

*A Few Quick
Facts
About your
Registered
Disability Savings
Plan!*

Registered Disability Savings Plans

If you have a child with a developmental disability, particularly if the child is over the age of 18, we highly recommend that you consider setting up one of these plans. They are similar to Registered Education Savings Plans, in that the income grows inside the plan and is taxed to the beneficiary (your child) only on withdrawal. It is expected that these income withdrawals will be essentially tax free due to the deductions and exemptions available to the beneficiary. There is no deduction for the capital contributed, and the capital can be withdrawn tax free. Neither the accumulated value nor the income on withdrawal will have any impact on the beneficiary's ODSP eligibility. And the best news is that the federal government will contribute to it—in many cases even if you make no contribution yourself.

Canada Disability Savings Grant

This is a grant available on a sliding scale depending on the family's or individual's net income to either match or better the contributions to the plan. It can be as high as \$3,500 per year for a maximum of twenty years.

Canada Disability Savings Bond

The Federal Government will pay up to \$1,000 per year, up to a total of \$20,000 for families with net incomes of less than \$37,885. **There is no requirement to make contributions to be eligible for the bond.** For an individual over 18 years, only his or her best net income is considered as family income. For those under 18 years, the parents' combined net income is family income; so you might want to wait until your child is 18 years to apply

Eligibility

To be eligible for the grant or bond, the beneficiary of the plan must be under 49-years of age. The beneficiary must be eligible for the disability amount. This means that Form T2201—Disability Tax Credit Certificate must have been certified by a qualified practitioner and submitted to and approved by Canada Revenue Agency (CRA). It can take up to six months for CRA approval.

Withdrawals

The plans are intended to be long-term savings plans. You should understand that the grants and bonds may be required to be repaid if they are withdrawn within ten years of the last grant or bond received.

Helpful Links

Human Resources and Skills Development Website:
www.hrsdc.gc.ca/eng/disability_issues/disability_savings/index.shtml

Canada Revenue Agency for Form T2201 Disability Tax Credit Certificate
www.cra-arc.gc.ca/E/pgb/tf/t2201/README.html

*Registered
Disability Savings
Plans are now
offered at most
major banks.*