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# The Registered Disability Savings Plan

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## What is it?

The Registered Disability Savings Plan (RDSP) is a savings plan introduced by the federal government in 2007. The RDSP is designed to help people with disabilities and their families save money for their long-term financial security.

## What Does the RDSP Allow You to Do?

If you open an RDSP, you may be eligible to receive government grants and bonds up to a lifetime maximum of \$90,000. Grants and bonds can be received until December 31 of the year you turn 49.

- The **Canada Disability Savings Bond (CDSB)** provides an annual maximum amount of \$1,000, up to a lifetime maximum of \$20,000. This bond is income tested (for families with low or modest income). If your family income is below \$36,502, you are eligible for the full bond amount. Families with higher income may be eligible for a partial bond.
- The **Canada Disability Savings Grant (CDSG)** provides up to \$3,500 annually, if your family income is under \$111,733. The amount of the CDSG depends on how much you contribute to your RDSP. Here's how it works: You get \$1,500 on the first \$500 of contributions and \$2,000 on the next \$1,000 contributions. You can receive a lifetime maximum of \$70,000. Families with high income are eligible for a reduced grant.

## Contributing to your RDSP

Once you open the RDSP, anyone can help contribute to your RDSP to help your savings grow. Rollovers from a Registered Retirement Savings Plan (RRSP), Registered Retirement Income Fund (RRIF) or Registered Pension Plan (RPP) of a deceased family member are



also permitted.

The maximum you can contribute to your RDSP over your lifetime is \$200,000, but the value of an RDSP could be much higher with government contributions and investment savings. You can only make contributions until December 31 of the year you turn 59.

## Accessing Retroactive Grants and Bonds

If you are under 50, you can access any unused grant and bond amounts within a 10 year window. The maximum you can access of unused grants in a given year is \$10,500. For unused bonds, it is \$11,000. It may take a few years for you to claim all the grants and bonds to which you are entitled.

Your bond entitlements will come automatically based on your income. To access any unused grants, you will have to speak to financial advisor about how much money to contribute in order to claim your full grant entitlement. Unfortunately, you will not be able to access retroactive grants and bonds after the calendar year in which you turn 49.

## RDSP and your Disability or Income Assistance

Your provincial disability or income assistance benefits will not be stopped or reduced because of any RDSP savings or withdrawals. This is because the Ministry of Social Development and Poverty Reduction (MSDPR) has introduced regulations that exempt RDSP assets and income.

## How to Establish an RDSP

To benefit from an RDSP you must:

- Be eligible for the Disability Tax Credit (DTC) and maintain this eligibility (please see our [Help Sheet 14: The Disability Tax Credit](#) for details)
- Have a Social Insurance Number (SIN)
- Be living in Canada when the RDSP is opened
- Be up-to-date with filing your income tax returns
- Be under 50, if you want to claim grants and bonds

If you have already qualified for the DTC, you should contact a financial institution that offers the RDSP. Each financial institution has its own forms that you will need to complete to access the RDSP.

You can only have one RDSP at any given time. With your permission, other people can also contribute to your RDSP. Some banks may let you open an RDSP if you have not already qualified for the DTC, but your RDSP will not be official until the DTC is approved.



## Financial Institutions Offering the RDSP

Most financial institutions are currently offering RDSPs, including the following:

- Acumen Capital Partners
- ATB Securities Inc.
- Aviso Wealth
- Bank of Montreal (BMO)
- Bank of Nova Scotia
- Central 1 Credit Union
- CIBC
- Coast Capital Savings
- Desjardins
- Edwards Jones
- Global Growth Assets Inc.
- Investia Financial Services Inc.
- Investors Group Trust Co. Ltd.
- Mackenzie Financial Corporation
- Natcan Trust Company
- Odlum Brown
- Primerica
- RBC Royal Bank
- Sun Life
- TD Waterhouse Canada Inc.
- World Financial Group
- Vancity

**NOTE:** Banks' RDSP policies vary. For example, they may have different restrictions on when you can make withdrawals from an RDSP. Be sure to ask your bank about these policies, before you set up an RDSP.

**Contact the RDSP Hotline for questions and help to open an RDSP: 1-844-311-7526.**



## Taking Money Out of an RDSP

In most cases, you should not make withdrawals for 10-30 years, so you can get the full benefit of your RDSP grants and bonds. When you are ready, there are two kinds of payments that can come out of an RDSP.

- **Lifetime Disability Assistance Payments (LDAPs)** are annual payments that, once started, must continue until the RDSP is spent. LDAPs can begin before the beneficiary turns 60, but must start when the beneficiary is 60. The LDAP has a maximum annual amount which is set by a legislated formula, based on the value of the plan and life expectancy of the beneficiary.
- **Disability Assistance Payments (DAPs)** are one-time payments from the RDSP that can be requested at any time. However, talk to your bank about their policies on DAP payments. Each bank is permitted to have their own rules or restrictions on these payments.

## Repayment Rules

If any money is taken out of an RDSP, you have to repay the federal government all or part of the grants and bonds put into your RDSP in the previous 10 years.

- **Proportional Repayment Rule**

Sometimes you will only have to return part of the grants and bonds you receive. Under the Proportional Repayment Rule, for every \$1 withdrawn from an RDSP, \$3 of any grants or bonds received in the past 10 years must be repaid.

- **10-year Repayment Rule**

There may be times when you have to pay back all the grants and bonds put into the plan in the 10 years before you received your last grant and bond contribution. Situations may include: closing the RDSP, changing the RDSP into another type of account, or taking money out of your account before 50 when you lose DTC eligibility.

People who have a shortened life expectancy of five years or less may be able to access their money with more relaxed withdrawal rules called a Specified disability savings plan (SDSP). Let your financial institution know if this is the case.

## RDSP: Pros and Cons

### Pros

- The RDSP provides generous grants and bonds from the federal government, and is an excellent savings opportunity for many people with disabilities.
- For people on income assistance, the provincial government has made RDSP assets and withdrawals exempt. This means that people can save and use this money without having their monthly income assistance affected.



- For people who get provincial disability benefits and receive lump-sum payments (such as an ICBC settlement), the RDSP is a practical alternative to a trust, to exempt the asset.
- The RDSP can provide long-term financial security.

## Cons

- The older you are, the fewer financial incentives you will have to start an RDSP. For example, if you are over 49, you cannot qualify for the federal grants and bonds going forward.
- You must meet a relatively strict definition of disability to qualify for the DTC.
- The Repayment Rules mean that you have to pay back all or part of the grants and bonds you have received in the past 10 years, when you withdraw any amount of money from the RDSP.

## Other Helpful Information

### The Endowment 150 Grant

The Endowment 150 Grant is one-time grant of \$150 to help you boost your RDSP savings. It is available to British Columbia residents with disabilities who have income below \$36,502 per year or who received income assistance any time since January 1, 2008 (for adults). Children are also eligible and do not have to meet an income test.

**Application forms can be found at: [www.rdsp.com](http://www.rdsp.com).**

### If You Are No Longer Eligible for the DTC

Since March 19, 2019, you are no longer required to close your RDSP if you lose DTC eligibility. Instead, your RDSP will be frozen, meaning it cannot receive new contributions, grants, and bonds for the period you are ineligible. It is important to re-apply for the DTC if you would like to make and receive new contributions into your RDSP. If you cease to be ineligible, withdrawals from your RDSP are subject to the 10 year repayment rule. The amount you have to pay back will gradually lessen every year, starting with the year you turn 51.

## Get Help Through DABC's Access DTC Program

You can contact a DABC advocate for free one-on-one support with the DTC application process.



Local 604-872-1278 | Toll Free 1-800-663-1278 | [dtc@dabc.ca](mailto:dtc@dabc.ca)

DABC's online app, "My DTC": <https://mydtc.dabc.ca/>.

## Other services offered through the Access RDSP Partnership

DABC is also a member of the Access RDSP partnership, alongside BC Aboriginal Network on Disability Society and Plan Institute. Here's how the partnership can help.

### Plan Institute

You can contact Plan Institute for free one-on-one support with RDSP and other disability planning questions.

Disability Planning Hotline 1-844-311-7526 | Watch an RDSP tutorial at [www.rdsp.com](http://www.rdsp.com)

### BC Aboriginal Network on Disability Society

If you are looking for Indigenous-specific navigation and support, contact BCANDS for free one-on-one support with the DTC and the RDSP.

Local (250) 381-7303 | Toll Free 1-888-815 -5511 (TTY Accessible)  
[bcands@bcands.bc.ca](mailto:bcands@bcands.bc.ca).

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