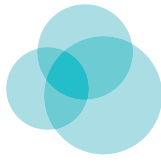


# PLAN



## The Registered Disability Savings Plan

ONTARIO EDITION



### Saving for Zachary

Zachary is the comedian of our family: he does a mean Irish accent and loves to crack jokes. He keeps his father, younger brother and me laughing. Which is good, because some days contemplating the future for someone with a disability can be frightening.

Zachary was diagnosed with Fragile X Syndrome when he was 2 1/2 years old. The diagnosis came as a profound shock that left us reeling for some time.

We have learned from Zachary how to be good parents for him. But as Zachary turns into a young man we are contemplating the next phase of life: adulthood. This is not an easy process. What will Zachary's life be like as an adult? How will he be supported? Where will he live? Where will he work? Will he have a girlfriend? Who will his friends be? What will happen after we die? I don't know the exact contours of his future, but I do know that we

want for Zachary what we want for our other son: happiness, friendship, meaning, comfort, and security. We want Zachary to be able to do the things he loves to do: sports, watch the Maple Leaf's, go skiing, visit the hockey hall of fame.

One step to help secure our vision for Zachary's future is to create an RDSP. We can save money for Zachary that won't jeopardize his access to social assistance. It also allows other people to contribute towards Zachary's future. We are pleased that this tool exists. However, it, alone, will not create a good life for Zachary. We need to work to realize our vision for Zachary, including involving groups like PLAN to create a network of friends, engaging with other parents to explore housing options, and saving funds in a Henson Trust. The tools exist and our task is to weave the fabric for a safe and secure future for Zachary.

## 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 into the RDSP. Sometimes you can get money from the federal government for your RDSP even if you don't put any money in!

Your Ontario Disability Support Program (ODSP) assistance will not be reduced. The money in an RDSP can grow to whatever amount and you can still receive your ODSP assistance. You can also use the money in the RDSP for anything you want.”

## What is the Canada Disability Savings Bond?

The Canada Disability Savings Bond is one way that the federal government will put money into your RDSP. If a person with a disability has less than \$21,947 in income per year, the federal government will put in \$1,000 into the RDSP. If the person with the disability is younger than 18, then it is the family income that counts. If you have an income between \$21,947 and \$39,065, you can still receive some of the \$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 a RDSP is \$20,000 over your lifetime. The person has to be 49 or younger to get the Bond.

## What is the Canada Disability Savings Grant?

The Canada Disability Savings Grant is the second way for the federal government to put money into your RDSP. When you or other family members or friends put money into the RDSP the federal government will also put in some money. In some cases the federal government will put in \$3 for every \$1 you put in.

The maximum Grant that the federal government will put into an RDSP is \$3,500 per year and \$70,000 in their lifetime. The amount that the federal government puts in depends on your income, if your child is younger than 18. If they are 18 or older, it depends on their income. The person has to be 49 or younger to get the Grant.

## QUICK FACTS

### Key Terms

**Registered Disability Savings Plan** = The new plan to help you or your relative with a disability save for the future.

**RDSP** = Short form for Registered Disability Savings Plan.

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

**Canada Revenue Agency** = The federal government agency in charge of taxes and checking to see if you are able to get the Disability Tax Credit.

**Federal Government** = The Government of Canada.

**Provincial Government** = The Government of Ontario.

### Registered Disability Savings Plan

- Helps you or your family member save for the future.
- You don't have to pay taxes on money in the RDSP, and payments will only be partially taxed.
- You can put up to \$200,000 dollars into the RDSP.
- 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 can open a plan at the Royal Bank of Canada, Bank of Montreal or CIBC.
- You do not need to visit a lawyer or accountant to set up a plan.

### Where can I get more information about the RDSP?

- Visit [www.rdsp.com](http://www.rdsp.com)
- For Questions—Call 1-800-O-Canada (1-800-622-6232)
- Take a free Telephone Seminar on the RDSP by calling PLAN at 604-439-9566 [www.plan.ca](http://www.plan.ca)
- Pick up a copy of our book *Safe and Secure: RDSP Edition*

This bulletin is supported by Investor Education Fund  
[www.getsmarteraboutmoney.ca](http://www.getsmarteraboutmoney.ca)

## 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 Engelmann's Syndrome. Shannon loves playing baseball, skiing, and swimming with dolphins. Kathy, Rob and I talked about a lot of things when we last spoke. We talked a lot about their daughter Shannon. Their health is fine but they are worried about what will happen to Shannon when they pass away.

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

I told them they should look into an RDSP. It would be one way of preparing for the future. They realized that this plan could really help Shannon. Saving on their own has been difficult.

With the RDSP they could set aside small amounts of money. The federal government would put in even more than them. And with the income it could earn when they invest it, it could grow into a large amount of money. Shannon could use it to pay for a home when she's older, pay for additional supports, or just use it for things that she might not be able to afford otherwise.

I had my computer with me so we went to [www.rdsp.com](http://www.rdsp.com) and looked at the RDSP calculator. We 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:

### 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 pay a penalty.

### 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

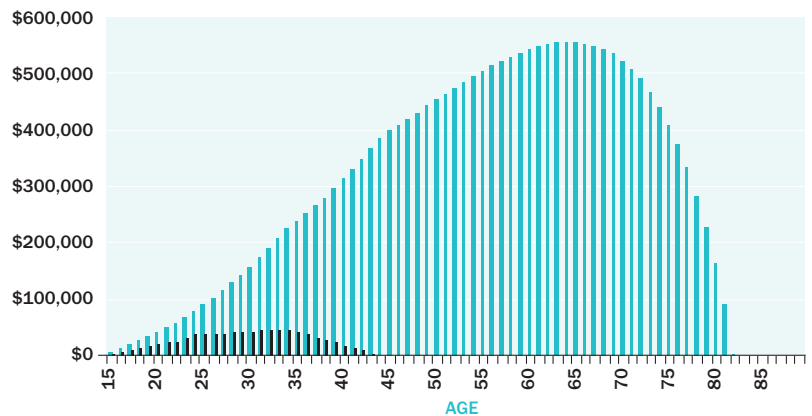
AGE 55 \$1500/MONTH

AGE 65 \$2500/MONTH

AGE 75 \$4200/MONTH

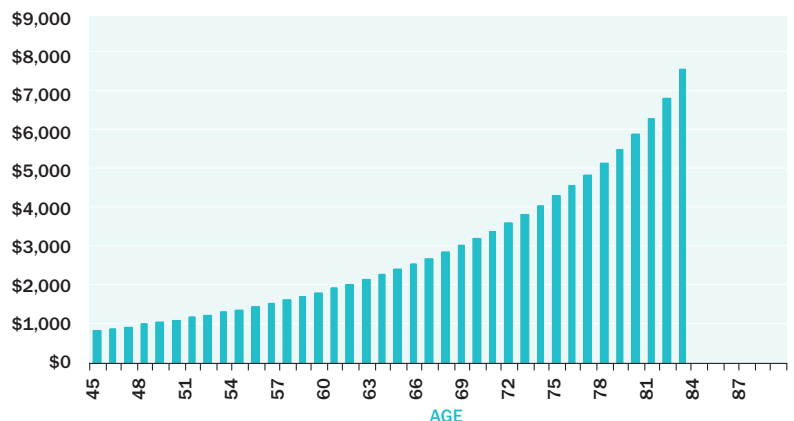
At Shannon's death, whatever is left in the RDSP will be distributed to her family or through her will.

### MONEY IN SHANNON'S RDSP



This graph shows how much money is in Shannon's RDSP. It starts at age 15 (on the bottom) and goes to age 83. To see how much money the RDSP has look at the age and see how high the bar goes. At age 15, it is \$0. At age 25, it is more than \$50,000. At age 35, it is more than \$200,000 and it continues to grow.

### 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. At 75, she would get more than \$50,000 per year and so on. Shannon could keep her RDSP payments and also her ODSP disability income assistance payments.

Keep in mind that Shannon could keep her RDSP payments and also her ODSP Income and Disability Benefits.

# Questions and Answers

1

## WHO QUALIFIES FOR THE RDSP?

People who get the Disability Tax Credit.

People who are 59 or younger can put money in an RDSP.

People who are 49 or younger can get the federal government money.

2

## WHAT IS THE DISABILITY TAX CREDIT?

A tax credit is something you claim when you do your Income Tax Return so you don't have to pay so much tax.

The Disability Tax Credit is a credit that a person gets if they are disabled. Parents that are caring for a child with a disability can also claim it to save taxes.

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 eye doctor if your child is blind) to fill out a special form and send it to Canada Revenue Agency.

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. To get the form call the CRA at 1-800-959-2221.

4

## WILL I OR MY FAMILY MEMBER LOSE ODSP 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 Ontario Disability Support Program Benefits.

## ODSP Benefits and the RDSP

**What are ODSP Benefits?** Many people who do not have much money and have a disability can receive money from the Government of Ontario to help them in their daily lives. If you live in Ontario, are 18 years or older, have a low-income and a disability, you could potentially get Ontario Disability Support Program Benefits.

In Ontario, these disability benefits are called ODSP. ODSP will help you get money for rent or housing, food, shelter, clothing, and disability related items.

You can also get support for employment and extended medical and disability benefits, depending on your situation. You may be able to get extended health coverage that includes dental, vision, medical supplies, assistive aids and devices, to name a few.”

If you have a disability, you might also be able to get more money and services to help you with your disability.

There are two types of Ontario Disability Support Program Benefits you can get from the province:

**Income Support =** gives you money to buy food, clothing, personal care items, household maintenance and utilities, rent, or mortgage payments. This includes disability-related benefits and extended health benefits, depending on your situation.

**Employment Support =** Employment Supports is designed to help you get ready for work and find a job or start up your own business. ODSP will help you identify the type of job you want, develop a plan to get the job, and help you access the supports you need to get and keep your job.



## What if I set up an RDSP? Can I still get my ODSP Benefits?

Yes. If you set up an RDSP, you will still receive all your ODSP Benefits from the province. Even if your RDSP grows to be a large amount of money and you take the money out, you will not lose your ODSP benefits.

## How do I get ODSP Benefits?

If you do not already get ODSP Benefits and want to apply, visit your local ODSP office. For information on how to apply or where you can find your nearest ODSP office, contact the Ministry of Community and Social Services, toll free at 1-888-789-4199, and TTY 1-800-387-5559.

# Things you must do to set up an RDSP!

- Make sure you or your family member has a Social Insurance Number. You can apply for a Social Insurance Number at any Service Canada Centre. To find the Service Canada Centre nearest you can phone Toll-Free: 1-800-O-Canada (1-800-622-6232) or TTY: 1-800-926-9105. Make sure you bring two pieces of valid I.D., such as a birth certificate or a permanent resident card.
- Make sure you or your family member has the Disability Tax Credit. You can apply for it by getting Form T-2201 from the Canadian Revenue Agency (to receive the form, call this number: 1-800-959-2221). You will need to fill out the first part of the form, and your doctor will need to fill out the second part of the form. Once both parts are filled out, you can send it to:  
**Sudbury Tax Centre,**  
1050 Notre Dame Ave,  
Sudbury, ON P3A 5C2
- Some people may have more difficulty in becoming eligible for the Disability Tax Credit. If you are unsure of your eligibility, you may want to get professional assistance.
- If you are 18 or older, make sure you file your Income Tax Return. You need to do it for the last two years. Then you need to do it every year from now on.
- If your son or daughter is under 18, make sure to apply for the Canada Child Tax Benefit—if you do not get this benefit already, call this number and ask for an application form (1-800-959-2221).
- The Royal Bank of Canada (RBC), the Bank of Montreal (BMO), CIBC, TD Canada Trust and Scotiabank are all offering the plan across Canada. Most of Canada's major banks are offering the RDSP. Check [www.rdsp.com](http://www.rdsp.com) for the latest update.

## PLAN



**PLAN is the leading independent voice for families of people with disabilities.**

We provide information and resources to assist families to plan for the good life of their loved one.

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- Access to books, publications and online resources
- Subscription to Abilities magazine or Exceptional Family magazine

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