



RDSP

If you or a loved one is disabled, an RDSP is a great way to save and invest for the future.

A Registered Disability Savings Plan (RDSP) offers attractive benefits that can help ensure the long-term financial security of persons with disabilities.



The basics:

What you need to know about RDSPs

Who qualifies

An RDSP can be opened for any Canadian resident under age 60 who qualifies for the Disability Tax Credit (DTC). A qualifying individual can be the beneficiary of only one RDSP.

Making contributions

Contributions are made with after-tax dollars, and while there is no annual limit, there is a lifetime maximum of \$200,000. In addition, contributions can only be made until the end of the year the beneficiary turns 59.

Anyone can contribute to an RDSP, provided they have written permission from the plan holder.

Government grants

Through the Canada Disability Savings Grant (CDSG), the government will match RDSP contributions dollar-for-dollar, to a maximum of \$1,000 per year. Up to 10 years of unused grant entitlements can be carried forward, but the CDSG is only available until the end of the year the beneficiary turns 49.

Rollovers

Government rules allow for RRSPs, RRIFs and select registered pension plans of deceased parents and grandparents to be rolled into an RDSP, subject to the \$200,000 limit. However, CGSDs are not paid on rollover amounts and special reporting is required to complete a rollover.

FAQ

Five questions and answers about RDSPs

1 Can funds in an RDSP be invested?

Yes, all amounts within an RDSP can be invested in mutual funds, exchange-traded funds, stocks, bonds, GICs and other eligible investments. There is no tax on investment gains while funds remain in an RDSP.

2 How do withdrawals work?

Withdrawals can take the form of Disability Assistance Payments (DAPs) or Lifetime Disability Assistance Payments (LDAPs). DAPs are one-off payments that can be made at any time. LDAPs are ongoing payments that must be made on at least an annual basis and begin no later than the end of the year the beneficiary turns 60. Once started, LDAPs must continue until the beneficiary dies or the RDSP is terminated. LDAP amounts are also subject to an upper limit determined by a government-prescribed formula.

3 How are withdrawals taxed?

The part of a withdrawal that consists of investment gains, rollover amounts or CDSGs is subject to income tax at the beneficiary's marginal rate. The part that consists of contributed amounts is not taxed.

4 Do RDSPs affect other government benefits?

No, federal benefits such as the Guaranteed Income Supplement, Canada Pension Plan and Old Age Security are unaffected by RDSP-related benefits. In most cases, provincial benefits will also be unaffected.

5 Can an RDSP beneficiary also be the plan holder?

DTC-eligible individuals who are 18 years of age or older and legally competent may open an RDSP for themselves or become joint plan holders with parents.

Did you know?



Less than one-third of eligible Canadians under age 50 are beneficiaries of an RDSP.

Source: <https://www150.statcan.gc.ca/n1/daily-quotidien/220401/dq220401b-eng.htm>

\$7 billion — the amount Canadians held in RDSP accounts in 2020.

Source: Investor Economics Household Balance Sheet 2021.

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