



## Registered Disability Savings Plan (RDSP)

---

Concentra **FirstOntario**  
TRUST | CREDIT UNION

## Table of contents

<b>What is an RDSP? .....</b>	<b>3</b>
<ul style="list-style-type: none"><li>• Features &amp; benefits</li><li>• Potential of RDSP for long-term savings</li></ul>	
<b>Who can open an RDSP? .....</b>	<b>4</b>
<b>Who can be a beneficiary of an RDSP? .....</b>	<b>4</b>
<b>Contribution guidelines .....</b>	<b>5</b>
<ul style="list-style-type: none"><li>• Contribution eligibility</li><li>• Contribution limit</li><li>• Contribution deadlines</li><li>• Rollovers</li></ul>	
<b>Government incentives .....</b>	<b>6</b>
<ul style="list-style-type: none"><li>• Canada Disability Savings Grant (CDSG)</li><li>• Canada Disability Savings Bond (CDSB)</li></ul>	
<b>Transfers .....</b>	<b>7</b>
<b>Payments .....</b>	<b>7</b>
<ul style="list-style-type: none"><li>• Types of payments</li><li>• Shortened life expectancy</li><li>• Taxation</li></ul>	
<b>Loss of Disability Tax Credit eligibility .....</b>	<b>9</b>
<b>Non-resident beneficiary .....</b>	<b>9</b>
<b>Death of beneficiary .....</b>	<b>9</b>



## What is an RDSP?

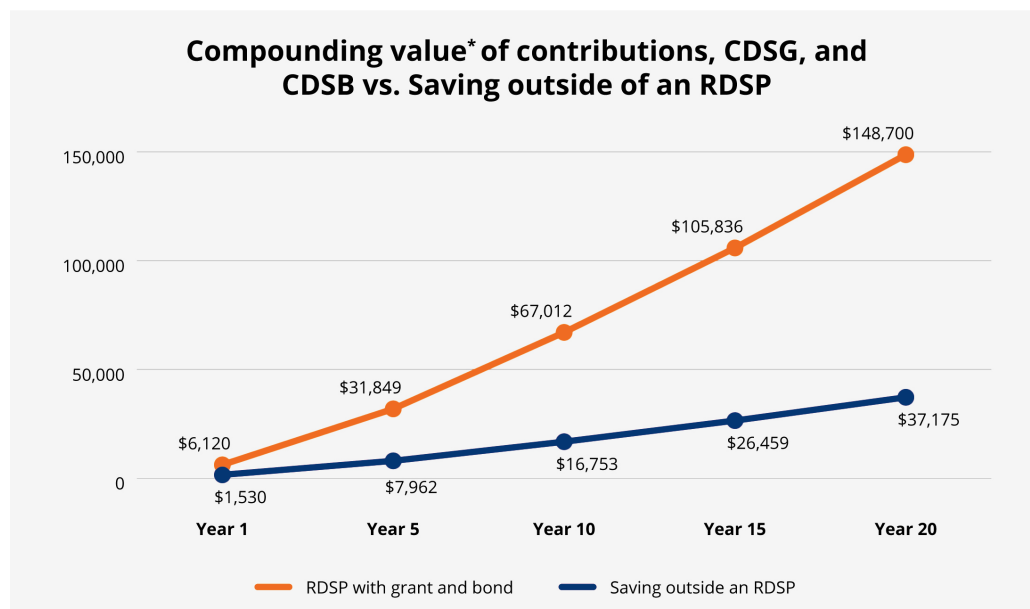
A Registered Disability Savings Plan (RDSP) is a savings plan designed to help individuals with disabilities, who are eligible for the Disability Tax Credit, save for the future.

### Features & benefits

- Savings grow tax-free in the plan
- Government incentives are available to help build RDSP savings
  - Canada Disability Savings Grant (CDSG) encourages RDSP contributions by providing grants as a percentage of contributions
  - Canada Disability Savings Bond (CDSB) is available for beneficiaries with low to moderate net family income without requiring any contributions
- Anyone can make a contribution to an RDSP with written consent of the plan holder, which expands potential for increased contributions and CDSG
- An RDSP does not affect eligibility for federal benefits such as the Canada Child Benefit (CCB), GST/HST Credit, Old Age Security (OAS), or Employment Insurance (EI). Provinces fully or partially exempt RDSPs when calculating income assistance payments, according to each province's disability program
- Flexibility in contributions with no annual contribution limit and a lifetime contribution limit of \$200,000
- Payments from the RDSP can be used for any purpose
- Ability to rollover funds from an eligible registered plan (such as RRSP or RRIF) from a deceased parent/grandparent to a financially dependent child/grandchild
- Ability to rollover an accumulated income payment from an RESP where the RESP beneficiary is the same as the RDSP beneficiary

### Potential of RDSP for long-term savings

The following chart illustrates the substantial impact of Canada Disability Savings Grant (CDSG) and Canada Disability Savings Bond (CDSB) paid into an RDSP for a beneficiary with family net income of \$30,000 per year who receives the maximum CDSG and CDSB entitlement each year. As demonstrated, the balance in the RDSP after 20 years is four times the balance of an investment made in a savings account/GIC.



\* The example in the chart above is for \$30,000 annual family net income, eligible for maximum CDSG and CDSB each year, \$1,500 annual contributions, 2% annual return.

# Myths & Truths

## Myth:

Only parents can make contributions to an RDSP

## Truth:

Contributions to an RDSP can be made by anyone (parents, family, friends)

## Myth:

RDSPs are only for severe disabilities

## Truth:

RDSPs are available to Canadian residents who qualify for the Disability Tax Credit (DTC), which permits a wide range of disabilities

## Who can open an RDSP?

The holder opens the RDSP and names the beneficiary on the RDSP. The beneficiary is the individual who will receive funds from the RDSP in the future. Eligibility for a holder to open a plan depends on the age of the beneficiary, and where the beneficiary is an adult, the contractual competency of the beneficiary.

The holder must be age of majority and must have a valid SIN or business number, as applicable. A holder, who is not the beneficiary, does not have to be a resident of Canada.

If the **beneficiary is under the age of majority**, the holder must be:

- a legal parent of the beneficiary; or
- the beneficiary's legal representative\*

If the **beneficiary is an adult** and:

- the beneficiary is **contractually competent** to enter into a contract, the beneficiary must also be the holder
- the beneficiary is **not competent** to enter into a contract, the holder must be the legal representative\* of the beneficiary
- if the **contractual competency of the beneficiary is in doubt** and no legal representative\* has been appointed, the holder can be a qualifying family member\*\*

Beneficiary	Description/contractual competency	Holder
Minor	Under the age of majority	Legal parent(s) Legal representative*
Adult	Contractually competent	Beneficiary
Adult	Not contractually competent	Legal representative*
Adult	Contractual competency is in doubt (no legal representative*)	Qualifying family member**

\* A legal representative is an individual or institution legally authorized to act on behalf of the beneficiary (i.e., guardian, tutor, curator, agency, institution, public department).

\*\* Qualifying family member can be the beneficiary's legal parent, spouse, common-law partner or adult sibling.

## Who can be a beneficiary of an RDSP?

To be named as beneficiary of an RDSP, an individual must meet all the following conditions:

- eligible for the Disability Tax Credit
- has a valid SIN
- is a resident of Canada for income tax purposes when the plan is opened
- is age 59 or under on December 31 of the year of plan opening

An RDSP can have only one beneficiary and a beneficiary can only have one RDSP. Once the beneficiary is named on the plan, the beneficiary cannot be changed.





## Contribution guidelines

Contributions are not tax-deductible. Contributions are for the benefit of the beneficiary and cannot be withdrawn by the holder.

### Contribution eligibility

- Anyone can contribute to an RDSP with the written permission of the plan holder.
- Contributions can be made to an RDSP if the beneficiary:
  - qualifies for the Disability Tax Credit; and
  - is a resident of Canada for tax purposes; and
  - is age 59 or under on December 31 of the year the contribution is made

### Contribution limit

- Lifetime limit of \$200,000
- No annual limit
- The following are not considered contributions and do not count towards the contribution limit:
  - Canada Disability Savings Grant (CDSG)
  - Canada Disability Savings Bond (CDSB)
  - Earnings
  - Amounts transferred from another RDSP

### Contribution deadlines

- Contributions can be made until the end of the year the beneficiary turns age 59
- Contribution deadline for each calendar year is December 31
- The contribution must be made on or before December 31 of the year the beneficiary reaches age 49 to be eligible to receive the Canada Disability Savings Grant (CDSG)

### Rollovers

- A rollover from a deceased parent/grandparent's Registered Retirement Savings Plan (RRSP), Registered Retirement Income Fund (RRIF), Registered Pension Plan (RPP), Pooled Registered Pension Plan (PRPP), or Specified Pension Plan (SPP) to the RDSP for a financially dependent child or grandchild is permitted
- A rollover of an accumulated income payment from a Registered Education Savings Plan (RESP) where the RESP beneficiary is the same as the RDSP beneficiary is permitted
- Contribution room is required
- Rollovers are not eligible for Canada Disability Savings Grant (CDSG)

# Myths & Truths

## Myth:

You need lots of money to invest in an RDSP

## Truth:

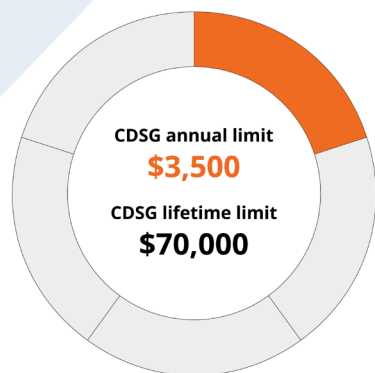
RDSPs are beneficial for individuals with all income levels. Low to moderate income beneficiaries may receive additional government grant and bond

## Myth:

You can save just as much outside of an RDSP

## Truth:

The government grant and bond and tax-deferred growth in an RDSP make it a more advantageous option for individuals with disabilities



## Government incentives

The federal government offers two types of incentives for RDSPs, and the amount that may be paid to an RDSP is determined based on the beneficiary's family net income\* as follows:

- Until December 31 of the year the beneficiary turns age 18 - based on the primary caregiver's family net income
- Starting January 1 of the year the beneficiary turns age 19 - based on the beneficiary's family net income (beneficiary's income plus their spouse/common-law partner's income, if applicable)

To be eligible for the incentives, the beneficiary must be a Canadian resident, have a valid SIN and be eligible for the Disability Tax Credit.

\* Net income to verify grant and bond eligibility is determined by annual filing of income tax and benefit returns with the Canada Revenue Agency.

## Canada Disability Savings Grant (CDSG)

The CDSG is a matching grant of 100%, 200% or 300% of contributions, depending on the beneficiary's net family income and the amount contributed to an RDSP, up to a maximum of \$3,500 CDSG annually. The lifetime limit is \$70,000.

Contributions must be made by December 31 of the year the beneficiary turns age 49 to be eligible for CDSG.

Contribution made in calendar year	Annual maximum CDSG	Matching grant	Beneficiary's net family income* is less than or equal to	Beneficiary's net family income* is greater than
2025	\$1,500	300% on first \$500	\$114,750	
	\$2,000	200% on next \$1,000		
	\$1,000	100% on first \$1,000		\$114,750

\* Indexed for future years.

If no contributions are made or contributions necessary to obtain the full maximum grant of \$3,500 are not made in a year, the beneficiary accumulates CDSG entitlements, and the unused entitlements may be carried forward for use in a future year. A beneficiary may access unused CDSG entitlements from the previous 10 years until December 31 of the year they turn age 49. The maximum CDSG amount that can be carried forward and paid to an RDSP is \$10,500 (including current year entitlement).

## Canada Disability Savings Bond (CDSB)

The CDSB is an amount paid by the federal government into the RDSPs of low to modest income families. The government will pay up to \$1,000 per year, and the lifetime maximum is \$20,000.

RDSP contributions are not required to be eligible for CDSB.

Eligible beneficiaries accumulate entitlements to the CDSB even if an RDSP has not yet been opened. Unused CDSB entitlements can be carried forward up to 10 years and the maximum amount that can be paid to an RDSP, including the current year's entitlement, is \$11,000.

CDSB is payable until December 31 of the year an eligible beneficiary reaches age 49.

Year	Adjusted family net income*	CDSB amount
2025	\$37,487 or less (or if the holder is a public institution)	\$1,000
	Greater than \$37,487 but less than or equal to \$57,375	Portion of the \$1,000 based on a legislated formula
	More than \$57,375 or if no income information available from CRA	No CDSB is paid

\* Indexed for future years.

## Transfers

An RDSP can be transferred directly from one financial institution to another for the same beneficiary. A beneficiary cannot have more than one RDSP; therefore, partial transfers are not permitted.

## Payments

Payments can be used for any purpose and are authorized by the holder and payable to the beneficiary.

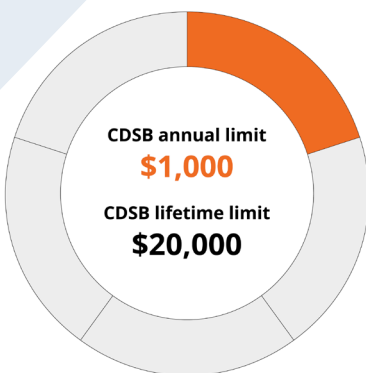
Payments/withdrawals do not restore contribution room.

Payments from an RDSP do not affect eligibility for federal benefits such as the Canada Child Benefit (CCB), GST/HST Credit, Old Age Security (OAS), or Employment Insurance (EI). Provinces fully or partially exempt RDSPs when calculating income assistance payments according to each province's disability program.

### Types of payments

There are two types of payments that can be made from an RDSP:

- Disability Assistance Payment (DAP) - a lump sum payment made to a beneficiary that can be requested at any age.
- Lifetime Disability Assistance Payments (LDAPs) - regularly scheduled payments that, once started, must be paid at least annually to the beneficiary for life or until termination of the RDSP. Payments can start at any age but must begin by the end of the year the beneficiary turns 60 (payments are based on a legislated formula).



# Myths & Truths

## **Myth:**

RDSPs are too complicated to manage

## **Truth:**

The long-term financial benefits of an RDSP outweigh the complexity. Concentra Trust and FirstOntario Credit Union are here to assist

## **Myth:**

RDSPs can only be used for retirement

## **Truth:**

Funds withdrawn from an RDSP can be used for any purpose

As RDSPs are intended to maximize the long-term benefit of government incentives for the beneficiary, any Canada Disability Savings Grant (CDSG) and Canada Disability Savings Bond (CDSB) must remain in the plan for 10 years before a payment is made to avoid triggering repayment of all or part of the assistance holdback amount (total amount of CDSG and CDSB paid into the RDSP within the last 10 years) to Employment and Social Development Canada.

## **Shortened life expectancy**

A beneficiary is considered to have a shortened life expectancy when a medical doctor or nurse practitioner provides written certification that the beneficiary has a life expectancy of 5 years or less.

In this situation, the beneficiary has greater flexibility in accessing funds from the RDSP. The holder has two options:

- Leave the plan as is in an RDSP
  - payments can be made at any time and there is no maximum on the amount paid to the beneficiary each year, but the rules for repayment of Canada Disability Savings Grant (CDSG) and Canada Disability Savings Bond (CDSB) continue to apply; or
- Make an election to designate the plan as a Specified Disability Savings Plan (SDSP)
  - total taxable portion of payments in a year cannot exceed \$10,000 (maximum may increase based on legislated formula)
  - rules for repayment of CDSG and CDSB will not apply
  - payments must start by December 31 of the year following the year the plan is designated as an SDSP
  - no further contributions can be made
  - rollovers of funds from a financially dependent beneficiary's deceased parent or grandparent's RRSP, RRIF, RPP, PRPP, or SPP allowed
  - no further CDSG or CDSB can be paid to the plan

## **Taxation**

Payments consist of:

- contributions
- Canada Disability Savings Grant (CDSG)
- Canada Disability Savings Bond (CDSB)
- investment income
- proceeds from rollovers of eligible registered plans

The contribution portion is not taxable, while the remaining portion of the payment is taxable to the beneficiary and must be included in their income for the year of payment.

No tax is withheld on the contribution portion. However, tax may be withheld on the taxable portion of the payment if payments exceed the total of the two federal non-refundable tax credits for the year – the federal basic personal amount and the disability amount (adjusted annually).





## Loss of Disability Tax Credit eligibility

If the beneficiary is no longer eligible for the Disability Tax Credit, the plan may remain open, however, is subject to the following restrictions:

- No further contributions can be made
- No Canada Disability Savings Grant (CDSG) and Canada Disability Savings Bond (CDSB) will be paid to the plan, nor will entitlement to CDSG and CDSB accrue during the period of ineligibility

Contributions may resume if the beneficiary once again becomes eligible for the Disability Tax Credit.

## Non-resident beneficiary

If the beneficiary becomes a non-resident, the plan may remain open, however, is subject to the following restrictions:

- No further contributions can be made while a non-resident
- No Canada Disability Savings Grant (CDSG) and Canada Disability Savings Bond (CDSB) will be paid to the plan, nor will entitlement to CDSG and CDSB accrue while the beneficiary is a non-resident

Contributions may resume if the beneficiary once again becomes a Canadian resident.

A non-resident beneficiary remains eligible to receive payments from the plan.

## Death of beneficiary

The RDSP must be closed by December 31 of the year following the year of death. Any Canada Disability Savings Grant (CDSG) and Canada Disability Savings Bond (CDSB) received in the plan in the previous 10 years must be repaid to Employment and Social Development Canada. Any remaining funds are paid to the beneficiary's estate. The taxable portion of the payment will be reportable as income of the beneficiary's estate for the year the payment is made.

The information contained herein is provided for general purposes only. It is not intended to be specific advice regarding legal, accounting, financial or tax matters on which you or your members should rely. Your members must obtain more specific or professional advice before taking, or refraining from, any action or inaction on the basis of this information. While we have tried to ensure the accuracy and completeness of the information provided herein, Concentra Trust makes no representations or warranties, whether express or implied, as to the information contained in this brochure. Concentra Trust accepts no liability for any loss or damage howsoever arising out of the use of or reliance on the information contained herein, including liability towards third parties.

The information provided in this brochure is based on information current to January 2025 and may be subject to change. Concentra Trust does not accept responsibility to update or revise the information contained in this brochure as a result of changes made by the Canadian government, Canada Revenue Agency or any other governmental body with appropriate authority.