



Newfoundland and Labrador
Association for Community Living



The Registered Disability Savings Plan



One of the tools we have used for securing her future is the RDSP (Registered Disability Savings Plan). The RDSP will give Kelly the means to maintain the same lifestyle she has now when we pass on.

Although we don't have much to put into the RDSP for Kelly, we know that with the large amount you can receive from the federal government, Kelly's RDSP will still grow and help her later on in life. We decided that we could afford \$1,500 a year for 20 years, which would get us \$67,599 in Grants and Bonds from the federal government. This would mean Kelly would have around \$242,463 in her RDSP once she turned 60. Knowing Kelly would receive payments every year would really help us ensure she was okay in the years when we are no longer there.

Saving for Kelly

I'm Marg Pike, mother of Kelly Pike. My daughter has an intellectual disability and her father and I are very concerned about what will happen to her once we are gone. We are trying our best to make sure that supports are in place in order to ensure Kelly's safety and well-being is protected.

She has a wheelchair-accessible van and will require one in the future. We have made our home wheelchair-accessible with an elevator so she can get to the family room in the basement. This elevator needs maintenance which her father

is doing now. There is no help from government programs for things like this. We want to use whatever tools we can to ensure she has the money to meet her needs for the extras that Government doesn't provide.

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 Income Support will not be reduced. You will not lose any of your disability supports. You can use the money in the RDSP for anything that 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 \$21,816 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 \$21,816 and \$38,832, 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 the federal government will put into their RDSP is \$20,000 in their 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.

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 Newfoundland and Labrador.

Where can I get more information about the RDSP?

- Call the Newfoundland and Labrador Association for Community Living at 1-800-701-8511
- Visit www.rdsp.com
- For Questions—Call 1-800-0-Canada (1-800-622-6232)
- Take a free Telephone Seminar on the RDSP by calling PLAN at 604-439-9566 www.plan.ca



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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.

How does the RDSP work?



John and Mary set up an RDSP for their daughter

John and Mary have lived in St. John's all their life. I had lunch with them at Velma's Restaurant last time I was in St. John's.

They have three children. Paige is their youngest Daughter. She is 14 and lost her sight when she was very young. Paige really likes hanging out with her friends and listening to music.

John, Mary and I talked about lots of things over lunch. We talked a lot about their daughter, Paige. Their health is fine but they are worried about what will happen to Paige when they pass away.

From age 44 to death, the RDSP will make monthly payments to Paige

I told them that they should look into the RDSP. It would be one way of preparing for the future. They realized that this plan could really help Paige. 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. Paige 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 and looked at the RDSP calculator. We used the calculator to figure out how much the plan would grow if they put \$100 a month into an RDSP for Paige.

– NLACL Member

Here's how it works:

FROM AGE 14 TO 33

John and Mary open an RDSP for Paige at their local bank.

They put \$100 per month in the RDSP for 20 years. (that's a total of \$24,000)

The federal government puts in \$73,000.

FROM AGE 34 TO 44

Paige waits ten years to withdraw money because she doesn't want to pay a penalty.

AT AGE 44

Paige's RDSP is worth more than \$280,000

FROM AGE 44 TO DEATH

The RDSP will make monthly payments to Paige

AGE 44 \$600/MONTH

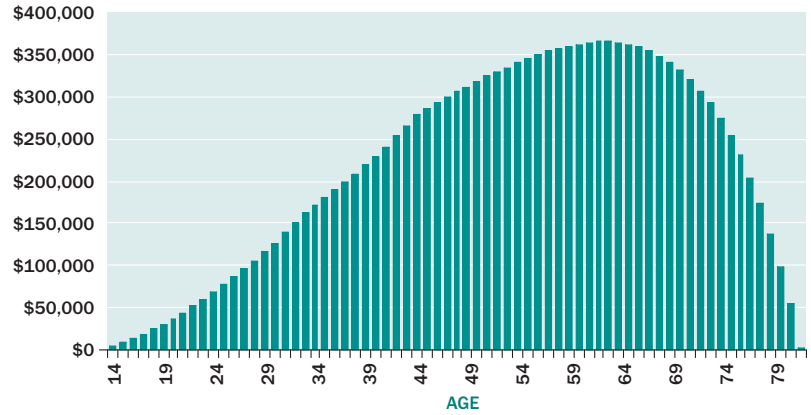
AGE 54 \$1000/MONTH

AGE 64 \$1750/MONTH

AGE 74 \$3000/MONTH

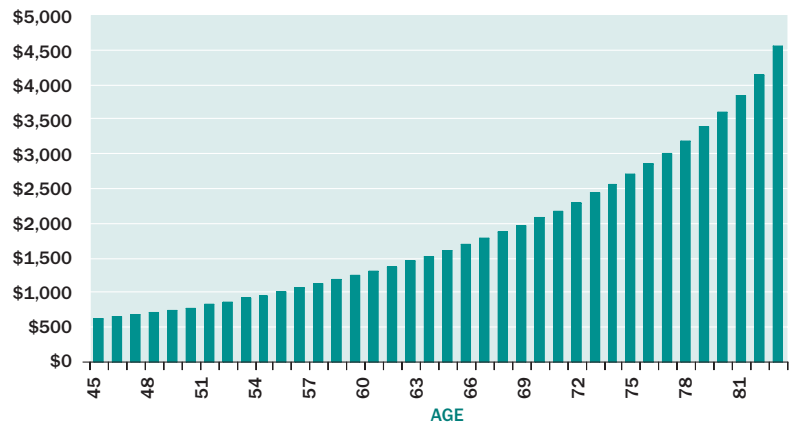
At Paige's death, whatever is left in the RDSP will be distributed to her family or through her will.

MONEY IN PAIGE'S RDSP



This graph shows how much money is in Paige's RDSP. It starts at age 14 (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 14, it is \$0. At 24, it is more than \$50,000. At 34, it is more than \$150,000 and it continues to grow.

MONTHLY PAYMENTS FROM PAIGE'S RDSP



This graph shows how much Paige would receive each year from her RDSP. At 45, she would get about \$8,000. At 60, she would get about \$15,000 per year. At 75, she would get more than \$30,000 per year and so on.

Keep in mind that Paige could keep her RDSP payments and also her Newfoundland and Labrador Income and Disability Benefits – NLACL Member

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 they have been approved.

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

4

WILL I OR MY FAMILY MEMBER LOSE INCOME DISABILITY SUPPORTS?

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

Income Support and the RDSP

What are Income Support Benefits? Many people who do not have much money can receive money and services from the Newfoundland and Labrador Government to help them in their daily lives. These monies and services are called Income Support Benefits. If you live in Newfoundland and Labrador, are 18 years old or over, and have a low-income, you could potentially get Income Support Benefits from the Newfoundland and Labrador Government.

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 Income Support Benefits you can get from the province:

Basic Benefits = gives you money to buy food, clothing, personal care items, household maintenance and utilities, rent, or mortgage payments.

Non-Basic Benefits = you can receive more money and services depending on your situation, like if you have kids or a disability. This includes: eye exams and glasses, medical transportation, childcare, prescription drug card, medical supplies and equipment, home support, respite supports, and community access.

Other Benefits you might be able to get if you have a disability = attendant care, tutors, aids and devices, and the new board and lodging supplement.

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

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

How do I get Income Support Benefits?

If you do not already get Income Support Benefits and want to apply you can apply by telephone or have the forms sent to you by mail. For basic benefits, contact the Department of Human Resources, Labour and Employment, Toll-Free 1-888-632-4555, TTY 1-877-292-4205. For non-basic and other benefits contact your Regional Health Authority.

We can help you plan for the future!

How? Individuals setting up an RDSP may be eligible to receive a one time \$150 contribution towards their RDSP.

Who is eligible? Individuals who are on income support or who qualify for income support and have set up an RDSP with a minimum contribution of \$25.

How do I get it?

- Set up an RDSP with at least \$25
- Mail or bring in your receipt to the NLACL Provincial office. Be sure to include your contact information
- A \$150 contribution will be made directly to your RDSP
- If you have any questions or concerns, please contact our information line.
Toll free: 1-888-955-RDSP (7377)



Diversity includes.



Newfoundland and Labrador
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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: 1-800-0-Canada (1-800 622-6232) or TTY: 1-800-926-9105. Make sure you bring two pieces of valid I.D., like 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:
St. John's Tax Centre
PO Box 12072 STN A
St. John's NL A1B 3Z2
- 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), and CIBC are all offering the plan across Canada. You can contact these banks by calling 1-800-463-3863 (RBC), 1-800-665-7700 (BMO), or 1-800-465-3863 (CIBC).