



RDSP Step-by-Step Guide

To Becoming Eligible, Opening and Managing Your RDSP



Updated October, 2021

Congratulations!

You have decided to open a Registered Disability Savings Plan (RDSP). This guide is to help you complete each of the steps needed to:

1. become eligible for an RDSP
2. open an RDSP
3. manage your money

This guide is for two groups of people:

- Individuals with disabilities who are opening an RDSP for themselves, and;
- Relatives or friends who are opening an RDSP for their relative or friend with a disability. Callout boxes of information labelled 'family and friends' provide additional information on legal representation and ways to support someone with a disability.



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The RDSP is a savings tool that assists people with disabilities to save money for their future.

Once an RDSP is opened, for every \$1 of personal contributions you add, this could be matched by the federal government up to \$3, depending on your income level. For example, if \$1500 is deposited in an RDSP, the government could match with up to \$3500! If you are living on low-income the government will also put an additional \$1000 into the account each year for up to 20 years. This is automatic and you don't have to deposit any money into the RDSP to receive this money. By helping yourself, your family member, or friend to open and manage their RDSP, you are helping them plan for a brighter financial future.

For more information on the RDSP, check out www.rdsp.com, call 1-844-311-7526 or sign up for one of Plan Institute's seminars on the RDSP at www.planinstitute.ca/registered-disability-savings-plan

There are 10 Steps in this guide

As you complete each step, check the tick box and move to the next step. Some steps you may have already done—that's great—just tick them off and move on.

- ☐ STEP 1: Get Your Social Insurance Number
- ☐ STEP 2: Get the Disability Tax Credit
- ☐ STEP 3: File Your Income Tax Returns
- ☐ STEP 4: Choose Your Financial Institution
- ☐ STEP 5: Choose Your Holder
- ☐ STEP 6: Open Your RDSP (all the things to take with you)
- ☐ STEP 7: Invest Your Money
- ☐ STEP 8: Update Your Will
- ☐ STEP 9: Protect Yourself
- ☐ STEP 10: The Road Ahead

STEP 1

SOCIAL INSURANCE NUMBER

Definition: The Social Insurance Number (SIN) is a number that you need if you want to work or receive other benefits. You need a permanent or temporary SIN to open an RDSP.

If you forget your SIN or lose your SIN card, you can find the number on your income tax return or contact a nearby Service Canada office to get your number or replace your SIN card.

How do you get one?

Every resident of Canada can get a SIN. If you are over the age of 12, you can apply for one yourself. Parents and legal guardians can apply on behalf of anyone under the age of majority (either 18 or 19 years old). A legal guardian or representative can apply on behalf of an adult (see box on next page).



It is easy to get your SIN, and it is free. You can apply online, in-person or by mail.

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To apply, you will need your birth certificate, Certificate of Canadian citizenship, Certificate of Indian Status or permanent residence card. If you are not a permanent resident of Canada, you can still apply, but will need your work or study permit. These are called primary documents.

Depending on how you apply and your age, you may need to submit other documents to support your application, known as 'secondary documents'. Typically this could be a document issued by a government (federal or provincial) and shows your legal name (surname and given name) as well as your date of birth. An example would be your passport or driving licence.

We recommend visiting www.canada.ca/en/employment-social-development/services/sin/before-applying to understand what

you need for your SIN and how to complete your application. You can also give us a call on our helpline and we will guide you through the process. Call us free on: 1-844-311-7526

Some other things to remember:

To apply in person, bring your documents to any Service Canada office. There are over 500 across the country! Find the closest one to you here: www.servicecanada.gc.ca/offices. If everything is in order, you will get your SIN during your visit on a piece of paper. Somebody can go with you to help, if you want!

Not everyone is allowed to apply via mail. It is best to call 1-506-548-7961 to see if you are eligible to apply by mail. You will need to send a completed SIN application form and your documentation. If you are unable to print the application form, you can order the form by phone.

If you are applying online, you will only need digital copies of your documents, but these must be clear and legible.



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You can go with someone to a Service Canada office to help them get their SIN. Legal representatives can also apply on behalf of a child or an adult.

If you are applying on behalf of an adult, bring the following to any Service Canada office:

- The original primary documents of the person for whom you are applying (see previous page)
- Your own SIN or other original primary document
- Original document or certified copy of legal guardianship or representation

Individuals with other limitations preventing them from visiting a Service Canada office and who also cannot use the assistance of another individual to submit an application on their behalf may be eligible to apply by mail. Individuals must first contact 1-506-548-7961 to determine if they are eligible to apply by mail.

STEP 2

DISABILITY TAX CREDIT

Definition: Tax Credits are credits the government gives you. You claim them when you file your income taxes. When you have a credit, it reduces the amount of tax you have to pay.

The Disability Tax Credit (DTC) reduces your taxes in recognition of your disability. You get the credit when you file your taxes. People with severe and prolonged disabilities qualify. The DTC is non-refundable—this means you will pay less tax but you do not get any money back. You must apply for the DTC before you can claim it on your taxes.



You need the Disability Tax Credit in order to open an RDSP account

The Disability Tax Credit is the doorway to the RDSP. There are also other benefits to having the DTC including:

- The DTC offers a reduction in taxes that you or an eligible caregiver pay.
- If you are eligible for the DTC for previous years (up to 10 previous years) then you can apply the credit to you or your caregiver's past tax returns and get money back.
- The DTC allows you to apply for the Canada Workers Benefit which offers tax relief for lower-income workers.
- The DTC also allows legal guardians of a child with a disability to claim the Child Disability Benefit which is a tax-free monthly payment.

Applying for the DTC may take a few months and a few attempts for you to be approved. Start now and get the ball rolling! Some people with disabilities receive the DTC easily—other people have a harder time. We will go over the process, but, depending on your disability, you may want to get help from a professional.

Are you eligible for the DTC?

To determine if you are eligible, you need to answer 'yes' to each of these questions:

- Do you have a mental or physical disability that is expected to last, or has lasted, 1 year or more? ☐ Yes ☐ No
- Does one or more of these apply to you? ☐ Yes ☐ No
 - ☐ 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)

How do you apply?

1. You or your support person completes Part A of the DTC Form, also called the T2201. You can find the DTC form by Googling Disability Tax Credit or by going to www.canada.ca/en/revenue-agency/services/forms-publications/forms/t2201

Depending on your disability, take the form to one of these people: your family practitioner, nurse practitioner, optometrist, audiologist, occupational therapist, physiotherapist, psychologist or speech/ language pathologist. Ask them to fill out Part B of the form. You may need to pay for this— when you call to make an appointment, let the receptionist know what it is for and ask how much it will cost.

2. Get the signed form back from your practitioner—you want to be the person to send it in. If you don't agree with what the 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.

3. You are now ready to submit the forms! You can submit them by mail, or online. You can also find where to send it by visiting: <https://www.canada.ca/en/revenue-agency/corporate/contact-information/tax-services-offices-tax-centres> and choosing 'benefits'.

To submit by mail, you will need to send the form to the appropriate Canada Revenue Agency Tax Centre. You can find the list of addresses on page 6 of the DTC (T2201) form.

If you prefer to submit online, you can also send the form and any supporting documents using the secure online tool "Submit Documents" in your Canada Revenue Agency (CRA) MyAccount. This is a quick way to send your form and get confirmation that the CRA has received your documents.

4. Remember to keep a copy of your completed form for your records. You should also request that the medical practitioner's office keep a copy as well. This will help you or your medical practitioner review and reference the material if a follow up questionnaire from the CRA is requested or there are issues with your application.



For more information on the DTC, refer to the Canada Revenue Agency website at canada.ca/disability-tax-credit or call 1-800-959-8281 for help.

Talking to your Practitioner

Your practitioner has an important job to do—they must fill the form out right for you to get the DTC. If they don't include enough information, or miss anything, this could be a problem. If you are unsure about your practitioner or do not know them very well, you may want to get professional help to apply for your DTC—such professionals will help the practitioners to fill the forms out correctly.

When you see your practitioner, make sure your practitioner understands what you have challenges with. Tell them as much as possible about your disability and how it affects your day-to-day life. It may be helpful to keep a journal of how your condition is affecting the basic activities of daily living, and to share this information with your practitioner.

We recommend using Disability Alliance BC's online tool to help individuals with their DTC applications. Visit disabilityalliancebc.org/dtc-app for an online guide which helps you prepare the documents you need to take to your medical practitioner.

Also, tell your practitioner how important the DTC is for your future. Many practitioners will not know about the benefits of having the DTC and the difference it will make to your life. If they know more about it, they may take extra care in filling out your form. For example, you may want to tell them about the Registered Disability Savings Plan (RDSP). We have included a brief outline of the RDSP that you can give to your practitioner.



See page 10 & 11 for information you can cut out and take to your practitioner.

Now what?

You wait. It usually takes a few months to hear back from the government. Over the December holiday period, this wait may be longer. You can see up to date wait times for your application here: www.canada.ca/en/revenue-agency/services/tax/individuals/segments/tax-credits-deductions-persons-disabilities/disability-tax-credit/after-you-send-form-t2201-step-step-process. You can call the CRA to discuss your application on: 1-800-959-8281.

Once the CRA has made a decision, they will send a 'Notice of Determination'. If your DTC application is approved, the notice of determination will show which year(s) you are eligible for the DTC. Sometimes this can be 'indefinite status' which means you can apply for the rest of your life. When your eligibility is about to expire, the CRA will notify you one year in advance as well as in the year it expires on your tax return. You will need to read through all documents each year to make sure you don't miss the notice. You will need to submit a new DTC form to be eligible for these future years.

Remember: you can view your DTC information in your CRA 'MyAccount'.

You should tell the CRA if your medical condition improves to the point that you no longer meet the criteria for the DTC.

What if I am rejected?

You will get a letter explaining why you were turned down.

You can either send the form in again with another practitioner, or make a formal objection. If you would like to launch a formal objection, look at the CRA website on how to do this or ask a professional DTC provider for assistance. A formal objection to appeal the initial decision must be done within 90 days after the Canada Revenue Agency mails your notice of determination.

For more information on appeals and the steps involved, please refer to the [CRA website](#).



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Getting the DTC form filled out by a practitioner is the most important step.

If at all possible, attend the practitioner's appointment with your friend or relative to help explain the importance of the RDSP and getting the DTC. If the practitioner does not seem receptive, do not submit the form. A rejected application is difficult to re-do.

You can claim the DTC on your income taxes if you provide regular and consistent support for food, shelter or clothing to the person with the disability.



**We recommend
getting
professional
advice with your
DTC application if:**

- You are not sure if your practitioner is representing you properly
- You have an episodic mental health disability
- You receive a short eligibility period or are asked to re-apply in a year
- You have been turned down
- You are unclear about your eligibility

The Disability Tax Credit (DTC) and the Registered Disability Savings Plan (RDSP)

The Disability Tax Credit, also known as the DTC, is a tax credit that offers a reduction in taxes that the individual with a disability or their caregiver has to pay. This can be claimed retroactively and can result in tax refunds.

The DTC is a doorway to a number of other disability supports including the **Registered Disability Savings Plan (RDSP)**, an initiative by the Federal government of Canada. People must be eligible for the DTC to open and benefit from an RDSP. For more information on the DTC, we recommend visiting the CRA website.

The RDSP is a Canada-only registered matched savings plan specific for people with disabilities.

Here are some basics about the RDSP:

- For every \$1 put in an RDSP, the federal government could match with up to \$3 depending on family income.
- For people living on low-incomes, the government will put in up to \$1000/ year and up to \$20,000 in your lifetime. This money will come into the RDSP automatically just by having the account open.
- Anyone can contribute to an RDSP—family members, friends, individuals themselves.
- The money can be invested in any way an individual or family member chooses.
- People can have an RDSP and still get almost all provincial and all federal disability benefits. The RDSP is considered exempt income for these programs even when the person starts to withdraw funds from the account.



What does it mean to people with disabilities and their families?

- financial security,
- the ability to participate in more daily social activities such as going out for dinner, taking a vacation or taking a course,
- the possibility of purchasing a home later in life,
- peace of mind for themselves and their loved ones,
- a significant reduction of poverty.

For more information, go to www.rdsp.com



What if your practitioner needs help filling out the DTC form?

A doctor may not feel comfortable filling out the form because they don't understand what is expected of them or are confused by the forms. There are a number of different supports available to medical practitioners to help them fill out DTC forms.

- Call the DTC helpline operated by the CRA: 1-800-959-8281
- Call Access RDSP's helpline: 1-844-311-7526
- Access the DTC guides aimed at helping medical practitioners navigate the forms. These are available here: www.rdsp.com/dtcguides



Canada Child Tax Benefit (For Families)



Definition: The Canada Child Tax Benefit (CCTB) is a non-taxable amount paid monthly to help eligible families with the cost of raising children under 18 years of age. The CCTB includes the National Child Benefit Supplement and the Child Disability Benefit.

If your child with a disability is under the age of majority, you will need to apply for the Canada Child Tax Benefit on top of the DTC. The CCTB allows the government to calculate how much grant and bond your child is eligible to receive.

How do you apply?

You might have applied for the CCTB when you last filed your income tax. If you didn't, fill out the CCTB form and mail it in to the nearest Tax Centre.

STEP 3

FILE YOUR INCOME TAX RETURN

There are three ways to file taxes:

In order for the government to know how much RDSP grant and bond you will receive, you need to file your taxes every year. If you have never filed taxes or have missed a few years, you will need to file taxes for the past two years.

1. File taxes on your own

Most Canadians now file their taxes online using NETFILE– an electronic tax-filing service that sends your tax return directly to the Canada Revenue Agency (CRA) using the Internet and a NETFILE-certified software product.

This system is safe, more accurate, faster to send than by mail and refunds are issued faster as well (in most cases, with direct deposit, in as little as eight business days). You don't have to send in receipts, unless the CRA asks for them at a later date, and get immediate confirmation that the CRA has received your tax return.

You will find a list of certified desktop, online, and mobile software products at canada.ca/netfile-software. Some of the software is free.

2. File taxes by mail

If you do not have access to a computer, or prefer using paper, you can also fill out your return by hand and mail it in.

To get this package, either download it online, stop by any postal outlet or Service Canada office, or call to have one mailed to you. You can see, download and order forms and publications at www.canada.ca/en/revenue-agency/services/forms-publications/tax-packages-years and select the appropriate year. You can call the CRA at 1-855-330-3305 to order forms and publications.

- Ask for a tax package for the Province you lived in last December
- Once you get the package, fill out the forms and mail them in
- If you have worked in the past year, you will need a T4 form from your employer
- CRA will review your file and may ask you some follow-up questions—keep any letter you receive from CRA in a special place for next year

3. Get a professional to assist you

Taxes can be quite complicated, but doing it right is really important, and can also result in getting more money back! If you have a complicated tax situation (you own property, you receive money from several different sources, you have significant medical expenses) or if you feel overwhelmed by the forms, you might want to get help from a professional. There are several types of professionals that can assist:

- If you need help but cannot pay for it, the Community Volunteer Income Tax Program will help people who have low incomes for free. Call 1-800-959-8281 or visit <https://www.canada.ca/en/revenue-agency/campaigns/free-tax-help> for the location closest to you.
- You can go to a walk-in tax clinic—the staff are not usually accountants but the service can be relatively cheap.
- You can go to a professional accountant who understands disability taxes.
- Go to www.rdsp.com for more information on the Disability Tax Credit and filing taxes.

If you are interested in filing an income tax return yourself but are not sure whether you will be comfortable we encourage you to give it a try. You can always decide mid-way through to get help from a community tax preparer or a professional tax preparer if it seems too complicated.



You must file taxes every year in order to continue to receive the correct amount of grants and bonds in your RDSP.

If you have additional questions about tax filing, including where to find professional help, please call Plan Institute's toll-free helpline at 1-844-311-7526.

STEP 4

CHOOSE YOUR FINANCIAL INSTITUTION

You may already have savings or a chequing account with a financial institution that offers the RDSP. In opening an RDSP, the first thing to ask is: does your current financial institution offer the RDSP? If so, then your choice might be fairly easy.

If you do not yet have an account with a financial institution, or your financial institution does not offer the RDSP, you will need to choose one. Most major financial institutions are offering the RDSP—check www.canada.ca/en/employment-social-development/programs/disability/savings/rdsp.html#financial for updates on financial institutions.

Here are some questions to ask—our recommended answers will help you choose the financial institutions best for you.

Is it easier for you to talk to someone in person or over the phone?

The RDSP can be confusing. You may want someone at a local branch to talk to you or you may be happy to talk to someone over the telephone. Financial institutions have different ways of helping their RDSP customers—choose the way that is easiest for you.

- Is the financial institution easy to get to?
- Is it near transit?
- Is it accessible?
- What are the hours?

These are just some questions that may help you find a financial institution that is comfortable for you to go to.

What are the administrative or management fees?

Some financial institutions do not charge fees and others might. Ask if there is an administration fee, set-up fee and/or management fee. You may be willing to pay a fee, but if not, another financial institution might be better.

You are allowed to move your RDSP from one financial institution to another, no matter what the reason. But, you might have to pay to do this. The fees tend to range from \$50-\$100.

What is their process for receiving contributions?

You need to know how your financial institution receives and deposits money into an RDSP. This is especially important if you are receiving disability benefits so that money does not enter your personal (savings or chequing) account. Money into your personal account might be counted as income and can be clawed-back by the government, where money directly into your RDSP is not. You want a financial institution that accepts deposits directly into your RDSP.

What are the rules around who manages the RDSP?

Some financial institutions may allow for joint holdership if you want some assistance from a friend or family member to manage your RDSP. Remember that if anyone but you is to be Holder of your RDSP, they must be your legal representative or qualified family member. There are three types of legal representatives. You can appoint someone to manage your financial affairs with a Power of Attorney. In BC you can also appoint a Representative with a Representation Agreement. The other option is where an adult guardian is appointed, usually by a court. We recommend looking at the other options first. Note that there is another temporary option for some individuals, which is explained in the box on page 23.

What choices do you have to invest your RDSP?

Once you open your RDSP account, you will need to choose how to invest it. We will talk more about investing in Step 7. Investing your money well means that your money will grow! Some financial institutions will have a set investment plan that you must follow, where other banks will allow you to choose a plan.

There are usually advisors at financial institutions that will help you make good decisions on how to invest your money depending on how old you are, how much money you have and how quickly you want to use it. We suggest choosing one that gives you different options for investment and then talk to a financial planner.

What type of payments will the financial institution allow out of an RDSP?

Financial institutions are required to offer formula payments (a set amount of money comes out regularly). However, you may want to take a large amount out to go on a trip, buy a car or put a down payment on a house. Not all financial institutions will allow you to do this. If you want to take out large amounts, you will need to make sure your financial institution allows this.

Most banks, credit unions, and wealth management firms offer the RDSP. It is wise to shop around and become familiar with the various financial institutions, the investment products they sell, the guidance and advice they provide, and the fees involved.



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The relationship with a financial institution is really important, and should be a comfortable place for your friend or relative to do business.

If at all possible assist your friend or relative to open their RDSP account. You can help them establish a relationship with their financial professional and be on hand to ask questions regarding fees, investment options and payments.

The following form may help you decide what financial institution is the best one for your RDSP. This may include banks, credit unions or other institutions who are approved to handle RDSPs. Fill in the top row with the financial institutions you have researched. When you speak to each institution, check or fill in the boxes to each question to compare them.

Name of financial institution					
Type of financial institution - bank, credit union, etc.					
Easy to get to					
Service in-person					
Service by telephone					
Fees					
– admin					
– management					
– set-up					
– transfer					
Contributions go directly into my RDSP					
You can talk to a financial planner about your investment options					
Allows formula payments					
Allows lump sum payments					
How often will payments come out of my account once I reach 60?					

If you have additional questions about financial institutions, please call us at 1-844-311-7526.

STEP 5

CHOOSE YOUR HOLDER

Definition: A Holder is the person who manages the plan, makes decisions around investments and payment options.

You are probably the Holder if you are an adult and you have 'contractual competence'. You can still have someone to assist you in opening your RDSP and making financial decisions.

The financial institution needs to know that you are able to manage your own financial affairs. If they have questions about your ability to be the Holder, they may request that you have a legal representative to open and manage the RDSP on your behalf. See the box on the next page for another possible option.

What is contractual competence?

Contractual competence is being able to understand what a legal or financial document or account means, how it will impact you (both pros and cons), and what the consequences are for not following the rules associated with the agreement.

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For a child, the Holder must be a parent or guardian. You can also have joint holders as in the case where two legal parents wish to manage the plan. Parents can remain Holders of the plan, even when the person becomes an adult, but can also pass the holdership over or become joint Holders.

When the beneficiary of an RDSP reaches the age of majority in the province/territory where they reside, one of the following two situations will apply:

1. If the RDSP holder is the legal parent, the beneficiary may be added to the RDSP as a joint holder if they so wish.. In all other cases, the beneficiary is the only one who can be a holder of the plan once they have reached the age of majority and is legally able to enter into a contract.
2. If the RDSP holder is someone other than the legal parent, that person or body must be removed as the holder of the plan. In such a case, the beneficiary must be added as the holder. If the beneficiary is not contractually competent, then the legal representative of the beneficiary, such as a court appointed guardian, can be the holder.

Holder Options When Opening an RDSP

Beneficiary Profile:		Which of the following persons can be the holder of the RDSP when the account is opened?			
		Beneficiary	Legal Parent	Qualifying Family Member (QFM)	Legal Representative
Child:	Under the age of majority		Yes		Yes
Adult:	Who is contractually competent	Yes			
	Whose contractual competency is in doubt		Yes as QFM	Yes	
	Who is not contractually competent				Yes

The table above illustrates who can be the holder in light of provincial legislation setting out the age of majority, the general law on competency to enter into contracts, and federal legislation governing the establishment of RDSPs.

*beneficiary was under the age of majority when the RDSP was opened

	Beneficiary	Legal parent	Legal representative
The beneficiary is contractually competent	Yes	The legal parent may remain the holder or one of the holders if he/she was already the plan's holder before the beneficiary has reached the age of majority	No
The beneficiary is not contractually competent	No		Yes

The table above illustrates who can be the holder of the RDSP when the beneficiary has reached the age of majority. This only applies to an RDSP which was opened when the beneficiary was under the age of majority.

Opening an RDSP for an adult that does not have contractual competence:

If a legal representative is appointed for the beneficiary after a qualifying family member has opened an RDSP, the legal representative will replace the family member as plan Holder.

However, if a beneficiary becomes contractually competent after a qualifying family member has opened an RDSP for the beneficiary, the beneficiary may be added as a plan Holder or become the sole plan Holder. The qualifying family member may remain as a Holder or be removed altogether.

An adult that does not have contractual competence may have an adult guardian or representative through a representation agreement (in BC only) to open and manage the RDSP. Adult guardians have different legal names in each province but include adult guardian, power of attorney, tutor, trustee, curator and committee.

An adult that does have contractual competence can appoint a Power of Attorney or representative (in BC) to manage their financial affairs.

For more information on legal representation options, call Plan Institute's toll-free helpline at 1-844-311-7526, or visit: www.canada.ca/en/revenue-agency/services/tax/individuals/topics/registered-disability-savings-plan-rdsp/opening-rdsp

STEP 6

OPEN YOUR RDSP

Here you are! You have been approved for the DTC, you have chosen your financial institution and you are ready to open your RDSP. When you go to the financial institution, you will need to take:

- Your social insurance number
- One piece of valid picture ID

You do not need to bring a copy of your DTC or income tax returns—the financial institution and government will take care of this. The financial institution will ask you to fill out an “Application for Canada Disability Savings Grant and/or Canada Disability Savings Bond” form. You must fill out this form to start receiving grants and bonds. If you do not want to receive the grant or bond you must still fill out the form and complete the ‘Declaration of Refusal’ section.

Why would I not want to receive the grant and bond?

The main reason that people would want to stop receiving the grant and bond is if they want more flexibility with withdrawals. Making a withdrawal from your RDSP before you reach age 60 is possible in most cases but depends on when and who put money into the RDSP. If the government has put more money in than personal contributions, this will limit the amount you can take out.

Making a withdrawal may also lead to you having to pay back some of the government money you have received. Grants and bonds must be in the RDSP for 10 years before you can make a withdrawal without having to pay back some or all of the grants and bonds received within the last 10 years.

We encourage you to continue to receive grants and bonds for as long as possible even if you think you may want to take money out in 10 years. This is because you can keep all of the interest earned on the grant and bond payments, and you may not want or need to take money out in 10 years. By continuing to receive the grants and bonds, your RDSP will keep growing. You also may not need to repay all of the grants and bonds received in the last 10 years and will end up with more than what you would have if you had stopped accepting them. If you take money out and have to repay grants and bonds, you will not be able to get them back.

For more on withdrawals, please [visit www.rdsp.com/tutorial/how-do-you-get-your-money-out/](http://www.rdsp.com/tutorial/how-do-you-get-your-money-out/) or contact our toll-free helpline at 1-844-311-7526.



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If a withdrawal is made within 10 years of receiving the last grant or bond, your RDSP will have to repay some of the money from the federal government. If you are a legal representative, you will need to bring proof of that representation.

STEP 7

INVESTING YOUR MONEY

What kind of investor are you?

Now that you have opened your RDSP and money is being put in the account, you will need to decide how to invest your money. When you invest, you hope to get back more money than you put in. In other words, you want a good return on your investment.

Investing is about choices. The choices you make reveal who you are as an investor. This is called your investor profile. Your investor profile may change over time, so it is good to revisit your investment choice from time to time.

1. How much risk is right for me?

To discover your profile, ask yourself the following questions:

- How much risk is right for me?
- How much am I hoping to make by investing?
- How long do I plan to invest for?

Your chosen financial institution will use these answers to help find the right investment for you.

Definition:

Risk is the chance you take that your investments will not meet your expectations, and may even lose money.

2. How much am I hoping to make by investing? (your investment return)

- Low risk investments are steady but provide a lower return
- In most cases, to make more money, you have to take more risk
- It all depends on how much you need to meet your future vision

3. How long do I plan to invest for?

Time horizon is the number of years that you plan to invest. For example, saving to buy a house is a shorter-term goal. Saving for retirement is a long-term goal.

Higher risk investments are often better for a longer time horizon.

The most important thing is to talk to a financial planner.

Once you decide what type of investor you are, you need to choose where to invest your money—you can even choose a number of different types of investments. The picture below shows the types of investments to make depending on your risk. A financial planner will be able to explain and help you choose the best investment for you.

High Risk or Speculative Investments: Futures, Stock Options, High Yield Bonds, Precious Metals or Gems, Aggressive Growth Stocks, Emerging Markets, Mutual Funds, Collectibles, Antiques, Stamps, Small-Cap Stocks, Undeveloped Land

Such investments may yield large gains or losses

High Risk

Moderate Risk Investments: Blue Chip Stocks, Quality Growth Stocks, Moderate Yield Bonds, Income Producing Properties, Conservative Mutual Funds, Large-Cap Stocks, Royalty Trusts

These investments may lose money but they offer a long-term potential for higher rates of return

Low Risk Investments: Strip Bonds, Bond Mutual Funds, Bankers' Acceptances, Canada Savings Bonds, Government Bonds, Corporate Bonds

It is unlikely that these investments will lose money but they tend to offer a lower potential rate of return than the higher risk investment

Cash & Cash Equivalents: Cash, Savings Accounts, Guaranteed Investment Certificates, Money Market Funds, Treasury Bills, Insurance

These are assets that can be made accessible at any time (liquid). This is generally the safest category of investment but it produces the lowest rate of return

Low Risk

Contact our helpline at info@rdsp.com or 1-844-311-7526 if you would like more information about these types of investments.

Remember

The money in your RDSP can be invested in many different ways and will depend on where you have opened your RDSP. Some of these options may or may not be offered by the institution you have opened your RDSP with. The institution may also charge different fees for the types of investments you have. Generally higher returns on your investments also leads to higher management fees.

The fee an institution charges typically range from 0.25% to 4%, but may be higher!

In order to make the best investment decisions for you, answer the following questions before going to see a professional:

1. How old are you now? _____
2. How old will you be when you want to use your money?

3. What are you saving for? (House? Car? Money to top up your disability benefits? Retirement?)

4. How much money do you receive each year?

5. Who else will be contributing to your RDSP?

6. List three ways that this money will help you.

7. Have you ever invested money before? _____
8. How involved do you want to be in your investments?

9. Does it matter to you what your money is invested in? (some people do not like to invest their money in tobacco or oil and gas companies—you can choose where to put your money) _____



Remember

One of the risks with investing is not investing at all! A difference of 3-4% in growth of your RDSP could mean the difference between a few hundred dollars of growth to tens of thousands of dollars of growth.

Here are some questions to ask the professional

- What are the fees for each investment option I have?
- How will I know if my money is growing?
- How easy is it to move my money from one option to another?
- How often should I come in to see you?



family
& friends

If you are opening an RDSP and investing on behalf of a family member in your household, these questions will help determine your investment decisions:

- ☐ How old are they?
- ☐ What will they use the money for?
- ☐ What is your family income?
- ☐ How much are you planning on contributing to the RDSP each year?
- ☐ Is anyone else planning to contribute as well? (grandparent, family friends, etc)
- ☐ What difference will an RDSP make in their life?

To get an approximate projection of how your RDSP can grow over time, how small changes in your deposits and investments makes for big changes over time, and what your RDSP withdrawal payments might look like—visit the Plan Institute RDSP Calculator at www.rdsp.com/calculator/

STEP 8

UPDATE YOUR WILL

Definition: Any person who has an RDSP, should have a Will. When you pass away, your Will will say what will happen to the remaining money. If you don't have a Will, the government will pass out the money according to provincial law.

Doing a Will can be easy or fairly complicated. We recommend talking to a lawyer that understands your situation. If you are in BC, you can review Plan Institute's list of lawyers that people have recommended over the years. The current list and feedback form are available here: planinstitute.ca/resources/lawyers-list

Some adults do not have legal capacity to draft a Will, and the remaining money will automatically be passed out according to provincial law.

Families Caring for Children



If you are the holder for a child's RDSP and you pass away, the next person who is appointed to act as the beneficiary's legal guardian can continue to manage the account. However, that guardian will need to notify the financial institution of a change in holder.

If you have additional questions about wills, including where to find help from professionals, please call Plan Institute's toll-free helpline at 1-844-311-7526. Plan Institute also offers a workshop on Wills, Trusts and Estate Planning, and how this all ties into RDSPs. Visit: planinstitute.ca/learning-centre/wills-trusts-and-estate-planning

STEP 9

PROTECT YOURSELF AND YOUR MONEY

Unfortunately, when there is money involved, some people may try to take advantage of you. This is called either fraud or a scam. Here are some ways to protect yourself and your money:

- Open your RDSP at a well known financial institution and only deposit your money at the financial institute where you have the RDSP.
- Do not invest in anything without the guidance of your trusted financial professional.
- Ask family or good friends to assist.
- Never give out personal information such as your date of birth, Social Insurance Number and bank account details to someone over the phone or on the internet, unless you know who it is you are talking to.

Definition: **Scam/ Fraud—when someone tries to make money by tricking another person**



Five warning signs of scams

1. You hear about it from a stranger

If they don't know anything about you, how do they know what investments are right for you? Before you talk to anyone, get their name and company information and talk to someone you trust about them.

Tip: Choose your professional carefully. Only deal with people who are registered to sell investments in your province or territory.

**2. You can't check
that the information
is right**

If you can't find out what you need to know, beware.

Always get a second opinion from someone you trust. Check what you are told with a reliable source.

**3. You hear you can
make lots of cash
fast, with little or no
chance of losing your
money**

This pitch is often aimed at people who live on a fixed income, or those worried about not having enough money when they retire. When you invest, there is no guarantee you'll make money. And the chance of losing money goes up with the chance for bigger gains. Make sure you know what could go wrong before you invest.

**4. You get a 'hot tip'
you're not supposed
to tell anyone else
about**

Scammers use this tactic to pressure you into making a quick decision. They appeal to your fear of missing out on an opportunity. They make the offer more attractive by suggesting they have secret information about a company that the general public doesn't have.

Don't fall for it. People with hot tips usually have their own interests in mind, not yours.

**5. You feel
pressured into
buying**

Scammers often try to make you rush right in. They know that if you have time to check things out, you may not fall for their scam.

Another tactic they use is to gain the trust of a whole group of people, like a church or community group. They know you may be more likely to buy into the scam if your friends already have. It's a form of pressure based on the trust you place in your friends.

If you don't join the scam, the scammers may try every trick they can to push you into buying. They may tell you how sorry they feel for you. They may become angry and abusive. They're just trying to push you to change your mind.

Remember: A good investment sells itself.

It doesn't take a pushy salesperson. Never give a stranger any personal or financial information, no matter how good the deal appears to be, or how nice the person sounds.



If you think you have been scammed, you can report it by calling the RCMP fraud reporting line at 1 (888) 495-8501

For more information about scams and how to protect yourself, go to: www.canada.ca/en/revenue-agency/campaigns/fraud-scams

STEP 10

THE PATH AHEAD—PLANNING

You have made it to Step 10, and are on your way to building a more secure financial future using the RDSP. However, the RDSP is just one tool of many to help you build a good life now, and in the future.

Plan Institute began over 20 years ago to help secure a good life for people with disabilities. To Plan Institute, the concept of a good life means that every person:

- Knows the loving support of nearby friends and family
- Has the opportunity to contribute to, and participate in a caring and inclusive community
- Is respected and empowered to make decisions
- Lives in a place they call home
- Enjoys a meaningful and financially secure life

Take a moment and think about those five things—what do you have already?

What would you like to know more about?

At Plan Institute, we offer:

- **Workshops and webinars** on building networks of friends, wills & estates, the RDSP and financial planning. Go to planinstitute.ca/learning-centre/events
- **Publications** such as "A Good Life", 'Safe and Secure' and many more. Go to planinstitute.ca/learning-centre/publications. They will provide you with inspiration and practical knowledge for planning for yourself or your loved one with a disability.
- **The latest news and updates on the RDSP**
Visit rdsp.com to see an RDSP tutorial, this Step-by-Step Guide, and our amazing RDSP Calculator
- **\$150 for your RDSP** - The Endowment 150 grant offers eligible people in British Columbia with disabilities a one-time grant of \$150 to help their RDSP grow. Visit www.rdsp.com/endowment-150 to find out if you're eligible and how to apply.
- **A helpline for people with disabilities**, their families and anyone who wants to know more about disability planning. Call the helpline anytime from anywhere in Canada and one of our family experts will answer your questions about the Disability Tax Credit, the Registered Disability Savings Plan, trusts & estate planning, advocacy approaches, government benefit programs, social network building and more. Call 1-844-311-7526 or email info@rdsp.com to reach one of our advisors.
- **Plan Institute's sister organization, PLAN (Planned Lifetime Advocacy Network)**, offers lifetime memberships to help build personal support networks, make plans to secure the future, and bring families together for mutual support. For more information on PLAN, visit www.plan.ca or drop them an email at hello@plan.ca.



www.planinstitute.ca



www.rdsp.com

This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.



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