credit/

BCANDS offers assistance in applying for both the DTC and RDSP. Connect with one of BCANDS's Indigenous RDSP Navigators:
rdsp2@bcands.bc.ca,
(250) 381-7303 (Ext: 204), or toll free: 1-888-815-5511 (Ext: 204)

You have the right to ask for a decision to be reviewed under the Income Tax Act:
www.cra-arc.gc.ca/E/pub/tg/p148/p148-14e.pdf

Continues on page 17 >



DTC Tips

- Even if you receive B.C. Disability Assistance (also known as PWD), you need the Disability Tax Credit (DTC) to qualify for the RDSP.
- When you see your doctor or other practitioner, tell him or her as much as you can about how your disability affects your day-to-day life. Keeping a journal of how your condition is affecting the basic activities of daily living can help.
- Tell your doctor or other practitioner how important the DTC is for your future. If they know more about it, they may take extra care in filling out your form.
- If you can, attend the appointment with a friend or relative.
- You want to be the person to send the DTC form in. If you don't agree with what the doctor or practitioner has written, or feel they have missed information, you can then choose to take it to another practitioner, or get help from a professional.
- Make a photocopy of the completed form.
- If you are an advocacy organization, give your client a template letter addressed to the doctor or other practitioner explaining why your client is applying for a Disability Tax Credit.

Step 4: File Your Income Tax Returns Annually

The amount of grants and bonds you may get from the federal government depends on your income. To get the maximum grants and bonds, you must file your tax return annually. If you have a low income, there are community supports available to help you file your tax returns.

“My child has a disability and I have been contributing his benefits to his RDSP. The RDSP is sitting in an account now, but I expect the savings will assist with future costs as he gets older and his needs get somewhat more complex.” **Liz, Vancouver**



It is important to note

If you are approved for the Disability Tax Credit, it can usually be made retroactive. You may qualify for RDSP grants and bonds for previous years. You, your spouse or your parents may be eligible for tax refunds.

Continues on page 19 >

Resources:

Community Volunteer Income Tax Program:

www.cra-arc.gc.ca/volunteer/

Tax AID DABC:

<https://taxaiddabc.org/>

BCANDS Income Tax Program:

BCANDS provides assistance in filing income tax for Indigenous persons and families applying for the RDSP. Connect with one of BCANDS's Indigenous RDSP Navigators at rdsp2@bcands.bc.ca, (250) 381-7303 (Ext: 204), or toll free: 1-888-815-5511 (Ext: 204) for more information.

"I didn't think I had to file income taxes because I didn't owe any taxes, so I kept putting it off. When I did file, I got three years worth of tax credits, and the government contributed \$1000 to my RDSP." **Rob, Saanich**



Step 5: Choose Your Financial Institution

Some financial institutions offer the RDSP, others do not. Check the list of participating banks or credit unions on the Employment and Social Development Canada (ESDC) website (link below) and see if the one you use is listed.

Note that some banks or credit unions have different rules about taking money out of your RDSP. All bank or credit unions allow regular withdrawals that begin when you're older, but only some allow one-time withdrawals, such as to buy a car or a house. See step 10 for more information about withdrawals.

Planned Lifetime Advocacy Network (PLAN) has listed additional things to think about when you choose a bank or credit union. See the link to their guide below. Also, on their websites some banks or credit unions offer advice and information on RDSPs; see the links provided below.

The following financial organizations offer the RDSP, the Grant and the Bond. If you do not see your financial institution on this list, contact them. They may still be able to open an RDSP for you.

Resources:

PLAN Guide (see p.11 for tips on choosing a bank or credit union):

<https://tinyurl.com/RDSP-Guide-PLAN>

Step-by-Step Guide to RDSPs:

www.esdc.gc.ca/eng/disability/savings/rdsp.shtml#financial

Continues on page 21 >

In B.C., the following banks and credit unions support the RDSP:

ATB Securities Ltd.
Bank of Montreal
Bank of Nova Scotia
Central 1 Credit Union
Central 1 Trust Co.
Community Trust Company CIBC
Desjardins
Fonds d'investissements FMOQ Inc.
Global Growth Assets Inc.
Investors Group Trust Co. Ltd.
Mackenzie Financial Corporation
Natcan Trust Co.
RBC Royal Bank
TD Waterhouse Canada Inc.
Vancity Credit Union



"I will be setting up an RDSP for my brother,
to save for his future. Because my brother
cannot make financial decisions, I will be
the holder of the RDSP and manage the
account for him."

Shannon, Vernon

Step 6: Choose Your Holder

The holder of your RDSP is the person who makes decisions about investments and withdrawals. In most cases, you will be the holder of your RDSP.

If you need assistance managing your RDSP, your bank or credit union may require another person to be the holder of your RDSP. (The holder will only manage the RDSP - you will still receive the money in the account.)

You may be able to choose a person to be the holder of the RDSP (“qualifying family member”) under a temporary federal measure that has been extended until 2023 or you may use a Representation Agreement, or other personal planning tool.

Resources:

Qualifying Family Member (expires Dec 2023):

www.cra-arc.gc.ca/tx/ndvdl/tpcs/rdsp-reei/pln-eng.html

Nidus: Helping a Family Member or Friend with a Disability (Representation Agreements):

www.nidus.ca/?page_id=4490

It’s Your Choice: Personal Planning Tools (BC Public Guardian and Trustee):

<https://tinyurl.com/PGT-PlanningTool>

Step 7:

Open Your RDSP

Now that you have qualified for the Disability Tax Credit, you are ready to open your RDSP! The next step is to schedule an appointment with your bank or credit union. When you go to your appointment, be sure to bring your Social Insurance Number and your photo ID.

You can also receive direct assistance with all aspects of opening an RDSP, including education sessions, one-on-one support and system navigation in your community (see *RDSP in your community* below).

Resources:

See participating bank or credit unions in Step 5.

RDSP in your community:

www.rdsp.com/supports-and-services/

**For information regarding the RDSP, phone the PLAN Institute
disability planning hotline: 1 844 311-PLAN (1 844 311-7526)**

See the Disability Alliance BC guide, *The RDSP and People Receiving Social Assistance*:

<https://tinyurl.com/DABC-RDSP-Guide>

“I was in a car accident and lost a majority of my sight. I am considered legally blind which means my vision acuity is 20/200 or less. A person with perfect vision would have 20/20 vision. When I learned that I don’t have to be completely blind to qualify for the Disability Tax Credit (DTC) with the Canada Revenue Agency, I completed the DTC application form and took the form to my doctor’s (eye specialist) appointment that completed the doctor’s section. Once I sent in the completed DTC form, I was approved. In addition to receiving tax credits from the DTC, I was eligible to open an RDSP account and benefit from the RDSP grants provided by the federal government. I opened an RDSP account with my bank and it was pretty easy because there was an RDSP specialist at the bank who knows about the RDSP program. I have been contributing \$1,500 a year to my RDSP account since 2008. In nine years, I contributed a total of \$13,500 of my own money. What’s amazing is that the federal government contributed an additional \$31,500 of RDSP grants to my RDSP account over the nine years. Now my RDSP account has over \$45,000 (including interest earned). What was also great was that I did not find out about the RDSP program until 2009 and the federal government let me retroactively contribute for the 2008 year (when the RDSP program started) and receive the grant for that year.”

Disability Alliance BC Client

Step 8: Invest Your Money

Now that you've opened your RDSP, you're ready to start contributing and taking advantage of grants and bonds. You may wish to:

1. Learn about grants and bonds from the federal government. These are based on your "family income." If you are a single adult, this means your income. If you are married or in a common-law relationship, "family income" means the combined income of you and your spouse or common-law partner.
 - Bonds: A full bond (\$1,000 per year) is available if your family income is \$30,450 or less. A partial bond is available if your family income is between \$30,450 and \$46,605.
 - Grants: If your family income is \$93,208 or less, you may get matching grants of 300% and 200% (depending on the amount you deposit into your RDSP). If your family income is more than \$93,208, then a matching grant of 100% (on first \$1,000 per year) is available.

"Talk to a professional!"
Gerri, Williams Lake

2. Think about where you might get money from to invest in your RDSP (such as from your disability payment, gifts from friends, family, etc.). Figure out how much you can contribute each month. You may be able to get \$150 from the Endowment 150 Fund (see below).
3. Learn about ways you can save your money in the RDSP. An advisor at your bank or credit union can help you choose the type of investment that is right for you.

Resources:

RDSP Calculator:

www.rdsp.com/calculator/

Endowment 150:

www.rdsp.com/endowment-150/

Employment and Skills Development Canada:

www.esdc.gc.ca/eng/disability/savings/index.shtml

“My brother just received an inheritance from our mom. I am so glad that he will be able to open an RDSP and have a little bit of extra money to spend when he is older.”

Mei, Parksville

Step 9: Re-Apply for the Disability Tax Credit, As Necessary

Even after you have applied for the Disability Tax Credit and your request forms are approved, you may have to do it again after some time. Your approval letter will tell you when you need to re-apply. This may be only one year later, or it might be longer, such as in 10 to 15 years. To re-apply, you just follow the same actions outlined in Step 2 (and Step 3 if you need to).

Resources:

See Disability Tax Credit in Step 2.

“...I’m 24 and just found out about the RDSP from my social worker. I hope to qualify for the DTC soon and start making retroactive contributions. This is a fantastic opportunity for me to save for my future!”

Emily, Surrey

Step 10: Learn About Withdrawals/Withdraw Your Money

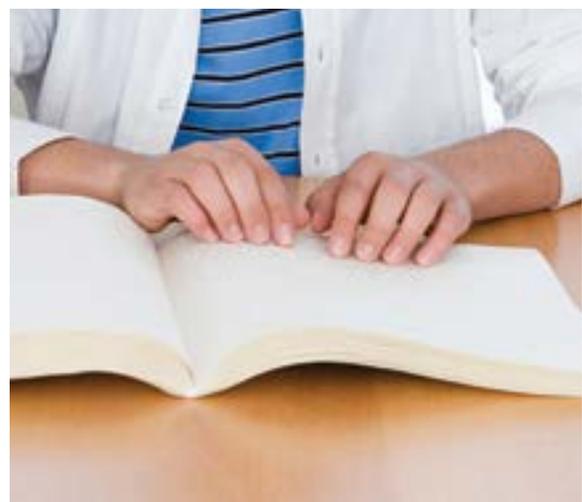
There are rules about when and how much you can withdraw from your RDSP.

For example, if the government has contributed more money to your RDSP than you have, your RDSP is considered a “primarily government-assisted plan” and you are limited in how much money can be withdrawn in a year. If you have contributed more money than the government however, there are no annual maximum restrictions.

10-year Rule

But remember, there is also a 10-year rule. Whenever money is withdrawn from an RDSP, all or part of the grants and the bonds that have been in the RDSP for fewer than 10 years must be repaid to the Government. You must repay \$3 for every \$1 that is taken out, up to the total amount of grants and bonds paid into the RDSP in the last 10 years.

Continues on page 29 >



In other words – the RDSP is a (very) long-term savings plan.
For example:

- Paul is 20 and has just opened an RDSP.
- He wants to access the full grant and bond contributions without returning any funds to government.
- Paul must wait 30 years from the time of making his first deposit before accessing his (or the government's) contributions: 20 years contributing to the fund, then 10 years waiting for the holdback amount to diminish to 0.
- Paul will be 50 years of age when he can access his RDSP savings without any penalty.

However, if an RDSP holder has a shortened life expectancy (a life expectancy of five years or less), there is some flexibility when making withdrawals from their RDSPs.

Beneficiaries with a life expectancy of five years or less will be able to withdraw up to \$10,000 per year in taxable savings, subject to certain conditions. This amount includes grants, bonds and earnings. In addition, beneficiaries can withdraw a pro-rated amount of their plan contributions.

Repayment of any remaining grants and bonds paid into the plan within the preceding 10 years is not required until the death of the beneficiary.

Continues on page 30 >

To take advantage of this measure, the plan holder(s) must submit a request to the financial organization, along with a medical attestation. The financial organization will then notify Employment and Social Development Canada of the change to the plan.

Why is there a 10-year rule?

It's important for us to understand why this rule exists in the first place. There are two main reasons:

1. **To prevent tax “slippage”:** a person could use the same money to get government contributions year after year. For example, Paul contributes \$1,500 in 2008 and receives a matching \$3,500 from the federal government. In 2009, he withdraws \$1,500 from the RDSP and then re-deposits it. Paul gets another \$3,500 from the federal government. In other words, he would receive \$7,000 from the federal government for his \$1,500 contribution. That would defeat the purpose of encouraging personal saving.
2. **To make the RDSP a long-term savings plan:** The RDSP was not intended to act like a bank account, where a person could make contributions and withdrawals as needed. Nor was it intended to act like an income program, where federal contributions are considered an income supplement each year.

Before you begin withdrawing from your RDSP, check with your RDSP provider about:

- Types of withdrawals;
- Maximum withdrawal limits; and
- The 10-year repayment rule for grants and bonds.

Note that when you withdraw from your RDSP, a portion of your withdrawal is taxable. You may want to consult a professional who can provide tax advice.

Finally, you may want to research how RDSP withdrawals affect your ability to get other government-provided benefits. In B.C., RDSP withdrawals do not affect your ability to get provincial disability assistance benefits (called PWD benefits).

Note that RDSP withdrawals are also excluded for the purpose of calculating Old Age Security (OAS) and the Guaranteed Income Supplement (GIS).

Resources:

RDSP Calculator

www.rdsp.com/calculator/

Employment and Skills Development Canada

www.esdc.gc.ca/eng/disability/savings/index.shtml

The RDSP and People Receiving Social Assistance (Disability Alliance BC):

<https://tinyurl.com/DABC-RDSP-Guide>

“I have been diagnosed with arthritis and degenerative disc disease. The easiest part about applying for the RDSP was knowing which financial institution to open the RDSP with. The most difficult part was applying for the Disability Tax Credit. Thankfully, Disability Alliance BC (DABC) helped me through the application process.

Because of the DABC’s knowledge of the RDSP, their experience with it, their attention to the detail in filling out the application, and their time and thoroughness, they made the whole process seamless.

The RDSP allows me financial security in trying to protect my future, save for retirement, with the bonus of the bonds and matching contributions. The RDSP will be a source of financial freedom and provide me with the ability to live a more comfort-able life.” **Disability Alliance BC Client**

