

The Registered Disability Savings Plan (RDSP) is a Canada-wide registered matched savings plan specific for people with disabilities to help them save money for their future. By matched, we mean that for every \$1 you put in the government will match it with up to \$3! That can amount to a lot of free money.

Why is this so important to us? As of 2017, only about 38.9% of eligible British Columbians have opened an RDSP. This means that 61.1% of people who may benefit from this fantastic financial opportunity are not yet doing so. This doesn't include the number of people who may qualify for the RDSP and have not yet received their Disability Tax Credit. That's a lot of people missing out on free money!

Here are some basics to get you started:

Why would I choose an RDSP over other savings accounts?

The RDSP allows you to contribute up to \$200,000 **without affecting** your disability benefits, even when you start withdrawing the money. You can also **receive up to \$90,000** from the government through the Canada Disability Savings Bond and the Canada Disability Savings Grant.

I don't have any extra income – what's the point of opening up a savings account?

The RDSP actually **benefits those with low incomes** the most because you can receive up to \$20,000 of government contributions without putting any money in yourself. This is through the Canada Disability Savings Bond.

Any money you do put in can be matched by the government up to \$3 for every \$1 you put in through the Canada Disability Savings Grant.

What do you mean “up to \$3 for every \$1 you put in”?

If the beneficiary’s income is **\$100,392** or less:

- For the first \$500 contributed into the RDSP, the beneficiary will receive \$3 for every \$1 contributed. For the next \$1,000, the beneficiary will receive \$2 for every \$1 contributed.
- The maximum grant for any one year is \$3,500. The lifetime maximum grant is \$70,000.

If the beneficiary’s income is above **\$100,392**:

- For the first \$1,000 contributed into the plan, the beneficiary will receive \$1 for every \$1 contributed.
- The maximum grant for any one year is \$1,000. The lifetime maximum is \$70,000.
- A beneficiary may receive the full \$3,500 grant one year, and \$1,000 the next year (it is completely dependent on their income for two years prior.)

How old does somebody have to be to open up an RDSP?

You can have an RDSP open for anybody who has the Disability Tax Credit and is under the age of 59. It is better to open up an RDSP account as soon as possible so that the beneficiary can maximize the government and personal contributions, and have increased financial gain from compounded interest, and be able to withdraw funds from the account at a younger age.

You are also no longer eligible to receive government contributions after the age of 49, so it’s better to start the process as soon as you can!

What do I need to open an RDSP?

1. A valid Social Insurance Number (temporary or permanent)
2. An approved Disability Tax Credit
3. Live in Canada

*Note: you will only be able to receive government contributions if you have filed income taxes for the last two years. If the beneficiary is a child, we recommend that you start filing their income taxes in the year they turn 17. This is because when they are in the year in which they turn 19 years old, the grant and bond eligibility is based on their family income only, not their legal guardians.

What is the Disability Tax Credit?

This is a non-refundable tax credit that people with severe and prolonged disabilities may be eligible for. Once eligible, the person with the disability who qualifies, or one of their caregivers may claim the tax credit when doing their income taxes to reduce how much money needs to be paid to the Canada Revenue Agency (CRA). You must be eligible for the DTC in order to open an RDSP.

How do I get the Disability Tax Credit?

You and your medical professional must fill out form T2201 and submit it to the CRA. Once received, it can take a minimum of 3-4 months to hear back. This [Disability Tax Credit Tool](#) from Disability Alliance BC is designed to give your healthcare provider the information they need to fill out that form.

Credits:



John Davies was born and raised in North Vancouver. Graduated from UVic's School of Social Work in 1991. He joined WFG's Victoria office, in 2017. Prior to becoming a WFG team member, John worked for the province of British Columbia. As a senior leader in the disability field John worked in a variety of different roles. He started his career as a front-line social work and progressed up the corporate ladder through a variety of roles. He is the architect of a number of provincial programs that empower people with disabilities to be in control of their financial resources. His social work background now forms a cornerstone to his work with individuals and families through WFG's vision - No Family Left Behind. In his personal life, John is married and has 5 amazing children. Three of his children live with disabilities. John is focused on helping others take advantage of the Disability Tax Credit and the Registered Disability Savings Program. He applies his personal and professional background to this work. John understands the power of information and is a champion of RDSP offered through several of our corporate partners. He is a passionate educator and is always looking for new partners to get the word out to the more than 130,000 British Columbians who are eligible for the RDSP but have never heard about it.

jdavies107lac@wfgmail.ca

(250) 208-6807