

# The Registered Disability Savings Plan

SASKATCHEWAN EDITION

## INVESTING FOR THE FUTURE: Our Family's Experience

We have recently opened up an RDSP for Josef to help him realize his dreams for the future. The money that we put into his RDSP allows Josef to get additional money from the Federal government in the form of both a grant and a bond. Together all of these contributions are growing in value through the investments that we have chosen for Josef's RDSP. It has been exciting to see the change in value of Josef's investments over the past two years.

Through the process of opening up Josef's RDSP, we began to think about all of our futures in more detail. We came up with some questions that we had to answer. Questions like: What will happen to Josef's RDSP when I am gone? This led me to update my will and to do it right this time. How can Josef access money while he waits for his RDSP to mature? I learned about and created a discretionary trust for Josef. Who can help Josef manage his financial affairs? For now, I will continue to help Josef and will continue as a support to Josef in his decision making.

Ultimately, Josef will benefit from having money available to him that will help him maintain his current lifestyle, after I pass away and well into his senior years. In addition to getting SK Income Support Benefits, he will get financial contributions from his discretionary trust, and later, his old age security and his RDSP.

I am not so worried about Josef's financial security any more. I know that when I am not around, he will continue to get money to support the lifestyle that he has become accustomed to.



What Josef can do with his RDSP  
[Live in a home he chooses](#)  
[Keep his home warm and secure](#)  
[Take summer holidays at the lake](#)  
[Volunteer in the community](#)  
[Care for a pet](#)

This brings  
peace of mind  
to both of us.

## What is a Registered Disability Savings Plan?

The RDSP will help you or your family member save money for the future. If you put a bit of money into an RDSP each year, it will grow into a lot of money.

The federal government will also put money (a grant) into your RDSP. Sometimes you can get money (a bond) from the Federal Government for your RDSP even if you don't put money in!

Your SK Income Support Benefits will not be reduced. The money in an RDSP can grow to whatever amount and you can still receive your SK Income Support Benefits. You can also use the money in the RDSP for anything you want.

Contributions into an RDSP and discretionary trust by you, your family members and other third parties are exempt up to \$200,000.

## What is the Canada Disability Savings Bond?

The Canada Disability Savings Bond is money that the federal government will put into an RDSP. If your or your family's net income is less than \$24,183\* per year then the federal government will put in \$1,000 per year. If family net income is between \$24,183\* and \$41,544 they will put in some but less than \$1,000.

**You don't even have to put anything into the RDSP to get the Bond!**

The maximum amount of Bond the federal government will put into an RDSP is \$20,000 over a lifetime.

\*Income amounts shown are for 2010, amounts are updated each year based on the rate of inflation.

## What is the Canada Disability Savings Grant?

The Canada Disability Savings Grant is money that the federal government will put into an RDSP when you, your family or friends put money in. In some cases the federal government will match \$3 for every \$1 saved in an RDSP account.

Usually, the most that the federal government will put into an RDSP in a year is \$3,500, up to \$70,000 over a lifetime. Like the Bond, the amount the federal government puts in depends on your or your family's net income. To get either the Bond or the Grant the beneficiary (who the RDSP account is for) has to be 49 or younger.

## QUICK FACTS

### Key Terms

**Registered Disability Savings Plan (RDSP)** = a long term savings plan to help plan for the future.

**Account holder** = the person who manages the RDSP and make decisions on how to invest the money.

**Beneficiary** = a person with a disability who will benefit from the money saved in an RDSP. The account holder and

beneficiary may or may not be the same person, depending on the situation.

**Bond** = money the federal government puts into an RDSP if you or your family has a low income.

**Grant** = money the federal government puts into an RDSP to match any money saved by you or anyone else who contributes to the plan.

### Registered Disability Savings Plan

- Is a long term savings plan, for the future.
- Anyone under the age of 60 can open an RDSP, anyone 49 years of age or under can receive grants or bonds
- You can put up to \$200,000 in an RDSP and discretionary trust, combined.
- Anyone can contribute to the RDSP. You, your family, friends, neighbours, or anyone else.
- The federal government will put in up to \$90,000.
- You need to get your Disability Tax Credit in order to open an RDSP account.
- You can open a plan at most major financial institutions in Canada—check [www.rdsp.com](http://www.rdsp.com) for the full list.
- You do not need to visit a lawyer or accountant to set up a plan.

### Where to get more information about the RDSP

- Visit [www.rdsp.com](http://www.rdsp.com) or [www.disabilitysavings.gc.ca](http://www.disabilitysavings.gc.ca) for up-to-date information
- For Questions—Call 1 800 O-Canada (1-800-622-6232)
- For Questions by TTY—Call 1-800-926-9105
- Take a free Telephone Seminar on the RDSP by calling PLAN at 604-439-9566 [www.plan.ca](http://www.plan.ca)

### Community Partners



## How does the RDSP work?



Kathy and Rob set up an RDSP for their daughter.

The Bromley's have two children, Michael and Shannon. Shannon is 15 and has a severe disability called Angelmann's Syndrome. Shannon loves playing baseball, skiing, and swimming with dolphins.

Kathy and Rob are in good health, but they are worried about what will happen to Shannon when they pass away. An RDSP would be one way of preparing for the future and could really help Shannon to plan for a good life. Saving on their own has been difficult.

From age 45 to death, the RDSP  
will make monthly payments to Shannon

With the RDSP they can set aside small amounts of money and the federal government would contribute alongside their savings. With the income it could earn when they invest, it could grow into a large amount of money.

Shannon could use it to pay for a home when she's older, to cover additional supports, or just use it for things that she might not be able to afford otherwise.

Rob and Kathy went to [www.rdsp.com](http://www.rdsp.com) and looked at the RDSP calculator. They used the calculator to figure out how much the plan would grow if they put \$200 a month into an RDSP for Shannon.

Here's how it works:

Please note the example to the right is an illustration only, individual plans will vary.

### FROM AGE 15 TO 34

Kathy and Rob open an RDSP for Shannon at their local bank and deposit \$2,000.

They put \$200 per month in the RDSP for 20 years. (that's a total of \$48,000)

The federal government puts in \$79,500.

### FROM AGE 35 TO 45

Shannon waits ten years to withdraw money because she doesn't want to return any Grant or Bond to the federal government.

### AT AGE 45

Shannon's RDSP is worth more than \$377,237.

### FROM AGE 45 TO DEATH

The RDSP will make monthly payments to Shannon

AGE 45 \$850/MONTH

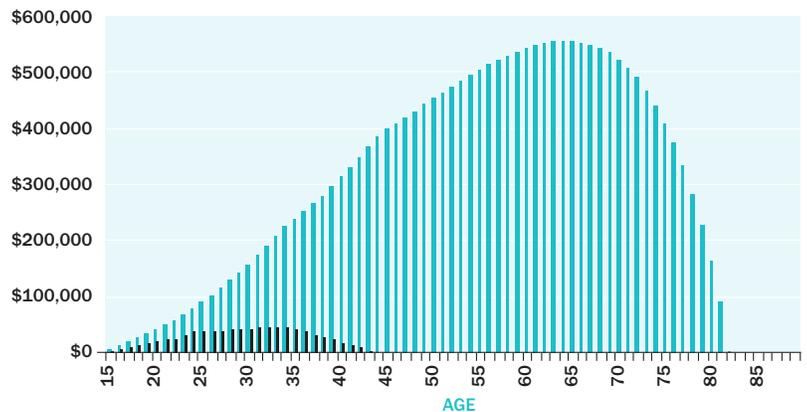
AGE 55 \$1500/MONTH

AGE 65 \$2500/MONTH

AGE 75 \$4200/MONTH

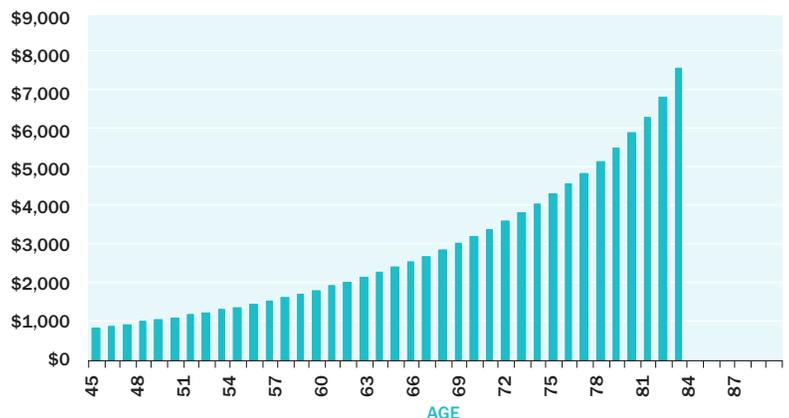
At Shannon's death, whatever is left in her RDSP will be part of her estate and distributed through her Will.

### MONEY IN SHANNON'S RDSP



This graph shows how Shannon's RDSP could grow. You can see that it starts at zero at age 15 (on the bottom) and grows to more than \$500,000 when she is 65. Remember that this is a prediction and that it could grow faster or slower depending how well her investments do. We have estimated Shannon's return on her investments of 5.5%.

### MONTHLY PAYMENTS FROM SHANNON'S RDSP



This graph shows how much Shannon would receive each year from her RDSP. At age 45, she would get \$10,000. At age 60, she would get about \$22,000 per year. The payments in this scenario are determined by a set formula. The payments could be different if Shannon and her family put in more than the federal government or if she purchases an annuity.

Shannon can keep her RDSP payments and also her SK Income Support Benefits.

# Questions and Answers

1

## WHO QUALIFIES FOR THE RDSP?

People who are Canadian residents.

People who get the Disability Tax Credit.

People who are 59 and younger can open an RDSP.

People who are 49 and younger can get the grant and bond.

People between 50 – 59 years old, may use an RDSP to put an inheritance or other money in addition to disability benefits.

People also need to have a social insurance number.

2

## WHAT IS THE DISABILITY TAX CREDIT?

The Disability Tax Credit (DTC) is money saved on your income taxes if you are qualified as having significant restrictions due to a disability. People who are caring for someone with a disability can also claim the DTC.

You or your family member must apply for the Disability Tax Credit to be able to claim it or to be able to open an RDSP.

3

## HOW DO WE APPLY FOR THE DISABILITY TAX CREDIT?

To apply for the Disability Tax Credit you need to get your doctor or other qualified health professional to fill out a special form and then you can send it to Canada Revenue Agency (CRA).

The form that needs to be filled out is called Form T-2201. After looking at the form, they will let you know whether you have been approved. If you have questions or want to get the form, call the CRA at 1-800-959-2221.

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## WILL I OR MY FAMILY MEMBER LOSE SK BENEFITS?

No. A person can have as much as they want in an RDSP and can also receive and use the money from the RDSP without affecting their SK Income Support Benefits.

## SK Income Support Benefits & the RDSP

### What are SK Income Support Benefits?

In Saskatchewan, if you have a low income or no income, you may be eligible for income support benefits. Income support is provided by the Saskatchewan Assistance Program (SAP) or the Saskatchewan Assured Income for Disability (SAID) to assist with food, shelter and clothing and disability related items.

### SK Income Limits

When you receive income support benefits, you must report any money you receive to your Income Assistance Worker or Assured Income Specialist. Some or all of it may be deducted from your income support benefits.

### SK Asset Limits

Assets are things worth money like cash, your home, trust funds or investments. You can have some assets and still receive income support benefits.

### How do I get SK Income Support Benefits?

For information on how to apply contact the Saskatchewan Social Services at 798-0660 or toll free at 1-866-221-5200.

## What if I set up an RDSP? Can I still get Income Support Benefits?

Yes, if you set up an RDSP, you can still receive all your income supports as long as you stay within the lifetime contribution limit of \$200,000. Even if your RDSP grows to be a large amount of money and you take the money out, you will not lose your income support benefits from the province.



# Things you must do to set up an RDSP!

- Get your social insurance number
- Apply for the Disability Tax Credit
- File your income tax returns (for the past two years)
- Choose your financial institution
- Choose your holder
- Open your account

Once open, you will need to invest and manage your money!



The Step-by-Step guide will assist you, friends or family to become eligible, open and manage your RDSP. Download your copy at [www.rdsp.com](http://www.rdsp.com) or [www.getsmarteraboutmoney.ca](http://www.getsmarteraboutmoney.ca)

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- Be informed about services in the disability sector
- Be secure with your financial planning choices
- Be prepared with the legal tools, both for now and the future
- Be inspired about the variety of options for housing

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