

Respite... YOU deserve it!

Registered Disability Savings Plan (RDSP)

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The Registered Disability Savings Plan (RDSP) is a savings plan that can help parents and others save for the long-term financial needs and well-being of a person with a disability.

What is an RDSP?

The RDSP works like a Registered Education Savings Plan (RESP) and lets you save funds in the plan, tax-free until they are withdrawn. Like the RESP, there is no tax deduction for deposits that you make into the RDSP. Contributions to an RDSP can be made by anyone until the end of the year that the beneficiary (the person with a disability) turns 59. There is no maximum yearly contribution limit but the life-time limit is \$200,000.

Who can have an RDSP?

Any person with a disability who is eligible for the Disability Tax Credit can set up an RDSP. If the person with a disability is under the age of 18, a parent or guardian can set up the RDSP.

Contributions to an RDSP

Anyone can contribute to an RDSP, the person with the disability who will benefit from the plan, as well as their parents, family and friends. The Government of Canada can also contribute to the RDSP. This is done through the Canada Disability Savings Grant and the Canada Disability Savings Bond.

What is the Canada Disability Savings Grant?

The Canada Disability Savings Grant is a way for the federal government to help families of a person with a disability save for the future. Grants are larger for families with lower or middle incomes. The table below shows the amount of Grant families can receive depending on their income.

Net Income	Grant
Less than \$75,769	\$3 for every \$1 contributed on the first \$500 and \$2 for every \$1 contributed on the next \$1,000
Over \$75,769	\$1 for every \$1 contributed up to \$1,000

Families can receive the grant up to a maximum of \$70,000 over a lifetime or until the year the person turns 50.

What is the Canada Disability Savings Bond?

Families with net incomes of less than \$21,287 can apply to receive the Canada Disability Savings Bond where the federal government will contribute \$1,000 per year to a person's RDSP even if the family is not able to make any contribution. Families can receive the Bond up to \$20,000 over a lifetime or until the year the person turns 50.

Payments from the RDSP

The person with the disability (the beneficiary) can receive payments from the RDSP as soon as it is set up. There aren't any restrictions on when the funds can be withdrawn or what they will be used for, but any Grant or Bond received within the last ten years must be repaid. The portion of the RDSP that was contributed by the family is not taxable but the Grant, Bond and any interest earned (income) are all taxable.

Will RDSP Savings Effect Nova Scotia Programs for Disability Benefits?

As of February 11, 2009, Nova Scotia has agreed that RDSPs will not be considered an asset or income and therefore will not effect a person's eligibility for receiving disability benefits. Withdrawals from an RDSP will also not effect a person's income assistance payments.

To set up an RDSP:

Currently, Bank of Montreal and Royal Bank of Canada are the only two financial institutions in Nova Scotia that offer the RDSP. You can contact either one of these banks to set up an RDSP. **Keep in mind that RDSPs are complex and have restrictions, so it would be a good idea to seek advice from a financial advisor to ensure it's the right option for you.**

Important Deadline: March 2, 2009 is the deadline for RDSP contributions for the 2008 tax year and for applying for a Canada Disability Savings Grant or Bond for the 2008 tax year.

For more information about the RDSP, see:

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

The topic of next week's Family Caregiver Weekly is: Surviving March Break 101

This article can also be found at: www.caregiversns.org

Previous issues of the Family Caregiver Weekly can be found at:
<http://www.caregiversns.org/RespitePartnership.php>

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See you next week!

The Nova Scotia Partnership on Respite, Family Health, and Well-Being is made up of:

Autism Society of Nova Scotia; Caregivers Nova Scotia Association; Central Region Respite Society; Halifax Association for Community Living; IWK Health Centre – Autism Research Centre; IWK Health Centre – Children’s Health Program; IWK Health Centre – Social Work; Northern Region Respite Services; Nova Scotia Advisory Council on the Status of Women; Nova Scotia Association for Community Living; Nova Scotia Department of Community Services (Services for Persons with Disabilities); Nova Scotia Disabled Persons Commission; Progress Centre for Early Intervention; Society for the Treatment of Autism; Spina Bifida Association; and Yarmouth Association for Community Residential Options (YACRO).

The information contained in this Family Caregiver Weekly article is not intended to be formal legal or financial advice. It has been gathered from a variety of sources and is provided as an introduction to the topic. It is not complete and should not be used in the place of professional advice or consultation.

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