

# Registered Disability Savings Plan

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# Why would I need this?

When you or a loved one have a disability, there are many financial challenges that need to be overcome. A Registered Disability Savings Plan empowers families to save for the long term financial security of loved ones with disabilities.

# Benefits

- Your family can receive up to \$70,000 in grant money and up to \$20,000 in bonds
- Yearly limits on grants: \$3,500 Bonds:\$1,000
- You can contribute up to \$200,000 per lifetime
- Funds held in a RDSP do not affect your government assistance payments

# Canada Disability Savings Grant

- Annual Maximum of \$3,500, lifetime maximum is \$70,000
- If net family income is over \$98,040, the match is 100% of the contribution, and the annual match is \$1,000
- Can only receive grants until age 49
- Past CDSG entitlements can be carried forward up to 10 years

# Canada Disability Savings Bond

- Annual Maximum \$1,000, lifetime \$20,000
- If net family income is less than \$32,787, full \$1,000 received
- Partial Grant if net family income is above \$32,787 but below \$50,197
- No need to contribute to receive this

# Who qualifies for a RDSP?

## Opening on your own behalf:

- Canadian Resident
- Age of Majority
- Have a valid Social Insurance Number (SIN)
- Be eligible for the Disability Tax Credit

## Opening on the behalf of a beneficiary

- Be Legally authorized to act on behalf of the beneficiary, or be a qualified family member (parent, spouse, common-law partner)
- Canadian Resident
- Age of Majority
- Valid SIN
- If a public agency or institution, a business number (BN)

# Disability Tax Credit (DTC)

- The disability tax credit (DTC) is a non-refundable tax credit that helps people with impairments, or their supporting family member, reduce the amount of income tax they have to pay.
- If you have a severe and prolonged impairment, you may apply for the credit. If you are approved, you may claim the credit at tax time.

# Eligibility

You may be eligible for the DTC if a medical practitioner certifies that you have a severe and prolonged impairment in 1 of the categories, significant limitations in 2 or more categories, or receive therapy to support a vital function.





# Marked Restriction, What does it mean?

- You are unable to do the activity, or it takes 3 times longer than someone of similar age without the impairment, even with the use of appropriate therapy, medication, and devices
- This restriction is present all or almost all of the time (generally at least 90%)
- The restriction has lasted or is expected to last for a continuous period of at least 12 months

# Categories

Review the criteria for marked restrictions in the categories below. If you have limitations in 2 or more of these categories, their combined effects may be equivalent to 1 marked restriction.

- **Walking**
- **Mental functions**
- **Dressing**
- **Eliminating**
- **Hearing**

- **Speaking**
- **Vision**
- **Feeding**
- **Life-sustaining therapy\*not included in 2 or more**

# How to apply:

**Applying for the DTC involves the person who has the impairment and a medical practitioner who can certify the effects of the impairment.**

Find a medical practitioner to certify your impairment

Medical doctor	All impairments
Nurse practitioner	All impairments
Optometrist	Vision
Audiologist	Hearing
Occupational therapist	Walking, feeding, dressing
Physiotherapist	Walking
Psychologist	Mental functions
Speech-language pathologist	Speaking

# The Child Disability Benefit

The child disability benefit (CDB) is a tax-free monthly payment made to families who care for a child under age 18 with a severe and prolonged impairment in physical or mental functions.

At over \$2,700 per year for a low income household, this tax free benefit can add up dramatically.

Once you qualify for the DTC, the government will automatically calculate a back dated amount for the current and two previous tax years.



# More tax stuff...

- Medical Expenses
- Attendant Care Expenses
- Child Care Expenses
- Canada Caregiver Amount
- Home Buyers Amount
- Home Accessibility Tax Credit

# Henson Trust

Protecting your loved ones inheritance



# What is a Henson trust?

- Many of the benefits for disabled individuals are taken away if they have over a certain level of assets to their name.
- If you will leave a inheritance, it needs to be done in an RDSP or A Henson Trust.
- A trustee holds and manages the person's inheritance, effectively moving legal title of the assets from the person to the trust.
- This is then not their own asset and allows them to continue to receive government benefits.

# Choosing the right Trustee

- It is recommended to select a professional trustee to manage your trust
- If tax filings are done incorrectly, the trust loses its favorable tax treatment, forever.
- Avoid using a sibling as a trustee or co-trustee.



# What Are the Advantages of a Henson Trust?

Can keep government benefits

Inheritance can be used for their benefit

Quality of life improvements

Favorable tax treatment



# Costs

- Legal fee's - drafting a will, setting up the trust upon death
- Annual tax filing fees
- Fee for corporate trustee

# Questions?



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Courtesy

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