Employment and Social Development Canada
Emploi et Développement social Canada

Registered Disability Savings Plan (RDSP) provider user guide

RDSP

Long-term savings plan

to help Canadians with disabilities

Navigating RDSPs

A comprehensive resource providing detailed information on the Registered Disability Savings Plan

Ce document est aussi disponible en français

Latest update:
October 3, 2025

Versions

Version: 1.1
Latest update: October 3, 2025
Previous update: May 27, 2025

Description: Please note that minor updates have been made to Chapter 9, in section 9.3, to improve clarity and accuracy.

- Removed date reference (“starting from 2014”) for clarity and timelessness.
- Corrected income figures and thresholds in grant calculation examples for 2023.
- Fixed a typographical error by updating the year from 2011 to 2021.
- Updated the number of years under the income threshold from 8 to 9 years to reflect the correct eligibility period.

Version : 1.0
Latest update: May 27, 2025
Previous update: June 20, 2023

Description: There have been changes to the program. These changes relate to the incentives delivered by Employment and Social Development Canada (ESDC). They also include amendments to the *Income Tax Act*, as announced in *Budget Implementation Act, 2023,No.1*, which affect the Registered Disability Savings Plan (RDSP). In addition, gender-neutral language is now being used throughout the program.

Registered Disability Savings Plan provider user guide
Large print, braille, MP3 (audio), e-text and DAISY formats are available on demand by ordering online or calling 1 800 O-Canada (1-800-622-6232). If you use a teletypewriter (TTY), call 1-800-926-9105.

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Em16-28/2023E-PDF
978-0-660-47648-3

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Chapter 1. RDSP Grant and bond

From: Employment and Social Development Canada

Disclaimer: RDSP issuers

The information contained in this chapter is technical in nature. The target audience are issuers of the:

- Registered Disability Savings Plan (RDSP)
- Canada Disability Savings Grant (CDSG)
- Canada Disability Savings Bond (CDSB)

For general information, visit the RDSP page.

In this chapter

- Introduction
- 1.1 Grant and Bond
- 1.2 Roles and responsibilities of partners
- 1.3 Key players in an RDSP
- 1.4 Privacy requirements
- 1.5 Exchange of information
- 1.6 RDSP process overview

Introduction

The Registered Disability Savings Plan (RDSP) helps Canadians with disabilities save for the future. The Government of Canada provides 2 key benefits:

- the Canada Disability Savings Grant (CDSG) (grant), which matches contributions based on the amount contributed and the beneficiary's family income (up to $3,500 per year)

- the Canada Disability Savings Bond (CDSB) (bond), which provides up to $1,000 annually to low and modest income beneficiaries, without requiring contributions

This chapter provides an overview of the grant and bond. It also outlines the roles and responsibilities of the individuals and organizations that facilitate and participate in the process associated with the grant and bond.

This chapter also includes the legislation in place that guides the administration of these payments.

The RDSP is a long-term savings plan to help Canadians with disabilities save for the future. The beneficiary is the person who will receive the money from the RDSP in the future. The holder is the person or organization that opens and manages the RDSP.

Anyone can contribute to an RDSP with the holder's written consent.

Depending on the circumstances, the holder and the beneficiary may be the same person. Further clarification regarding holders and beneficiaries is found later in this guide.

The grant and the bond increase an RDSP's value and earning potential. Even small savings can accumulate with time.

The *Canada Disability Savings Act* (CDSA) authorizes the payment of the grant and the bond.

An RDSP could also include provincial payments paid from designated provincial programs. Payments made into an RDSP through a designated provincial program do not attract federal grants or bonds. These payments are not considered to be contributions to an RDSP.

1.1 Grant and bond

1.1.1 The grant at a glance

The CDSG is a matching grant paid into an RDSP by the Government of Canada.

The Government of Canada may pay matching grants of 300%, 200%, or 100% depending on the:

- beneficiary's family income
- amount contributed to the RDSP

Note: Income thresholds are indexed annually by the Canada Revenue Agency (CRA).

Grant limits

- The maximum annual grant is $3,500
- The maximum lifetime grant is $70,000

Exceptions to these limits occur in instances where the carry forward provision applies. For more information, refer to Chapter 9. RDSP Canada Disability Savings Grant, section 9.3. Grant room and carry forward and Chapter 10. RDSP Canada Disability Savings Bond, section 10.3. Bond limits and carry forward.

The grant may be paid into an RDSP on contributions made on or before December 31 of the year in which the beneficiary turns 49 years old.

In order to receive the grant, an income tax return should be filed every year. If no income tax return is filed, the Government of Canada will not be able to verify the beneficiary's family income.

The beneficiary will not be entitled to the higher matching rate and only the minimum grant payment will be made into an RDSP. However, for beneficiaries for whom an organization receives a

special allowance under the *Children's Special Allowances Act* (CSAA) (for at least 1 month in the year), no income tax return is required to receive a grant at a matching rate of 300% and 200%.

For more information about grant eligibility criteria, information requirements, program related- rules, and application processes, refer to Chapter 9. RDSP Canada Disability Savings Grant.

Note: Income thresholds are indexed annually by the CRA.

1.1.2 The bond at a glance

The CDSB is paid into an RDSP by the Government of Canada. No contributions are required to receive the bond.

Depending on the beneficiary's family income, the Government of Canada may pay up to $1,000 annually in bond into an RDSP. The maximum lifetime limit for bonds is $20,000.

The bond may be paid into an RDSP made on or before December 31 of the year in which the beneficiary turns 49 years old.

In order to receive the bond, an income tax return must be filed every year. If no income tax return is filed, no bond payment will be made into an RDSP as the Government of Canada will be unable to verify the beneficiary's family income. However, for beneficiaries for whom an organization receives a special allowance under the CSAA, no income tax return is required for the bond to be paid.

Note: Income thresholds are indexed annually by the CRA.

For more information about bond eligibility criteria, information requirements, program related- rules, and application processes, refer to Chapter 10. RDSP Canada Disability Savings Bond.

1.1.3 Grant and bond entitlements and carry forward

As of January 2011, RDSP holders can claim unused grant and bond entitlements from the past 10 years. This applies for existing RDSPs and those opened in January 2011 and thereafter.

Note: Going back no further than 2008, the year that RDSPs became available.

To receive unused grant and bond entitlements, the beneficiary must:

- be eligible to receive the grant and bond
- have been eligible to receive the grant and bond in the years for which the carry forward is being requested

The contributions, the grant and the bond request must be made no later than the end of the year in which the beneficiary turns 49 years old. Contributions made after the year in which the beneficiary turns 49 will not attract grant.

The amount of grant and bond available is calculated for each previous year and depends on the beneficiary's family income in each of those years. The Government of Canada's matching rate will be the same as the one that would have applied if the contribution had been made in the year in which the grant entitlement was earned. The matching rate is paid in descending order, using up any grant entitlements (beginning with the oldest year or entitlement) at the highest available matching rate first, followed by those at lower rates.

Grants and bonds will be paid on unused entitlements, up to an annual maximum of $10,500 for grants and $11,000 for bonds.

1.2 Roles and responsibilities of partners

The 3 main partners are:

- financial institutions (FI), which includes:
  - issuers
  - agents
  - service providers
- Employment and Social Development Canada (ESDC)
- CRA

Each partner shares information and manages processes that enable ESDC to deposit grants and bonds into an RDSP of an eligible beneficiary.

1.2.1 Financial institutions

An issuer is a trust company that is licensed to provide trust services in Canada. In order to offer RDSP contracts to the public and administer the grant and the bond, the issuer must receive approval for an RDSP specimen plan from the CRA Registered Plans Directorate (RPD). Additionally, the issuer must sign an issuer agreement with ESDC.

The issuer may contract or delegate certain authorities to:

- an agent
- a service provider

Generally, an agent provides administrative services to clients. A service provider provides electronic support services on the issuer's behalf.

In accordance with the issuer agreement, when an agent is involved, usually it is the agent who:

- electronically transmits RDSP information to ESDC

- receives grant and bond payments
- sends grant and bond repayments to the Government of Canada

As per the issuer agreement:

"The issuer shall provide the Minister with the name of any agent that exercises the obligations referred to in subparagraph 2.9 (b) in the form and manner acceptable to the Minister, as outlined in the Canada Disability Savings Program (CDSP) - Notice of Delegation of Duties to an Agent form or such other form approved by the Minister.

It is understood that once the agent has been approved, the Minister shall deal directly with that agent in respect of those specific obligations, as those obligations shall have been deemed to have been performed by the issuer."

If the issuer enters into an arrangement with an agent to allow the agent to carry out administrative or other duties under the specimen plan, the issuer has the ultimate responsibility for the:

- specimen plan
- specimen plan trust

Generally, service providers provide support services regarding RDSPs as well as compile and forward electronic transactions to the CDSP system.

For purposes of this guide, the term financial institution is used to refer to the entity that is offering the RDSP product directly to clients, whether it is:

- an issuer
- an agent
- a service provider

If one of the terms issuer, agent or service providers is used, the information is specific to that type of entity only.

To offer RDSP contracts, an issuer must first submit a copy of its specimen plan to RPD for written approval to be able to:

- offer RDSP contracts
- enter into agreements with:
  - agents
  - service providers

The terms of the plan must meet the requirements of section 146.4 of the *Income Tax Act* (ITA). In addition, the issuer must have entered into an agreement with the Minister of ESDC to administer the grant and the bond.

Specifically, financial institutions:

- develop and manage systems to support delivery of the RDSP program
- prepare and submit grant/bond requests to ESDC
- accept responses to grant/bond requests from ESDC
- record and track funds on behalf of the grant and bond holders and recipients

1.2.2 ESDC

ESDC is a department of the Government of Canada.

ESDC's mission is to build a stronger and more competitive Canada, to support Canadians in making choices that help them live productive and rewarding lives, and to improve Canadians' quality of life.

ESDC ensures that children, families, seniors, and people with disabilities have the support and information they need to maintain their wellbeing and facilitate their participation in society.

ESDC is responsible for all the legislative aspects related to the CDSA and the *Canada Disability Savings Regulations* (Regulations).

1.2.2.1 The Canada Education Savings Program (CESP)

The CESP provides the delivery mechanism and necessary system supports for the effective administration of the grant and the bond. The CESP offers:

- the CDSG
- the CDSB

For financial institutions, the CESP directorate of the Learning Branch serves as a point of contact for grant and bond issuers. ESDC enters into agreements with issuers. The CESP also provides customer services to individuals seeking grant and bond information. Among its various activities, the CESP develops training materials for the administration of the RDSP, the grant, and bond. It also provides training sessions to financial institutions. Additionally, it establishes parameters and tools.

For example, the Interface Transaction Standards (ITS) outlines the data elements that a financial institution must submit, as well as describes the process for the transmission of electronic information to the Government of Canada.

Specifically, the CESP:

- administers the issuer and agent enrolment process including the signing of the issuer agreements
- receives the financial institutions, beneficiary, and holder information needed to register for Disability Savings Plan (DSP)
- manages DSP contracts, verifies this information, and sends it to the CRA to confirm registration
- validates beneficiary and holder social insurance numbers (SIN)
- receives and processes monthly grant and bond applications and payments, and collects information on behalf of the CRA (CDSA 2007, Ch. 35, s. 136, ss. 15) including information associated with:
    - the RDSP contract
    - the beneficiary
    - the holder
    - various financial transactions
- facilitates the correction of transactions where grant or bond was denied in error
- maintains the CDSP system

- conducts testing and monitoring of system specific issues and compliance reviews

1.2.2.2 The Office for Disability Issues (ODI)

The ODI is a focal point within the Government of Canada for key partners working to promote the full inclusion and participation of Canadians with disabilities in all aspects of society and community life.

ODI is the policy and program authority for the grant and the bond.

ODI's is responsible for the following elements:

- provide policy and program oversight through:
  - interpretation of the CDSA
  - regulations and related instruments
  - decisions about policy direction
  - suggestions for legislative changes
- define grant and bond strategic outcomes, objectives, and performance measures to meet program goals/objectives and provide reporting on program measures/outcomes
- negotiate with the Department of Finance, in collaboration with the CRA, concerning changes to the ITA that have an impact on ESDC, and implements policy changes that result from amendments to the ITA, CDSA and the Regulations
- develop and update the content of issuer agreements
- develop and update the forms necessary to administer the grant and bond in compliance with legislative requirements
- lead the development of provincial and territorial partnerships
- manage and deliver all grant and bond communications and outreach activities

1.2.2.3 The social insurance registration (SIR) office

When an RDSP is opened, the SIN of the beneficiary and the holder is required. The SIR office is responsible for validating beneficiary and holder SINs. SIR validates the following 5 fields:

- last name

- first name
- SIN
- date of birth
- gender

1.2.3 The CRA

The CRA is responsible for the administration of the ITA and oversees:

- tax laws for the Government of Canada and for most provinces and territories
- various social and economic benefits and incentive programs delivered through the tax system

1.2.3.1 The RPD

The RPD is responsible for all program activities related to the provisions of the ITA for the registering and monitoring of DSPs.

The RPD:

- approves specimen plans which are comprised of the following documentation:
  - the declaration of trust, which outlines the DSPs conditions, including appendices and other documentation related to the contract
  - the DSP holder application form and any addenda which form an integral part of the application
- validates certain information related to the RDSP contract
- confirms the registration of RDSP contracts or nullifies the registration of contracts when the contract information is not valid or complete
- deregisters contracts if they are not compliant with the terms outlined in subsection 146.4(11) of the ITA
- provides support to FIs and the public on all questions related to section 146.4 of the ITA, including ongoing registration and administration of RDSP contracts

- reviews RDSP non-compliance and applies waivers to the terms and conditions of registration if warranted and applicable
- ensures compliance activities with respect to section 146.4 of the ITA
- creates policies for issues relating to section 146.4 of the ITA

1.2.3.2 The Benefit Programs Directorate (BPD)

The BPD supports the public for services including, the Disability Tax Credit (DTC) and the Canada Child Benefit (CCB).

The BPD:

- provides ESDC with residency and income related information for adult beneficiaries and primary caregivers (PCG)
- provides support to financial institutions and the public with respect to the eligibility to the DTC (also known as the "disability amount")
- determines eligibility for the CCB, Children's special allowance and Child Disability Benefit

1.3 Key players in an RDSP

There are 3 key players involved in an RDSP.

- The financial institutions
- The holder
- The beneficiary

1.3.1 The financial institution

In terms of establishing RDSPs, the roles and responsibilities of financial institutions include:

- offering RDSPs to the public and striving to ensure that its premises and services are accessible to people with disabilities

- obtaining the beneficiary's SIN as well as the SIN or the business number (BN) of each entity that becomes a holder of an RDSP (ITA 146.4(2)(b))
- collecting contract registration information and providing the information to the Government of Canada
- ensuring that RDSP contracts are in compliance with the terms and the conditions for registration
- submitting an application to ESDC for the grant or the bond on behalf of the holder
- receiving and depositing grant or bond to the proper RDSP account
- informing the holder of the RDSP account status (if grant or bond was paid or not)
- maintaining and submitting monthly records of RDSP transactions through the CDSP system
- making disability assistance payments (DAPs), if applicable and lifetime disability assistance payments (LDAPs) to the beneficiary
- repaying grant or bond, as required
- correcting errors in a timely manner
- keeping copies of all documents, books of accounts, and records for the CRA and ESDC compliance reviews

Note: This material must be kept for a period of 6 years following the year in which the RDSP is terminated.

1.3.2 The holder

The holder opens and manages the plan and signs a contract with the financial institution for the benefit of a beneficiary. The plan must have at least 1 holder at all times.

The holder deposits the contributions into the RDSP for the benefit of a beneficiary. The holder can also provide others with permission in writing to contribute to the RDSP.

Depending on the circumstances, a holder can be one of the following:

- the beneficiary
- a legal parent of the beneficiary
- a guardian, tutor, curator, or an individual legally authorized to act on behalf of the beneficiary
- a public department, agency, or institution legally authorized to act on behalf of the beneficiary
- a qualifying family member (beneficiary's parent(s), spouse, common-law partner, or siblings)
- a qualified entity that is given rights under the RDSP as successor or assignee of a plan holder

Joint holders are possible, such as in the case where 2 legal parents wish to enter into the contractual agreement with the FI. Alternatively, the holder can be a single entity.

The Budget 2012 announced that "qualifying family members" may become the holder of an RDSP that is opened for the first time for an adult individual whose contractual competence may be in doubt and who does not have a legal representative appointed under provincial legislation.

The Budget 2023 proposed to extend the temporary measure to the end of December 31, 2026, and to include adult siblings of the beneficiary. The proposed change was approved and came into force on June 22, 2023. This measure is intended to provide provinces and territories time to develop long-term solutions to address legal representation issues. An individual who becomes a holder of an RDSP under these rules will generally be able to remain a holder of the RDSP after 2026.

1.3.2.1 Eligibility requirements

Depending on the role of the holder, the holder must provide the financial institution with specific information to meet the eligibility requirements.

If the holder is an individual, the following information is required:

- SIN
- first and last name
- date of birth
- gender

If the holder is a public department, agency, or institution legally authorized to act for the beneficiary, it's BN and the beneficiary's information, including:

- first and last name
- address
- date of birth
- gender
- SIN

1.3.3 The beneficiary

The beneficiary is named in the RDSP by the holder. The beneficiary of the RDSP is the person who will receive the money from the RDSP.

The RDSP is operated exclusively for the benefit of the beneficiary. Once the holder has named the beneficiary of the RDSP, the decision is irrevocable, and the beneficiary must remain the same for the duration of the RDSP. A beneficiary can have only 1 RDSP at any given time.

1.3.3.1 Eligibility requirements

To open an RDSP, the beneficiary must:

- be a Canadian resident
- have been assessed as having a severe and prolonged impairment in physical or mental functions and be eligible for the DTC

- be no more than 59 years of age by December 31 of the calendar year the RDSP is opened (unless the RDSP is opened as a result of a transfer from the beneficiary's prior RDSP)
- have a valid SIN

1.4 Privacy requirements

1.4.1 The protection of information

Certain eligibility criteria associated with the RDSP and the bond and grant, require financial institutions to collect or verify information provided by the holder.

Consequently, 2 federal privacy laws are applicable the:

- *Privacy Act* (PA)
- *Personal Information Protection and Electronic Documents Act* (PIPEDA)

Federal and provincial privacy legislations stipulate how organizations in the private sector must manage the collection, storage, and use of personal information. Therefore, when assisting clients who are applying for the grant or the bond, it is important to be aware of and understand the privacy legislation in place within each jurisdiction.

Financial institutions can assure their clients that any information provided during the RDSP, and the grant and the bond application process will respect the client's privacy in compliance with federal and provincial privacy legislation.

1.4.1.1 The PA

The PA imposes obligations on federal departments regarding an individual's privacy rights by limiting the collection, use and communication of personal information. The PA also gives all individuals present in Canada access to federal information about

themselves and specifies how the government can collect, use, disclose, and retain personal information. The information can be:

- age
- medical record
- identification, number, or symbol unique to an individual
- family status
- SIN

PA requires that government institutions develop and maintain an index of personal information holdings called Personal Information Banks (PIBs).

The index is a means of organizing information for the purpose of public access and ensures that PIBs are registered, approved, and identified in InfoSource.

For more information about the PA, refer to the Office of the Privacy Commissioner of Canada website.

1.4.1.2 The PIPEDA

The PIPEDA is federal legislation that protects personal information. PIPEDA sets out principles that organizations, individuals, associations, partnerships, and trade unions must follow when collecting, using, and disclosing personal information in the course of a commercial activity.

PIPEDA applies to the commercial activities of:

- the federally regulated private sector (such as banks)
- the retail sector
- publishing companies
- the service industry
- manufacturers
- other provincially regulated organizations

1.4.2 The collection, use and sharing of personal information

For the purposes of registering an RDSP and applying for the grant and the bond, financial institutions must collect and share information about:

- the holder
- the beneficiary
- a child's parent(s), family members, legal guardian
- the PCG

1.4.2.1 Sharing of client personal information

The authority of the Government of Canada to collect, use, and share personal information and other information included on the form, "Application for the Canada Disability Savings Grant or Canada Disability Savings Bond (EMP5608)", for the purposes described on the form, is provided under the:

- CDSA
- *Department of Employment and Social Development Act*
- ITA

Once under the control of ESDC, that information is administered in accordance with all applicable laws including the CDSA, the PA and the *Department of Employment and Social Development Act*. Once under the control of the CRA, that information is administered in accordance with all applicable laws including the PA and the ITA.

The information included on this form and the information regarding the RDSP may be used by and shared between ESDC, the CRA, and the financial institutions for the administration (which may include policy analysis, research, and evaluation) of the CDSA and the ITA.

There are 7 steps in the collection, use and sharing of client personal information for RDSP contract registration and payment of grant and bond.

1. The contract is created with the financial institution.

- The financial institution collects the following information from the grant and bond application form:
  - holder(s) name and SIN
  - beneficiary name, SIN, date of birth and address
  - PCG name, SIN (or BN) and address
- The financial institution collects the following information from the RDSP contract:
  - holder(s) name, SIN (or BN), date of birth, address gender
  - beneficiary's name, SIN, date of birth, address and gender

2. The issuer reports the collected information to ESDC.
3. The CDSP system validates the information.
4. SIR validates the personal information, ESDC sends the following information to SIR for validation:
   - holder(s) name, SIN (or BN) and date of birth
   - beneficiary name, SIN and date of birth
5. The CRA verification, ESDC sends the information to the CRA to verify:
   - eligibility for the DTC
   - Canadian residency
   - beneficiary's family income
6. The contract registration is confirmed.
7. The grant and bond are paid, information is communicated back to the FI in their monthly reports

1.5 Exchange of information

To determine if an RDSP is eligible to be registered, to pay grant or bond or to report statistical data, the CDSP system exchanges information with the following partners and systems:

- financial institutions
- CRA (RPD and BPD)
- ESDC (SIR, CESP and CDSP systems and ODI)

1. The CDSP system enables the exchange of electronic information between itself and:

   - issuers
   - ODI
   - RPD
   - BPD
   - SIR

2. The financial institution sends to the CDSP system the:

   - contract registration transactions
   - non-financial RDSP updates and modifications
   - financial transactions
   - reporting transactions

3. The CDSP system sends to SIR, the CRA and ODI the:

   - beneficiary and holder personal information to SIR
   - beneficiary, holder, contract, and financial information to the CRA
   - information on plans, contracts, grant, and bond payments, and RDSP fair market value reports to ODI

4. SIR office:

   - validates beneficiary and holder identity
   - sends result to the CDSP system
   - sends to the CDSP system updates on SIN usability

5. The CRA validates information received from the CDSP system with 2 directorates:

   - BDP provides the beneficiary's DTC eligibility, residency, and family income
   - RPD views the contracts for registration purposes and verifies their status

6. ODI receives, for statistical purposes, information from the CDSP system regarding:

    - contracts
    - grant and bond payments
    - the fair market value of plans

1.6 RDSP process overview

1.6.1 Opening an RDSP

There are 3 steps in opening an RDSP.

1. Choosing the financial institution. A list of the financial institutions that offer RDSPs can be found on the Registered Disability Saving Plan website

2. Providing the required information:

    - the holder who opens the RDSP must ensure that they provide the FI with all the relevant information about themselves
    - they must also provide information about the primary caregiver (if applicable) and the person named as the beneficiary of the RDSP

3. Making a contribution or applying for grant and bond

    - only the holder, or those who have received the written consent of the RDSP holder, may deposit contributions into the RDSP
    - the contributions are made in trust to the financial institutions to be invested, used, or applied by the financial institution for the purpose of making payments to the beneficiary

Note: Contributions cannot be made if the beneficiary:

- has died
- is not DTC-eligible at the time of the contribution

- is not a Canadian resident
- is older than 59
- has reached the maximum lifetime contribution limit

Note: Contributions are required to trigger the grant. No contributions are required to trigger the bond.

Chapter 2. RDSP Key concepts

From: Employment and Social Development Canada

Disclaimer: RDSP issuers

The information contained in this chapter is technical in nature. The target audience are issuers of the:

- Registered Disability Savings Plan (RDSP)
- Canada Disability Savings Grant (CDSG)
- Canada Disability Savings Bond (CDSB)

For general information, visit the RDSP page.

In this chapter

- Introduction
- 2.1. Legislative authorities: ESDC and the Canada Revenu Agency (CRA)
- 2.2. RDSP
- 2.3. Specified Disability Savings Plan (SDPS)
- 2.4. RDSP contribution limits
- 2.5. Social insurance number (SIN)
- 2.6. The RDSP account
- 2.7. Key concepts specific to CDSG and CDSB

Introduction

Employment and Social Development Canada (ESDC) administers several legislative and program elements governing the delivery and administration of the:

- Canada Disability Savings Grant (CDSG)
- Canada Disability Savings Bond (CDSB)

In this guide, these elements are referred to as key concepts.

Understanding these key concepts will allow Registered Disability Savings Plan (RDSP) issuers to assist the holder in applying for and receiving the CDSG and the CDSB for which the beneficiary qualifies.

2.1 Legislative authorities: ESDC and the Canada Revenu Agency (CRA)

ESDC and the CRA work together in administering the CDSG and the CDSB under these legislative authorities of the:

- *Canada Disability Savings Act* (CDSA), which authorizes payment of the:
  - CDSG
  - CDSB
- *Canada Disability Savings Regulations* (Regulations) set out the requirements for the:
  - payment of the CDSG and the CDSB
  - terms and conditions of the issuer agreement
  - authorization on the collection of information
- *Income Tax Act* (ITA) governs RDSPs

2.1.1 The *CDSA*

The CDSA:

- establishes the CDSG and the CDSB
- outlines some of the conditions and obligations with respect to the payment and repayment of the CDSG and the CDSB
- establishes the amount of CDSG that may be paid into a beneficiary's RDSP in respect of contributions made to the plan
- establishes the amount of CDSB that may be paid
- sets out the conditions and obligations related to the payment of CDSG and CDSB

2.1.2 The Regulations

The Regulations complete the legal framework established by the CDSA for the payment and repayment of the CDSG and the CDSB as well as ensure consistent treatment and application of program rules.

The Regulations also establish the:

- requirements for the payment of the CDSG and the CDSB
- terms and conditions that must be included in the agreements between ESDC and the issuer authorized to offer the RDSP
- circumstances under which the CDSG and the CDSB must be repaid
- type of personal information that may be collected by ESDC which is disclosed to the CRA

2.1.3 The ITA

Section 146.4 of the ITA provides measures that allow for the creation and the administration of the RDSP. The RDSP is the vehicle used for depositing the CDSG and the CDSB. The ITA sets clear guidelines on the conditions required for the Disability Savings Plan (DSP) of a beneficiary to become an RDSP.

The ITA describes the:

- eligibility criteria for holders and beneficiaries
- types of payment that can be made from the plan
- contribution limits
- taxation of the disability assistance payment (DAP) and the lifetime disability assistance payment (LDAP)

2.2 RDSP

The RDSP is a long-term savings plan designed to help persons with disabilities save for the future. The holder initiates the RDSP registration process by entering into a DSP with an RDSP issuer and requesting that the DSP be registered with the CRA. Once

successfully registered, the DSP becomes an RDSP and, as such, the repository for contributions, grants or bonds, and accumulated earnings. For more information, refer to Chapter 3. RDSP Registered Disability Savings Plan.

The payment of the CDSG and the CDSB has specific requirements. These are addressed in the related chapters. For more information, refer to Chapter 9. RDSP Canada Disability Savings Grant and Chapter 10. RDSP Canada Disability Savings Bond.

2.3 Specified Disability Savings Plan (SDSP)

A SDSP is a measure to provide beneficiaries who have a shortened life expectancy with greater flexibility to access their RDSP savings. Withdrawals from an SDSP will not trigger a repayment of the assistance holdback amount (AHA) (or the proportional repayment rule). For more information, refer to Chapter 14. RDSP repaying the grant and bond. To designate the RDSP as an SDSP, the holder needs to make an election. For more information, refer to Chapter 5. RDSP Specified Disability Savings Plan.

However, once the election is made no contributions can be made, and the plan will not be entitled to any new CDSG or CDSB. Furthermore, beneficiaries will not be eligible to carry forward any CDSG or CDSB amounts for those years. Education savings rollovers are not permitted when the plan is an SDSP; only rollovers of retirement savings proceeds are permitted.

The SDSP designation will be removed if the holder requests that the election be reversed or if any of the SDSP conditions is broken.

2.4 RDSP contribution limits

There is no annual limit for contributions, but there is a lifetime limit of $200,000.

2.5 Social insurance number (SIN)

The SIN is a key information element used by the Canada Disability Saving Program (CDSP) system.

To establish and register a DSP, a SIN is needed for the beneficiary and all holders. A business number (BN) is needed if the holder is a public department, agency, or institution.

The CDSB requires additional SIN information for the primary caregiver. Therefore, when applying for CDSG or CDSB, refer to the following chapters:

- Chapter 9. RDSP Canada Disability Savings Grant
- Chapter 10. RDSP Canada Disability Savings Bond
- Chapter 11. RDSP grant or bond application process
- Chapter 12. RDSP grant and bond revocation request
- Chapter 13. RDSP receiving and depositing grant and bond
- Chapter 14. RDSP repaying the grant and bond

2.5.1 SIN: A unique identifier

A SIN is needed for the beneficiary to establish and register a DSP.

The beneficiary's SIN is used by the CDSP system to:

- provide the CRA with registration information about the plan
- record RDSP activities
- pay CDSG or CDSB

2.5.2 Importance of accurate information

The beneficiary's SIN is subject to rigorous validation checks. To ensure payment of the CDSG and the CDSB, it is critical to verify the accuracy of the beneficiary's SIN and associated information when completing the RDSP process and applying for the CDSG and the CDSB. Inaccurate SIN information will delay the DSP's registration as well as the approval of the payments of the CDSG and the CDSB.

The beneficiary's SIN is electronically validated with the ESDC social insurance registration (SIR) database in the following manner:

- every transaction of the beneficiary information is validated with SIR to ensure the following information reported on the transaction corresponds with the information held at SIR:
  - SIN
  - given name
  - surname
  - birth date
  - gender
- if the SIR reports that the information provided in the transaction does not match its records, then the CDSP system rejects the transaction and reports the error to the issuer in the error report
- CDSG and CDSB payment will be delayed until the correction is made and resubmitted to the CDSP system and successfully validated at the SIR

2.5.3 The holder's SIN or BN

To establish and register a DSP, the holder must provide the financial institution with their SIN.

If the holder is a public department, agency, or institution that is legally authorized to act on behalf of the beneficiary, the business name, address, and BN must be provided to the issuer to establish and register a DSP.

2.5.4 Applying for a SIN

The SIN application form and instructions can be obtained from any Service Canada office or online on the SIN page.

2.6 The RDSP account

An RDSP is comprised of the following:

- contributions made to the RDSP by the holder (or by any entity with the written permission of the holder), including rollovers
- CDSG
- CDSB
- provincial incentives
- earnings

When a financial transaction is processed for the beneficiary, funds are deposited into or withdrawn from the RDSP.

The CDSP system tracks these various activities to ensure CDSG and CDSB limits are not exceeded. If these limits are exceeded, the plan may risk losing its registration status.

RDSP issuers must track financial transactions within the beneficiary's RDSP.

2.7. Key concepts specific to CDSG and CDSB

There are other important key concepts that are associated with, and unique to, each of the CDSG and the CDSB. These are defined and elaborated in the following chapters:

- Chapter 9. RDSP Canada Disability Savings Grant
- Chapter 10. RDSP Canada Disability Savings Bond
- Chapter 11. RDSP grant or bond application process
- Chapter 12. RDSP grant and bond revocation request
- Chapter 13. RDSP receiving and depositing grant and bond
- Chapter 14. RDSP repaying the grant and bond

Chapter 3. RDSP Registered Disability Savings Plan

From: Employment and Social Development Canada

Disclaimer: RDSP issuers

The information contained in this chapter is technical in nature. The target audience is issuers of the:

- Registered Disability Savings Plan (RDSP)
- Canada Disability Savings Grant (CDSG)
- Canada Disability Savings Bond (CDSB)

For general information, visit the RDSP page.

In this chapter

- Introduction
- 3.1 How it works
- 3.2 Key elements of an RDSP
- 3.3 Beneficiary
- 3.4 Holder
- 3.5 Legal representative
- 3.6 Primary caregiver (PCG)
- 3.7 Social insurance number/ Business number
- 3.8 Disability Tax Credit
- 3.9 Residency
- 3.10 Contributions

Introduction

A Registered Disability Savings Plan (RDSP) is a Disability Savings Plan (DSP) that is registered with the Canada Revenue Agency (CRA). It is a long-term savings plan designed to help persons with disabilities save for the future. More specifically, it is an arrangement between the RDSP issuer and holder(s).

The holder makes or authorizes contributions to an RDSP. In return, the RDSP issuer agrees to use the accumulated funds to make disability assistance payments (DAPs) to the beneficiary designated by the holder. RDSP earnings are not taxable until they are withdrawn from the RDSP.

An RDSP is a long-term savings plan intended to help persons with disabilities save for the future. The beneficiary named under an RDSP must be approved for the Disability Tax Credit (DTC).

All funds in the plan are intended to be used solely for the beneficiary. When the plan holder names the beneficiary of the RDSP, that beneficiary remains as beneficiary for the duration of the plan.

An RDSP is a trust arrangement between a holder and a trust company in Canada. The RDSP contract includes terms and conditions that the holder must agree to, for the continued registration and operation of the plan, such as:

- contribution eligibility and limit
- minimum withdrawal requirements and maximum withdrawal limits
- conditions for requesting elections in the RDSP
- holder eligibility

The RDSP contract may include terms that determine:

- whether contributions will be intermittent or on a regular basis (at the discretion of the holder)
- fees
- investment options

- a lump sum DAP

RDSPs are subject to rules that govern:

- eligibility
- contributions
- payments
- earnings
- plan closures or continued registrations
- the transferring of monies

Compliance with these rules ensures the continued registered status of the RDSP.

With the written permission of the plan holder, anyone can contribute to an RDSP until the end of the calendar year in which the beneficiary turns 59 years of age. Contributions are not tax deductible and are tax exempt when withdrawn. However, the earnings generated on contributions are tax exempt while in the plan but treated as taxable income when withdrawn.

When lump sum DAPs or LDAPs are made from the plan, the portion representing contributions (that are not rollovers) is not included in the income of the beneficiary. However, the following elements will be included in the beneficiary's income for tax purposes when paid out of the RDSP:

- the grant
- the bond
- payments from designated provincial programs
- earnings in the plan
- any retirement and education savings amounts that have been rolled over into the plan (including their earnings)

Note: Retirement savings rollovers and education savings rollovers count as contributions when determining if an RDSP is a primarily government assisted plan or not. They also count towards reducing the $200,000 lifetime contribution limit.

On the request of the holder, the issuer invests the funds contributed. When the beneficiary is eligible to receive payments, all available amounts in the plan are used to make lump sum DAPs or LDAPs.

The main parties involved in the RDSP are the:

- holder
- beneficiary
- issuer
- Employment and Social Development Canada (ESDC)
- CRA

3.1 How it works

3.1.1 Application process

A holder must:

- meet with a participating RDSP issuer
- open an RDSP
- name an eligible beneficiary

3.1.2 Eligibility criteria

The holder and participating RDSP issuer ensure that all eligibility criteria for the registration of the RDSP have been met.

3.1.3 RDSP contributions

The holder, or anyone with written permission from the plan holder, makes and authorizes contributions to the RDSP.

3.1.4 Grants and bonds

An application can be made by the holder to obtain the bond and matching grants.

3.1.5 Payments from an RDSP

Lump sum DAPs and LDAPs can only be made to the beneficiary, or to the beneficiary's estate. The identity of the beneficiary appears in the plan documentation.

3.1.6 When contributions must stop

Contributions can be made to an eligible beneficiary's RDSP until the earliest of:

- December 31 of the calendar year in which the beneficiary reaches 59 years of age
- the time when contributions to the plan (and any prior RDSP of the beneficiary) total $200,000
- the beneficiary's death

3.1.7 When contributions must stop temporarily

- Loss of DTC
- Non-residency

Contributions can begin after the beneficiary regains their DTC and residency.

3.1.8 RDSP lifespan

There is no specific time limit set out in legislation prescribing the date when an RDSP must be terminated. The *Income Tax Act* (ITA) sets out the circumstances when an RDSP must be closed. They include:

- RDSP non-compliance
- beneficiary's death
- transfer
- voluntary RDSP termination

3.2 Key elements of an RDSP

3.2.1 Eligibility

An RDSP can be established if:

- the beneficiary has a valid social insurance number (SIN)
- the holder has either a valid SIN or business number (BN)
- the beneficiary is approved for the DTC
- the beneficiary is a resident in Canada
- the beneficiary is 59 years old or younger at the end of the calendar year when the RDSP is opened

Note: This age limit is not applicable when a beneficiary's RDSP is opened as a result of a transfer of an RDSP from a previous issuer to a new issuer.

For an RDSP to be registered by the CRA, the following steps must be completed:

- the issuer must provide ESDC with accurate and complete information
- the social insurance registry (SIR) must validate the SINs of the beneficiary and the holder (or if the holder is an organization, its BN)
- the CRA must confirm and successfully validate the beneficiary's DTC approval and residency

3.2.2 Process to open an RDSP

There are 3 steps that a holder needs to follow to open an RDSP.

1. **Choose an issuer:** The holder chooses an issuer that offers the RDSP. A list of participating issuers can be found on the RDSP web page.

2. **Provide the required information:** The holder must provide the issuer with all relevant information concerning themselves, along with the required information on the beneficiary of the RDSP.
3. **Make a contribution (optional):** The holder, or anyone with written permission from the RDSP holder, may contribute to an RDSP. Contributions are made in trust to the issuer and will be invested, used, or applied by the issuer to make funds available for use by the beneficiary. Contributions are not required to attract the bond.

3.3 Beneficiary

The beneficiary of an RDSP is the individual who receives money from the plan in the future. To be named the beneficiary of an RDSP, an individual must:

- have a valid SIN
- be a resident in Canada at the time the RDSP is opened
- be approved for the DTC
- be 59 years of age or less on December 31 of the calendar year the plan is opened

Note: A non-resident, or an individual aged 60 and over, can be named the beneficiary of an RDSP if the plan is open as a result of a transfer from their prior RDSP.

Once the holder has named the beneficiary for the RDSP, the beneficiary will remain for the duration of the RDSP. The decision is irrevocable. A beneficiary can have only 1 RDSP at any given time. However, in the case of a transfer, 2 RDSPs may be open for a limited period.

3.3.1 Contractual competency

Common-law presumes that a person is competent to enter a contract once they have attained the age of majority. It can be difficult to determine whether a person lacks the capacity to enter a contract as there may be medical or legal considerations. Also, the standards for

capacity and competence are not the same in all provinces and territories. When doubt exists, legal or medical advice should be sought.

Under current rules, when an RDSP is established for a beneficiary who has reached the age of majority, the plan holder must be the beneficiary. If the beneficiary lacks the capacity to enter a contract, the plan holder must be the beneficiary's guardian or other legal representative.

However, several adults with disabilities have experienced difficulties in establishing a plan, because their capacity to enter into a contract is in doubt. Questions of appropriate legal representation in these cases are a matter of provincial and territorial responsibility. In some provinces and territories, the only way that an RDSP can be opened in these cases is for:

- the individual to be declared legally incompetent by a court or tribunal
- someone to be named as their legal guardian

That process can involve a considerable amount of time and expense and may have significant repercussions for the individual.

In 2012, the federal government introduced a temporary measure to allow qualifying family members (QFM) to become plan holders of the RDSP for an adult who might not be able to otherwise enter a contract.

In 2023, the federal government expanded the temporary measure to also allow adult siblings to become plan holders in such cases.

The QFM measure seeks to ensure that individuals who might not be contractually competent and who do not have a legal representative can still benefit from RDSPs.

3.3.2 Death of the beneficiary

In the event of the beneficiary's death, the RDSP must be closed no later than December 31 of the following calendar year.

3.4 Holder

The holder of an RDSP is the person or organization that opens and manages the RDSP and makes or authorizes contributions to the RDSP. To be a holder, an individual or organization must have a valid SIN or BN. The holder does not need to be a resident of Canada.

Table 1 below highlights who can be the holder in light of:

- provincial legislation specifying the age of majority
- the general law on competency to enter into contracts
- federal legislation governing the establishment of RDSPs

Table 1: Who can be the holder when an RDSP is opened

Holder scenario	Beneficiary	Legal parent	QFM	Legal representative
For a beneficiary under the age of majority	No (some exceptions may apply)	Yes	No	Yes
For an adult beneficiary who is not contractually competent	No	No	No	Yes
For an adult beneficiary who	Yes	No (Exception	No	No

Table 1: Who can be the holder when an RDSP is opened

Holder scenario	Beneficiary	Legal parent	QFM	Legal representative
is contractually competent		when transferred)		
For an adult beneficiary who is contractual competency is in doubt	No	No (yes, as QFM)	Yes	No

Note: If a legal representative is opening an RDSP, and the beneficiary is not contractually competent, this situation is not applicable.

The issuer requires the following information from the holder:

- SIN
- full name
- date of birth
- gender
- beneficiary's full name, address, date of birth, gender, SIN
- the BN, if the holder is a public department, agency or institution

Budget 2012 announced that certain QFM may become the holder of an RDSP for an adult individual who might not be contractually competent to enter into an RDSP.

Note: This temporary measure came into force on June 29, 2012, and will expire on December 31, 2026. An individual who becomes a holder of an RDSP under these rules will generally be able to remain the holder of the RDSP after 2026. After 2026, a QFM will only be able

to open a DSP. This is because they are transferring an existing plan for which they are the holder.

3.4.1 Beneficiary reaches the age of majority

When the beneficiary of an RDSP reaches the age of majority in the province/territory where they reside, 1 of the following 2 situations will apply to the holder.

1. The RDSP holder is the legal parent:
    - the beneficiary may be added to the RDSP as a joint holder if the specimen plan of the issuer permits
    - in other cases, the beneficiary becomes the sole plan holder upon reaching the age of majority
    - they have the legal capacity to enter into a contract (the legal parent is allowed to stay on as the sole holder of the plan)
2. The RDSP holder is someone other than the legal parent:
    - the person or body must be removed as the holder of the plan
    - the beneficiary must be added as the holder
    - if the beneficiary is not contractually competent, the legal representative of the beneficiary such as a court-appointed guardian, can be the holder

Table 2: Who can be the holder now that the beneficiary has reached the age of majority

Holder scenario	Beneficiary	Legal parent	Legal representative
The beneficiary is contractually competent	Yes	The legal parent may remain the holder or the holders, if they were already the plan's holder before the beneficiary	No

Table 2: Who can be the holder now that the beneficiary has reached the age of majority

Holder scenario	Beneficiary	Legal parent	Legal representative
		reached the age of majority	
The beneficiary is not contractually competent	No	The legal parent may remain the holder or the holders, if they were already the plan's holder before the beneficiary reached the age of majority	Yes

3.4.2 QFM

For an adult who might not be contractually competent to enter into an RDSP, QFMs may become the holder of an RDSP if:

- the beneficiary has attained the age of majority and is not a beneficiary under another DSP
- there is no entity that is legally authorized to represent the beneficiary
- after reasonable inquiry, the issuer is of the opinion that the beneficiary's contractual competence to enter into a DSP contract is in doubt

3.4.3 Who can be a QFM

A QFM can be:

- a legal parent of the beneficiary

- a spouse or common-law partner of the beneficiary who is not living apart and separate from the beneficiary because of a breakdown of their marriage or common-law partnership
- an adult sibling of the beneficiary

A QFM ceases to be the plan holder and is replaced by either the beneficiary, or a qualifying person as defined in the ITA, section 146.4 when:

- the beneficiary is determined to be contractually competent or, in the issuer's opinion, after reasonable inquiry, the beneficiary's contractual competence to enter into an RDSP is no longer in doubt
- an entity is legally authorized to act on behalf of the beneficiary when:
  - the qualifying person must notify the issuer of its appointment
  - the QFM ceases to be the holder, and the qualifying person becomes the new holder

3.4.4 Issuer responsibility

If there is a dispute regarding the issuer's acceptance of a QFM as a plan holder, the holder is required to avoid actions that would reduce the fair market value (FMV) of the plan's property.

If it is determined that the RDSP beneficiary is contractually competent after entering into a DSP with a QFM, no legal action lies against an issuer.

3.4.5 Holder replacement

Over the lifetime of an RDSP and under certain conditions, the holder can change. If the plan holder (other than a QFM) ceases to be eligible, they must be replaced with someone who is eligible to be a holder. There must always be at least 1 holder.

For example:

If one of the beneficiaries' parents, is the plan holder, and they pass away: the beneficiary or their subsequent legal guardian must take on the role of the new plan holder in place of the deceased parent.

A new grant and bond application form is needed if the grant and bond are requested by the new holder.

If the new holder is not requesting grant and bond, there is no need to complete a form.

For more information on contract law and legal representation, contact the government of the respective province or territory.

For more information on who can be a holder, contact the Registered Plans Directorate at the CRA or by telephone:

- 1-800-267-3100 (toll-free number in Canada and the United States)
- 613-221-3105 (if you are calling from outside of Canada or the United States) (the Registered plans directorate accepts collect calls)

3.5 Legal representative

A legal representative is an individual or institution that is legally authorized to act on behalf of the beneficiary. Provincial and territorial laws as well as common-law govern who can be a legal representative. Generally, a legal representative can be:

- a legal parent of the beneficiary who has not reached the age of majority
- a legal guardian, curator, tutor, or an individual who is legally authorized to act on behalf of the beneficiary
- a public department, agency or organization that is legally authorized to act on behalf of the beneficiary

3.5.1 Contractual competency

Where a beneficiary has reached the age of majority and is not contractually competent, as determined by a medical doctor, the beneficiary's legal representative will be required to assume and carry out their contractual obligations.

Parental authority does not automatically provide the right to be a legal representative of a beneficiary who has reached the age of majority. This remains true whether the adult beneficiary is contractually competent or not.

Note: A temporary measure in which a QFM may become the holder for an adult beneficiary whose contractual competence may be in doubt was announced in Budget 2012. This measure will apply until December 31, 2026.

3.6 Primary caregiver (PCG)

ESDC validates certain information against the CRA Canada Child Benefit (CCB) database for:

- beneficiaries who have not yet reached the age of majority
- beneficiaries celebrating their 18th birthday in the current year

3.6.1 PCG's

The PCG is:

- the individual who is eligible to receive the CCB and whose name appears on the CCB payment
- the department, agency or institution that receives the allowance payable under the *Children's Special Allowances Act*

The information on the PCG is:

- used to verify approval for the DTC as well as residency

- used to verify family income
- required for contract registration purposes
- required for each grant and bond request submitted to ESDC
- required until the end of the calendar year the beneficiary turns 18

3.6.2 Shared custody

Parents that share the custody of a child can receive and share the CCB and credits for children throughout the year.

There could be 2 different income levels for a beneficiary aged 18 or under (1 for each PCG) for each month in the year. The Canada Disability Savings Program (CDSP) system will choose the income level that is the most advantageous for the beneficiary to determine the grant entitlements.

For more information on shared custody, refer to Chapter 9. RDSP Canada Disability Savings Grant and Chapter 10. RDSP Canada Disability Savings Bond.

3.7 Social insurance number/ Business number

A person's SIN or an organization's BN is a key piece of information used to establish and maintain an RDSP. SINs and BNs are also key elements used by the CDSP system for the grant and the bond.

To establish and register a DSP, a SIN is also needed for the beneficiary and either a SIN or a BN is needed for the holder(s).

The grant and the bond require SIN information for the PCG. Therefore, when applying for grant or bond, verify SIN requirements outlined in the following chapters:

- Chapter 9. RDSP Canada Disability Savings Grant
- Chapter 10. RDSP Canada Disability Savings Bond

- Chapter 11. RDSP grant or application process
- Chapter 12. RDSP grant and bond revocation request
- Chapter 13. RDSP receiving and depositing grant and bond
- Chapter 14. RDSP repaying the grant and bond

The SIN/BN is used to:

- register the DSP
- apply for the grant or the bond
- ensure that accurate RDSP records are maintained
- track contributions to the RDSP
- verify eligibility for the grant and bond
- track grant or bond payments to the RDSP
- track repayment of the assistance holdback amount (AHA) or proportional repayment amount when withdrawals are made from the RDSP
- track lump sum DAPs and LDAPs

3.7.1 Applying for a SIN

For more information:

- visit the Social insurance number web page
- call 1-800-206-7218 (option 3)
- visit a Service Canada office with your original proof of identity documents to apply

3.8 Disability Tax Credit

The DTC, also known as the disability amount, is a non-refundable tax credit that reduces the amount of income tax that an individual with a disability may have to pay. Families who care for a child under age 18 and are eligible to receive the CCB, will receive the Child Disability Benefit (CDB). This occurs if the child is also approved for the DTC.

An individual must be approved for the DTC to be the beneficiary of an RDSP and for that RDSP to receive grant and bond.

To be approved for the DTC:

- a medical practitioner must certify that the individual with the impairment meets the criteria established under the ITA on the CRA Form T2201: Disability Tax Credit Certificate
- the CRA must then approve the application

3.8.1 Loss of DTC eligibility

In 2021, the federal government eliminated the requirements to close an RDSP and to repay the AHA when the beneficiary no longer qualifies for the DTC.

This means that during any period in which a beneficiary is not approved for the DTC, there is no longer a requirement for the beneficiary to provide a medical certification that the beneficiary is likely to become DTC approved at some point in the future.

While a beneficiary is no longer approved for the DTC, the operations of the RDSP are limited as follows:

- no contributions can be made to the plan, including the rollover of Registered Education Savings Plan (RESP) investment income
- however, a rollover of proceeds from a deceased individual of a financially dependent infirm child or grandchild will be permitted

    - If made by the end of the fourth calendar year following the first full calendar year throughout which the beneficiary is not approved for the DTC

- Registered Retirement Savings Plan (RRSP)
- Registered Retirement Income Fund (RRIF)
- Registered pension plan (RPP)
- Pooled registered pension plans (PRPP)
- Specified pension plans (SPP) to the RDSP

- the beneficiary is not eligible to receive grants and bonds, nor will entitlements accrue during any period where the beneficiary remains not approved for the DTC
- withdrawals will be permitted but will trigger repayment of the AHA
- this requires repaying $3 in grant and bond for every $1 withdrawn from an RDSP, up to a maximum of the total AHA, over a modified period
- the AHA is calculated from grants and bonds deposited in the RDSP over the 10 years before the beneficiary loses DTC approval:
    - this is minus any grants and bonds paid into the RDSP during that time that has subsequently been repaid to the Government of Canada
- the reference period for the AHA will be the 10-year period before the beneficiary loses DTC approval until the beginning of the year, they turn 51:
    - after that, it decreases by 1 year each subsequent year until it becomes nil at the beginning of the year the beneficiary turns 60

To ensure an option to close a plan continues to exist for beneficiaries who are not approved for the DTC, a plan holder will be allowed, at any time during which a beneficiary is not DTC approved, to request the closure of the RDSP of the beneficiary. For this type of closure, the sums remaining in the RDSP after repayment of the AHA to the Government of Canada will be paid to the beneficiary. The AHA will be modified to reduce by 1 year, for each year beginning the year that the beneficiary turns 51.

For more information, refer to Chapter 8. RDSP closing a Registered Disability Savings Plan.

Note: For further information on the DTC, contact the Canada Revenue Agency.

3.9 Residency

A person is considered a resident in Canada for RDSP purposes if that person is also considered a resident for income tax purposes.

The beneficiary of an RDSP must be a resident in Canada for the following purposes:

- RDSP contract registration (unless the RDSP is being established by way of a transfer from an existing RDSP)
- contributions to be made to the RDSP
- immediately before the bond is paid into the RDSP
- rollover of RRSP, RRIF, RPP, PRPP, SPP, or RESP proceeds into the RDSP

Residency is not required for the following purposes for the holder to open an RDSP for the beneficiary to receive payments (lump sum DAP/LDAP) from the RDSP.

For further information on Canadian residency, contact International Tax and Non-Resident Inquiries, you can call the CRA at:

- 1-855-284-5942 (toll-free in Canada and the United States)
- 613-940-8495 (for service in English outside Canada/U.S. call collect)

3.10 Contributions

3.10.1 What is a contribution

Contributions are deposits made into an RDSP that become the property of its beneficiary. At the time the contribution is made, the beneficiary must be:

- a resident in Canada
- approved for the DTC

- 59 years of age or under as of December 31 of the year the contribution is made

Contributions to an RDSP can be made by:

- the holder(s)
- any entity or an individual with a written permission of the holder of the plan

Note: No contribution is permitted if the beneficiary has died. Contributions to RDSPs cannot be deducted from taxable income of the individual making the contribution. Contributions that are withdrawn (other than retirement savings rollovers and education savings rollovers) are not to be included as income of the beneficiary when paid out of an RDSP.

3.10.2 Contribution limits

There are no annual limits on the amount of contributions that can be made in respect of a beneficiary. However, the total contributions into any RDSP for the beneficiary must not exceed the lifetime limit of $200,000.

3.10.3 What is not considered a contribution

- Grant
- Bond
- Payments made by a designated provincial program
- Amounts transferred from another plan
- Earnings within the RDSP
- Retirement savings rollovers
- Education savings rollover

Note: A retirement savings rollover and an education savings rollover count as a contribution when determining if an RDSP is a primarily government assisted RDSP. They also count toward the $200,000 lifetime contribution limit.

3.10.4 Over contributions

When the total number of contributions deposited into an RDSP exceeds the lifetime limit, an overcontribution occurs. Issuers are required to ensure that contributions to an RDSP do not exceed this limit. An RDSP is considered noncompliant when contributions have exceeded the lifetime limit. Should this happen, it could result in the termination of the RDSP.

3.11 Investments, fees, losses and bankruptcy

3.11.1 Investments

ESDC does not regulate the investment strategies and business practices of the issuers offering RDSPs. Consumers are encouraged to review all pertinent information before signing a contract.

Many of the institutions marketing RDSPs are regulated by provincial securities commissions. These commissions are responsible for administering securities laws and policies and protecting investors from improper investment practices or violations of securities law. At the federal level, the Financial Consumer Agency of Canada (FCAC) provides Canadians with information about their rights and responsibilities when dealing with issuers. The FCAC also ensures compliance with the federal consumer protection laws that apply to banks and federally incorporated trust, loan, and insurance companies.

Investments held in an RDSP must be qualified investments as per the ITA.

3.11.2 Fees

The issuer may charge fees for acting as an administrator and trustee of a plan. However, if fees are charged against funds within the plan, they must

not be deducted from the AHA of the RDSP. For more information on the AHA, refer to Chapter 14. RDSP repaying the grant and bond.

3.11.3 Losses

The FMV of the RDSP is equal to the total of:

- accumulated earnings
- contributions
- rollovers from RRSP, RPP, RRIF, PRPP, SPP, RESP proceeds
- payments made by a designated provincial program
- the grant and bond amounts in the RDSP

Where the FMV is lower than the total of all these amounts, there is an investment loss. All investment losses are first attributed to accumulated earnings, then contributions and finally to retirement savings or education savings rollovers. When losses have reduced these amounts to nil, then the remaining losses (if any) are divided proportionally between the:

- grant account
- bond account
- amounts that represent payments from a designated provincial program to the RDSP

3.11.4 Bankruptcy

In the case of the bankruptcy of a beneficiary, refer to the *Bankruptcy and Insolvency Act*.

Chapter 4. RDSP Payments

From: Employment and Social Development Canada

Disclaimer: RDSP issuers

The information contained in this chapter is technical in nature. The target audience are issuers of the:

- Registered Disability Savings Plan (RDSP)
- Canada Disability Savings Grant (CDSG)
- Canada Disability Savings Bond (CDSB)

For general information, visit the RDSP page.

In this chapter

- Introduction
- 4.1 Terms
- 4.2 Types of payment
- 4.3 Payment rules
- 4.4 Proportional repayment rule
- 4.5 Taxation
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- 4.7 Plans
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- 4.10 Reference tools

Introduction

Disability assistance payments (DAP) can be made from a Registered Disability Savings Plan (RDSP). They include:

- single lump sum DAP

- lifetime disability assistance payment (LDAP)

This chapter explains the general conditions and limits of both types of payment as well as how to apply the lump sum DAP/LDAP formulas.

4.1 Terms

The following terms are used throughout this chapter.

4.1.1 Advantage tax

This tax is governed by section *207.05 of the Income Tax Act* (ITA). The tax is equal to the amount of the advantage. It is paid by the RDSP holder unless the advantage is extended by the RDSP issuer. In this case the tax is payable by the issuer. This tax does not include an amount that has been waived, cancelled, or refunded. This tax does not include any amount that was already included in the non-taxable portion of a lump sum DAP in the current year or a previous year. This lump sum DAP could have originated from the plan or a prior RDSP held by the holder for the beneficiary.

4.1.2 Annuity

A contract in which an entity agrees to make several payments over a set period of time.

4.1.3 Assistance holdback amount (AHA)

The AHA is made up of all the Canada Disability Savings Grant (CDSG) and Canada Disability Savings Bond (CDSB) that have been paid into the RDSP within a 10-calendar year period for a beneficiary by the Government of Canada (less any amounts previously repaid).

4.1.4 DAP

It's in relation to a disability savings plan of a beneficiary, means any payment made from the plan to the beneficiary or to the beneficiary's estate.

4.1.5 Fair market value (FMV)

The value of the funds in the RDSP.

4.1.6 LDAP

A disability savings plan of a beneficiary means DAP that are identified under the terms of the plan as LDAP and that, after they begin to be paid, are payable at least annually until the earlier of the day on which the beneficiary dies and the day on which the plan is terminated.

4.1.7 Non-primarily government assisted plan (non-PGAP)

When the total amount of private contributions are greater than or equal to the total amount of government contributions at the beginning of a calendar year. This includes amounts that may have been withdrawn, repaid, or lost due to a market fluctuation.

4.1.8 Primarily government assisted plan (PGAP)

When the total amount of government contributions are greater than the total amount of private contributions at the beginning of a calendar year. This includes amounts that may have been withdrawn, repaid, or lost due to a market fluctuation.

4.1.9 Specified maximum amount

For a calendar year in respect of a disability savings plan, means the amount that is the greater of:

- the LDAP formula result

- 10% of the FMV (the FMV amount excludes locked in- annuity payments) plus:
    - the total of all periodic payments paid to the trust from a locked in annuity during the year
    - if the trust disposed of the right to such locked in annuity payments, an estimate of the payments that the trust would have paid in the year

4.1.10 Specified year

A specified year begins when the issuer receives the medical certificate attesting that a beneficiary is not likely to survive beyond 5 years, and continues for:

- each of the 5 years following the date of the attestation signed by a medical doctor or nurse practitioner if the beneficiary has an RDSP in a specified year
- each subsequent year if the beneficiary has a Specified Disability Savings Plan (SDSP)

Note: These 5 years are reduced if the medical certificate is not given to the issuer in the first year.

A specified year will exclude any calendar year prior to the one in which a medical certificate attesting the beneficiary's shortened life expectancy is provided to the issuer.

For example: A medical doctor or nurse practitioner signs the attestation in 2022, but the issuer does not receive the attestation until 2024. In this case 2022 and 2023 are not specified years.

4.2 Types of payments

RDSPs may offer 4 types of DAP which includes:

- single DAP (lump sum DAPs)
- LDAP

- direct transfers to another RDSP for the same beneficiary
- repayments under the *Canada Disability Savings Act* (CDSA) or a designated provincial program

Lump sum DAPs are payments from the RDSP that can normally be made at any time to a beneficiary or a beneficiary's estate.

The specimen plan must stipulate if lump sum DAPs are permitted by the issuer.

4.2.1 LDAP

LDAPs are payments which, once started, are payable at least annually until either the plan is terminated, or the beneficiary dies.

LDAPs must begin no later than the end of the calendar year in which the beneficiary turns 60.

For example: John turns 60 years old on August 4, 2034. LDAPs must begin no later than December 31, 2034.

If the beneficiary is 60 years of age or older in the year the plan is established as a result of an RDSP transfer, the new issuer must honour the payment commitments of the prior plan. The new issuer must determine how much (if any) LDAP was paid in the year from the prior plan. The issuer must ensure that any payments that should have been made from the prior plan are paid to the beneficiary under the new plan. The issuer must also ensure that the total of payments made from the prior plan plus the payments from the new plan meet the minimum and maximum payment rules for the year.

4.2.2 Who can request a lump sum DAP or an LDAP

A holder can request a lump sum DAP or an LDAP at any time within the maximum limits. However, in a year when the plan is a PGAP, a beneficiary who is 27 to 58 years of age (inclusively), can request lump sum DAPs and LDAPs without the holder's consent, up to the specified maximum amount. At any other time, holder consent is required.

4.3 Payment rules

A payment cannot be made from a plan if the FMV of the plan, after the payment, will be less than the AHA.

The following tables shows annual minimum and maximum payment rules starting in 2014.

Table 1: RDSP in a regular year, before the end of the calendar year in which the beneficiary turns 59

Amount	PGAP lump sum DAP	PGAP LDAP	PGAP lump sum DAP + LDAP	Non-PGAP DAP	Non-PGAP LDAP	Non-PGAP lump sum DAP + LDAP
Maximum amount	Specified maximum amount ITA 146.4(1)	Formula result ITA 146.4(1)	Specified maximum amount ITA 146.4(1)	No maximum amount	Formula result ITA 146.4(1)	No maximum amount
Minimum amount	No minimum amount	$1.00	$1.00	No minimum amount	$1.00	$1.00

Table 2: RDSP in a regular year, beginning the year the beneficiary turns 60

Amount	PGAP lump sum DAP	PGAP LDAP	PGAP lump sum DAP + LDAP	Non-PGAP lump sum DAP	Non-PGAP LDAP	Non-PGAP lump sum DAP + LDAP
Maximum amount	Always combined with LDAP	Formula result ITA 146.4(4)(1)	Specified maximum amount ITA 146.4(1)	No maximum amount	Formula result ITA 146.4(4)(1)	No maximum amount
Minimum amount	Always combined with LDAP	Formula result ITA 146.4(4)(1)	Formula result ITA 146.4(1)	Always combined with LDAP	Formula result ITA 146.4(4)(1)	Formula result ITA 146.4(4)(1)

Table 3: RDSP in a specified year, before the end of the calendar year in which the beneficiary turns 59

Amount	Lump sum DAP	LDAP	Lump sum DAP + LDAP
Maximum amount	No maximum	No maximum	No maximum
Minimum amount	No minimum	$1.00	$1.00

Table 4: RDSP in a specified year, beginning the year the beneficiary turns 60

Amount	Lump sum DAP	LDAP	Lump sum DAP + LDAP
Maximum amount	No maximum	No maximum	No maximum
Minimum amount	Always combined with LDAP	Formula result ITA 146.4(4)(1)	Formula result ITA 146.4(4)(1)

Table 5: RDSP in a specified year, beneficiary any age

Amount	Lump sum DAP	LDAP	Lump sum DAP + LDAP
Maximum amount	$10,000 in taxable amount or no maximum if formula results in taxable amount greater than $10,000	$10,000 in taxable amount or no maximum if formula results in taxable amount greater than $10,000	$10,000 in taxable amount or no maximum if formula results in taxable amount greater than $10,000
Minimum amount	Formula result, ITA 146.4(4)(1)	Formula result, ITA 146.4(4)(1)	Formula result, ITA 146.4(4)(1)

4.3.1 Payments during specified years

When a medical doctor or nurse practitioner certifies, in writing, that the beneficiary's state of health is such that they have a life expectancy of 5 years or less, the beneficiary is considered to have a shortened life expectancy for the purpose of the RDSP.

A specified year starts when the issuer receives the written attestation. However, the specified year duration starts on the date of the attestation.

For example: The doctor or nurse practitioner signs the attestation in 2015, but the issuer does not receive the attestation until 2016. In this case, 2015 is not a specified year. Although the issuer received the attestation in 2016, the specified year duration will nonetheless end in 2020 (5 years from the date of the attestation).

In this case, the RDSP holder can choose one of the following options:

- keep the plan as an RDSP in a specified year
- designate the plan as an SDSP

4.3.2 Payment from an RDSP in a specified year

If the holder chooses to keep the plan as an RDSP in a specified year, the beneficiary can receive a payment of any amount.

For example: They can receive all the funds in the RDSP in a lump sum, or the funds may be spread over the remaining specified year period. There is no yearly maximum limit for payments, but the AHA (or the proportional repayment rule) still applies.

4.3.3 Payment from an SDSP

If the holder chooses to designate the plan as an SDSP by making an SDSP election due to a shortened life expectancy, they can withdraw a portion of the plan's assets without having to repay the AHA or the proportional repayment amount.

Payments must start no later than the year after the year the RDSP is designated as an SDSP.

For example: An RDSP is designated as an SDSP on March 25, 2021. Payments must begin no later than December 31, 2022.

The total yearly amount of payments from an SDSP must be at least equal to the legislated formula result, ITA 146.4(1). This requirement does not apply if it is the first year of the SDSP's existence. Normally the maximum amount that the beneficiary can receive in the year is a taxable amount of $10,000 and its associated contribution portion. However, if the legislative formula results in a taxable amount that is greater than $10,000, there is no maximum payment amount for that year.

In addition, the holder will not have to repay the AHA or the proportional repayment amount.

4.4 Proportional repayment rule

When a payment is requested, the issuer repays to the Government of Canada, the lesser of the following amounts:

- $3 for every $1 that is withdrawn
- the AHA

Do not forget: After the payment, if the FMV is less than the AHA then there is no payment.

For example: A beneficiary has an RDSP that has been in existence for 13 years. The AHA for their RDSP is $7,000. The beneficiary withdraws an amount of $3,000. Based on the proportional repayment rule, how much is the beneficiary required to repay?

Solution: $7,000 since the AHA ($7,000) is less than the proportional repayment amount of $9,000 ($3,000 X 3).

4.4.1 Repayment order

The issuer must repay grants and bonds in the order in which they were paid into the plan. They must pay from the oldest to the newest during the AHA period preceding the payment.

For example: A beneficiary opened an RDSP in 2008. In 2014, they withdraw $2,500. The beneficiary must repay an amount of $7,500. This represents a proportional repayment of $3 for each $1 withdrawn.

Solution: Repayment of $2,500 x 3 = $7,500

Based on the payment order in table 6, the amounts paid from 2008 to 2011 must be fully repaid. Plus, an amount of $1,000 paid in 2012, for a total of $7,500.

Table 6: Repayment order

Year	Contribution	Grants and bonds	Repayment	Balance of grants and bonds
2008	$500	$1,500	$1,500	$0
2009	$1,500	$3,500	$3,500	$0
2010	$500	$1,500	$1,500	$0
2011	$0	$0	$0	$0
2012	$1,000	$2,500	$1,000	$1,500
2013	$100	$300	$0	$300
2014	$500	$1,500	$0	$1,500

Table 6: Repayment order

Year	Contribution	Grants and bonds	Repayment	Balance of grants and bonds
Total	**$4,100**	**$10,800**	**$7,500**	**$3,300**

4.4.2 Overlapping proportional repayment and AHA

On occasion, an AHA trigger event may occur that includes a period in which a proportional repayment amount has already been repaid to the Government of Canada. The following example shows how the AHA will be calculated considering this previous grant and bond repayment.

Note: A trigger event can occur when a payment is made. It can also happen if the RDSP is terminated. Another trigger event is when the RDSP is no longer compliant with the ITA. Additionally, a trigger event occurs if the beneficiary dies.

For example: Since they opened their RDSP in 2008, the beneficiary has received the maximum grant and bond payable every year. In 2019, they request a lump sum DAP in the amount of $2,500. Since the 3 for 1 proportional repayment amount ($7,500) is less than the AHA ($45,000), $7,500 is repaid to the Government of Canada.

Upon the beneficiary's death in 2020, the AHA must be repaid to the government. Given that this new AHA overlaps the previous repayment amount, that repayment amount will have to be subtracted from the new AHA period total. You cannot repay an amount that has already been repaid.

$45,000 - (repaid grant & bond of $3,000) = $42,000

Solution: Therefore, the AHA to be repaid to the Government of Canada upon the beneficiary's death will be $42,000.

4.5 Taxation

Contributions are not tax deductible when they are deposited into an RDSP. They also are not taxed when taken out of the RDSP.

Note: That while retirement savings plan and education savings plan rollovers are not taxable when they are rolled into the RDSP, these amounts are taxable when withdrawn from the RDSP. The investment income earned in the RDSP accumulates tax-free within the plan.

However, grants, bonds, payments from designated provincial programs and the investment income earned within the plan are included for tax purposes in the beneficiary's income in the year in which a payment is made.

4.5.1 Lump sum DAPs and LDAPs

Lump sum DAPs and LDAPs includes:

- education savings rollovers
- contributions
- earnings
- grant
- bond
- retirement savings rollovers
- payments from designated provincial programs

In any lump sum DAP or LDAP, there are taxable and non-taxable portions.

4.5.2 Taxable portion

Taxable portion includes:

- grants
- bonds
- earnings
- payments from designated provincial programs

- rollover of retirement savings proceeds
- rollover of education savings

4.5.3 Non-taxable portion

Contributions are the non-taxable portion.

Note: In the case of a significant plan loss, grant and bond will count as non-taxable amounts.

If a payment is made after the beneficiary's death, the taxable portion of the payment must be included in the income of the beneficiary's estate in the year in which the payment was made.

4.6 How to calculate a lump sum DAP/LDAP

Here is an overview of the steps needed to calculate a lump sum DAP/LDAP.

1. Determine whether the plan is an RDSP in a regular year, an RDSP in a specified year or an SDSP
2. At the beginning of the calendar year to determine whether, during its lifetime, the plan contained more private contributions or more government contributions
3. Find which formulas are needed:
    - if the plan is a PGAP RDSP in a regular year, refer to section 4.7.1 RDSP in a regular year – PGAP; for all other plans, refer to section 4.7.2 All other plans
4. Find the applicable minimum and maximum payment rules in Chapter 14. RDSP repaying the grant and bond
5. Find the FMV of the property held in the plan on January 1 of the current year, and on the date just prior to the lump sum DAP
6. Determine the age of the beneficiary on January 1 and December 31 of the current year
7. Determine the grant and bond amounts that are older than 10 years (are not part of the AHA)

8. Determine the AHA amount as of the current date
9. Begin calculating the required formula results needed for a payment

4.7 Plans

4.7.1 RDSP in a regular year PGAP

If the plan is an RDSP in a regular year PGAP, you must calculate the following formula results:

- non-taxable portion of lump sum DAP/LDAP formula result refer to section 4.5.3 Non-taxable portion
- grant portion of lump sum DAP/LDAP formula result refer to section 4.8.3 Grant portion of a lump sum DAP/LDAP
- bond portion of lump sum DAP/LDAP formula result refer to section 4.8.4 Bond portion of a lump sum DAP/LDAP
- earnings portion of lump sum DAP/LDAP formula result refer to section 4.8.5 Earnings portion of a lump sum DAP/LDAP
- specified maximum amount refer to section 4.8.6 Specified maximum amount

These results will be used for reporting or to determine the correct minimum and maximum payment requirements. For more on payment requirements information, refer to Chapter 14. Repaying the grant and bond.

4.7.2 All other plans

If the plan is an RDSP in a regular year non-PGAP, or an RDSP in a specified year or an SDSP you must calculate the following formula results:

- LDAP formula result refers to section 4.8.1 LDAP legislated formula

- non-taxable portion of lump sum DAP/LDAP formula result refer to section 4.5.3 Non-taxable portion
- grant portion of lump sum DAP/LDAP formula result refer to section 4.8.3 Grant portion of a lump sum DAP/LDAP
- bond portion of lump sum DAP/LDAP formula result refer to section 4.8.4 Bond portion of a lump sum DAP/LDAP
- earnings portion of lump sum DAP/LDAP formula result refer to section 4.8.5 Earnings portion of a lump sum DAP/LDAP

These results will be used for reporting or to determine the correct minimum and maximum payment requirements.

4.8 Formulas

4.8.1 LDAP legislated formula

To calculate the minimum and maximum payment requirements, the following formula is applied. For more information refer to paragraph ITA 146.4(1).

A ÷ (B + 3 - C) + D

Where:

- "**A**" is the FMV of the property held in the plan on January 1 of the calendar year (excluding the value of locked in annuity contracts held by the plan trust)
- "**B**" is the greater of 80 and the age of the beneficiary on January 1 of the calendar year
- "**C**" is the age of the beneficiary on January 1 of the calendar year
- "**D**" is the total of all periodic payments paid to the trust from a locked in annuity during the calendar year or if the trust disposed of the right to such annuity payments, it is an estimate of the payments that the trust would have paid in the calendar year

The result of this formula is used to determine the minimum and maximum payment requirements for a calendar year.

This formula results only needs to be calculated once a year.

4.8.2 Non-taxable portion of a lump sum DAP/LDAP

To calculate the non-taxable portion of a lump sum DAP/LDAP, the LDAP legislative formula result must already have been determined refer to section 4.8.1 LDAP legislated formula to ensure that the limits are not exceeded. It will not be used in the ensuing calculation unless the amount of the payment is equal to the result of the formula.

The non-taxable portion of a lump sum DAP/LDAP is the lesser of:

- the lump sum DAP/LDAP
- the amount determined by the formula

A x B ÷ C + D

Where:

- if this is a lump sum DAP request, **"A"** is the amount of the lump sum DAP request:
  - if it's a LDAP request, **"A"** is always the amount of the LDAP request
- **"B"** is the contributions made to the RDSP that have not already been used to determine the non-taxable portion of previous lump sum DAPs/LDAPs:
  - do not include variable "D" when determining the non-taxable portion of previous lump sum DAPs/LDAPs
- **"C"** is the result of the AHA being subtracted from the FMV (at the time immediately before the payment):
  - if this amount is negative, no payment can be made
- **"D"** is the amount of advantage tax that the RDSP holder pays in respect of the plan or in respect of a prior RDSP for the beneficiary that was held by the holder

4.8.3 Grant portion of a lump sum DAP/LDAP

To calculate the grant portion:

A x B ÷ C

Where:

- if this is a lump sum DAP request, **"A"** is the amount of the lump sum DAP request:
  - if it's a LDAP request, **"A"** is always the amount of the LDAP request
- **"B"** is the amount of grant in the RDSP that is over 10 years old, thus not part of the AHA
- **"C"** is the result of the AHA being subtracted from the FMV (at the time immediately before the payment):
  - if this amount is negative, no payment can be made

4.8.4 Bond portion of a lump sum DAP/LDAP

To calculate the bond portion:

A x B ÷ C

Where:

- if this is a lump sum DAP request, "A" is the amount of the lump sum DAP request:
  - if it's a LDAP request, "A" is always the amount of the LDAP request
- **"B"** is the amount of bond in the RDSP that is over 10 years old, thus not part of the AHA
- **"C"** is the result of the AHA being subtracted from the FMV (at the time immediately before the payment):
  - if this amount is negative, no payment can be made

4.8.5 Earnings portion of a lump sum DAP/LDAP

To calculate the earnings portion:

- subtract the formula results of the non-taxable (contributions), grant and bond portions from the amount of the lump sum DAP/LDAP request
- lump sum DAP/LDAP - non-taxable portion - grant portion - bond portion
- "lump sum DAP/LDAP" is the amount of the lump sum DAP/LDAP request
- "non-taxable portion" is the amount calculated in section 4.5.3 Non-taxable portion
- "grant portion" is the amount calculated in section 4.8.3 Grant portion of a lump sum DAP/LDAP
- "bond portion" is the amount calculated in section 4.8.4 Bond portion of a lump sum DAP/LDAP

4.8.6 Specified maximum amount

The specified maximum amount is the greater of the LDAP legislated formula result refer to section 4.8.1 LDAP legislated formula and 10% of the FMV (the FMV amount excludes locked in annuity payments) plus the total of all periodic payments paid to the trust from a locked-in annuity during the year. Or, if the trust disposed of the right to such annuity payments it is an estimate of the payments that the trust would have paid in the year.

Note: Greater of either, the LDAP formula result and 10% of the FMV (excludes locked-in annuity payments) plus any locked-in annuity payments.

"LDAP formula result" is the amount calculated in section 4.8.1 LDAP legislated formula.

"FMV" is the FMV of the property held in the plan on January 1 of the calendar year.

4.9 Lump sum DAP/LDAP calculation examples

4.9.1 LDAP: RDSP regular year, non-PGAP, 60 years old or over

Scenario:

Linda is the sole provider for their spouse, Paul, who was 40 years old in 2014. Starting in 2014, Linda contributes $10,000 annually to Paul's RDSP for the next 20 years. The grant matching rate has remained constant at 100% throughout the years. Paul is not eligible for the bond.

After 20 years, the FMV of the RDSP on January 1, 2034, is $261,448. Paul will also turn 60 years old in 2034. No lump sum DAPs were made from the RDSP since it was set up.

The account balance is as follows:

- $200,000 in contributions (20 payments of $10,000 from 2014 to 2033 inclusively)
- $16,000 in grants (16 payments of $1,000 from 2008 to 2023 inclusively)
- no bond
- $45,448 in earnings
- $261,448 in FMV (as of January 1, 2034)
- no AHA
- no annuity
- no previous lump sum DAP has been paid
- no previous AHA has been repaid

9 steps:

1. RDSP in a regular year
2. Non-PGAP
3. LDAP formula, non-taxable, grant, bond and earning parts of the LDAP
4. Minimum and maximum = formula result

5. FMV on January1 is $261,448
6. Age on December 31 is 60 or over and age on January 1 is 59 years old
7. Grant is $16,000 and bond is $0
8. No AHA
9. Begin calculations

Rules: Since Paul turns 60 in 2034, he must receive an LDAP amount that is equal to the LDAP formula result. A onetime yearly LDAP is requested on January 1, 2034.

Calculations: To determine the required amount that Paul must receive in 2034, you must calculate the LDAP formula result.

In 2034, the LDAP that Paul will receive is $10,893.67.

A ÷ (B + 3 - C) + D

$261,448 ÷ (80 + 3 − 59) + $0

$261,448 ÷ 24 = $10,893.67

Where:

- **"A"** is the FMV on January 1 less any locked in annuities
- **"B"** is greater of 80 and the age of the beneficiary on January 1
- **"C"** is the beneficiary's age on January 1
- **"D"** is the locked in annuities amount

Note: For more information on definitions, refer to section 4.8.1 LDAP legislated formula.

4.9.1.1 Non-taxable portion of the LDAP

The non-taxable portion of the LDAP is:

A x B ÷ C + D

$10,893.67 x $200,000 ÷ $261,448 + $0 = $8,333.34

Where:

- **"A"** is the LDAP
- **"B"** is the contributions not previously used to determine the non-taxable portions of previous lump sum DAPs/LDAPs
- **"C"** is the FMV minus the AHA ($261,448 - $0):
  - if negative, no payment
- **"D"** is the advantage tax that the holder pays

Note: For more information on definitions, refer to section 4.8.1 LDAP legislated formula.

4.9.1.2 Grant portion of the LDAP payment

The grant portion of the LDAP payment is:

A x B ÷ C

$10,893.67 x $16,000 ÷ $261,448 = $666.67

Where:

- **"A"** is the LDAP
- **"B"** is the grant in the RDSP minus all grant that is part of the AHA at that particular time
- **"C"** is the FMV minus the AHA:
  - if negative, no payment

Note: For more information on definitions, refer to section 4.8.1 LDAP legislated formula.

4.9.1.3 Earnings portion of the LDAP payment

The earnings portion of the LDAP payment is:

A - B - C - D

$10,893.67 - $8,333.34 - $666.67 - $0 = $1,893.66

Where:

- **"A"** is the LDAP
- **"B"** is the contribution portion or the non-taxable portion
- **"C"** is the grant portion
- **"D"** is the bond portion

Note: For more information on definitions, refer to section 4.8.5 Earnings portion of a lump sum DAP/LDAP.

4.9.2 2 DAPs: RDSP regular year, PGAP, 59 years old and under

This scenario will illustrate how a lump sum DAP will affect the notional balances of an RDSP, which in turn will impact any future lump sum DAP request.

It will also explain how to calculate the LDAP formula to first determine the maximum lump sum DAP request allowed for the year, as well as how to apply the formulas to determine the proportions applicable to the lump sum DAP.

Scenario 1:

Judy and Richard are the legal parents, and joint holders of their 12-year-old child Lisa's RDSP. Every year since opening the RDSP in 2008, Judy and Richard contribute $1,500 to their child plan during the first week of January. The grant matching rate has remained constant at 300% and 200%. A $1,000 bond was also paid into Lisa's RDSP from 2008 to 2013.

Lisa is 12 years of age as of January 1, 2020. A $2,000 lump sum DAP is requested in March 2020. A second lump sum DAP for the amount of $4,200 is requested in August 2020.

The account balance as of March 2020 is as follows:

- $45,500 in grant (13 payments of $3,500 from 2008 to 2020 inclusively)
- $6,000 in bond (6 payments of $1,000 from 2008 to 2013 inclusively)

- $19,500 in contributions (13 payments of $1,500 from 2008 to 2020 inclusively)
- $75,260 in FMV (as of March 2020)
- $4,260 in earnings
- $38,000 in AHA ($35,000 in grant and $3,000 in bond from 2011 to 2020 inclusively)
- no annuities
- no previous lump sum DAP has been paid
- no previous AHA has been repaid

9 steps:

1. RDSP in a regular year
2. PGAP
3. Specified maximum amount, non-taxable, grant, bond, and earnings part of the lump sum DAP
4. No minimum amount and the maximum amount is the specified maximum amount
5. FMV on January 1 is $75,260 and the FMV on the lump sum DAP date is $75,260
6. Age on January 1 is 12 years old and age on December 31 is 59 years and under
7. Grant is $10,500 and bond is $3,000
8. The AHA is $38,000
9. Begin calculations

Rules: Because of Lisa's age, the maximum lump sum DAP amount that they can receive in the calendar year is limited to the specified maximum amount. There is no minimum amount regarding the lump sum DAP.

Calculations: To determine the lump sum DAP maximum amount allowed, you must determine the greater amount between: (a) the LDAP formula result and (b) 10% of the FMV + annuities (if applicable).

a. The LDAP formula result:
   - **A ÷ (B + 3 - C) + D**
   - $75,260 ÷ (80 + 3 − 12) + $0
   - $75,260 ÷ 71 = $1,060

b. FMV as of January 1, 2020
   - **A x 10% + D**
   - $75,260 x 10% + $0 = $7,526

The maximum lump sum DAP amount allowed in 2020 is $7,526.

Where:

- **"A"** is the FMV on January 1 less any locked in annuities
- **"B"** is greater of 80 and the age of the beneficiary on January 1
- **"C"** is the beneficiary's age on January 1
- **"D"** is the locked in annuities amount

Note: For detailed definitions, refer to section 4.8.1 LDAP legislated formula.

Calculations for the first lump sum DAP request of $2,000 in March. Since the lump sum DAP request is below the yearly maximum allowed of $7,526, it would therefore be authorized.

When calculating the non-taxable and taxable amount formulas, you must use the FMV amount immediately before the lump sum DAP. FMV for this plan as of March 2020 has remained stable at $75,260.

4.9.2.1 Non-taxable portion of the lump sum DAP

The non-taxable portion of the lump sum DAP is:

A x B ÷ C + D

$2,000 x $19,500 ÷ $37,260 + $0 = $1,046.70

Where:

- **"A"** is the lump sum DAP request amount
- **"B"** is the contributions not previously used to determine the non-taxable portion of previous lump sum DAPs/LDAPs
- **"C"** is the FMV minus the AHA ($75,260 - $38,000):
  - if negative, no payment
- **"D"** is the advantage tax that the holder pays

Note: For more information on detailed definitions, refer to section 4.5.3 Non-taxable portion.

4.9.2.2 Grant portion of the lump sum DAP payment

The grant portion of the lump sum DAP payment is:

A x B ÷ C

$2,000 x $10,500 ÷ $37,260 = $563.61

Where:

- **"A"** is the lump sum DAP request amount
- **"B"** is the grant in the RDSP minus all grant that is part of the AHA at that particular time ($45,500 - $35,000)
- **"C"** is the FMV minus the AHA ($75,260 - $38,000):
  - if negative, no payment

Note: For more information on detailed definitions, refer to section 4.8.3 Grant portion of a lump sum DAP/LDAP.

4.9.2.3 Bond portion of the lump sum DAP payment

The bond portion of the lump sum DAP payment is:

A x B ÷ C

$2,000 x $3,000 ÷ $37,260 = $161.03

Where:

- **"A"** is the lump sum DAP request amount
- **"B"** is the bond in the RDSP minus all bond that is part of the AHA at that particular time ($6,000 - $3,000)
- **"C"** is the FMV minus the AHA ($75,260 - $38,000):
  - if negative, no payment

Note: For more information on detailed definitions, refer to section 4.8.4 Bond portion of a lump sum DAP/LDAP.

4.9.2.4 Earnings portion of the lump sum DAP payment

The earnings portion of the lump sum DAP payment is:

A - B - C - D

$2,000 - $1,046.70 - $563.61 - $161.03 = $228.66

Where:

- **"A"** is the lump sum DAP request amount
- **"B"** is the contribution portion or the non-taxable portion
- **"C"** is the grant portion
- **"D"** is the bond portion

Note: For more information on detailed definitions, refer to section 4.8.5 Earnings portion of a lump sum DAP/LDAP.

Scenario 2:

In March of 2020, Judy and Richard were allocated a lump sum DAP of $2,000. The proportional repayment rule was applied and $6,000 of AHA had to be repaid.

A second lump sum DAP is requested in August for $4,200.

The account balance as of August 2020 is as follows:

- $40,936.39 in grant ($45,500 minus the first lump sum DAP's grant of $563.61 minus the first lump sum DAP's AHA of $4,000)

- $3,838.97 in bond ($6,000 minus the first lump sum DAP's bond of $161.03 minus the first lump sum DAP's AHA of $2,000)
- $18,453.30 in contributions ($19,500 minus the first lump sum DAP's contributions of $1,046.70)
- $63,228.66 in FMV (FMV has dropped in the last few months)
- no earnings (earnings were lost when FMV dropped)
- $32,000 in AHA ($38,000 minus the first lump sum DAP's proportional repayment of $6,000)
- no annuities
- a previous lump sum DAP of $2,000 was paid in March 2020
- a previous AHA of $6,000 has been repaid

As previously calculated, the maximum amount that may be withdrawn from the RDSP for 2020 is $7,526. Since an initial lump sum DAP of $2,000 was paid out in March, the total of any subsequent lump sum DAPs will be limited to $5,526 ($7,526 - $2,000).

9 steps:

1. RDSP in a regular year
2. PGAP
3. Specified maximum amount, non-taxable, grant, bond, and earnings parts of the lump sum DAP
4. No minimum amount and the maximum amount is the specified maximum amount
5. FMV on January 1 is $75,260 and the FMV on the lump sum DAP date is $63,228.66
6. Age on January 1 is 12 years old and age on December 31 is 59 years and under
7. Grant is $9,936.39 and bond is $2,838.97
8. The AHA is $32,000
9. Begin calculations

Rules: Because of Lisa's age, the maximum lump sum DAP amount that they can receive in the calendar year is limited to the specified maximum amount.

There is no minimum amount regarding the lump sum DAP.

Calculations: When calculating the non-taxable and taxable amount formulas, you must use the FMV amount immediately before the lump sum DAP. As of August 2020, the FMV has dropped to $63,228.66.

4.9.2.5 Non-taxable portion of the lump sum DAP

The non-taxable portion of the lump sum DAP is:

A x B ÷ C + D

$4,200 x $18,453.30 ÷ $31,228.66 + $0 = $2,481.82

Where:

- **"A"** is the lump sum DAP request amount
- **"B"** is the contributions not previously used to determine the non-taxable portion of previous lump sum DAPs/LDAPs
- **"C"** is the FMV minus the AHA ($63,228.66 - $32,000):
  - if negative, no payment
- **"D"** is the advantage tax that the holder pays

Note: For more detailed definitions, refer to section 4.5.3 Non-taxable portion.

4.9.2.6 Grant portion of the lump sum DAP payment

The grant portion of the lump sum DAP payment is:

A x B ÷ C

$4,200 x $9,936.39 ÷ $31,228.66 = $1,336.36

Where:

- **"A"** is the lump sum DAP request amount
- **"B"** is the grant in the RDSP minus all grant that is part of the AHA at that particular time ($40,936. - $31,000)
- **"C"** is the FMV minus the AHA ($63,228.66 - $32,000):
  - if negative, no payment

Note: For more detailed definitions, refer to section 4.8.3 Grant portion of a lump sum DAP/LDAP.

At the beginning of the year, there was $10,500 in grant that was excluded from the AHA period. $563.61 in grant was paid out in the first lump sum DAP, leaving a grant balance of $9,936.39.

4.9.2.7 Bond portion of the lump sum DAP payment

The bond portion of the lump sum DAP payment is:

A x B ÷ C

$4,200 x $2,838.97 ÷ $31,228.66 = $381.82

Where:

- **"A"** is the lump sum DAP request amount
- **"B"** is the bond in the RDSP minus all bond that is part of the AHA at that particular time ($3,838.97 - $1,000)
- **"C"** is the FMV minus the AHA ($63,228.66 - $32,000):
  - if negative, no payment

Note: For more detailed definitions, refer to section 4.8.4 Bond portion of a lump sum DAP/LDAP.

At the beginning of the year, there was $3,000 in bond that was excluded from the AHA period. $161.03 in bond was paid out in the first lump sum DAP, leaving a bond balance of $2,838.97.

4.9.2.8 Earnings portion of the lump sum DAP payment

The earnings portion of the lump sum DAP payment is:

A - B - C - D

$4,200 - $2,481.82 - $1,336.36 - $381.82 = $0

Where:

- **"A"** is the lump sum DAP request amount
- **"B"** is the contribution portion of the non-taxable portion

- **"C"** is the grant portion
- **"D"** is the bond portion

Note: For more detailed definitions, refer to section 4.8.5 Earnings portion of a lump sum DAP/LDAP.

In August of 2020, Judy and Richard were allocated a second lump sum DAP of $4,200. The proportional repayment rule was applied and $12,600 of AHA had to be repaid.

4.9.3 LDAP and lump sum DAP: RDSP regular year, non-PGAP, 59 or under

Scenario 1:

From 2008 to 2026 inclusively, Kevin contributed $4,000 a year to their RDSP. The grant matching rates remained constant at 300% and 200%. A $1,000 bond was also paid into Kevin's RDSP from 2014 to 2017 inclusively as well as a one-time rollover of $12,000 in 2022.

On January 1, 2027, 47-year-old Kevin received an LDAP amount for the year.

Also, in July of that same year, Kevin requested a lump sum DAP of $12,000.

The account balance as of January 1, 2027, is as follows:

- $66,500 in grant (19 payments of $3,500 from 2008 to 2026 inclusively)
- $4,000 in bond (4 payments of $1,000 from 2014 to 2017 inclusively)
- $76,000 in contributions (19 payments of $4,000 from 2008 to 2026 inclusively)
- $168,010 in FMV (on January 1, 2027)
- $21,510 in earnings (includes a $12,000 rollover)
- $36,000 in AHA ($35,000 in grant and $1,000 in bond from 2017 to 2026 inclusively)
- no annuities
- no previous lump sum DAP has been paid

- no previous AHA has been repaid

9 steps:

1. RDSP in a regular year
2. Non-PGAP
3. LDAP formula, non-taxable, grant, bond, and earnings portions of the LDAP
4. Minimum amount $1 and the maximum amount is the LDAP formula result
5. FMV on January 1 is $168,010
6. Age on January 1 is 47 years old and age on December 31 is 59 years and under
7. Grant is $31,500 and bond is $3,000
8. The AHA is $36,000
9. Begin calculations

Rules: The maximum LDAP amount that Kevin can receive in the year is the result of the LDAP formula.

The minimum LDAP that Kevin must receive in the year is $1.

Calculations: To determine the maximum LDAP amount allowed, you must apply the LDAP formula.

4.9.3.1 LDAP formula result

The LDAP formula result:

A ÷ (B + 3 - C) + D

$168,010 ÷ (80 + 3 − 47) + $0

$168,010 ÷ 36 = $4,666.94

The maximum LDAP amount allowed in 2027 is $4,666.94.

Where:

- **"A"** is the FMV on January 1 less any locked-in annuities
- **"B"** is greater of 80 and the age of the beneficiary on January 1

- **"C"** is the beneficiary's age on January 1
- **"D"** is the locked in annuities amount

Note: For more detailed definitions, refer to section 4.8.1 LDAP legislated formula.

Calculations to determine the proportions of the LDAP payment.

Use the January 1 FMV amount to calculate the taxable and non-taxable portion- amounts. The FMV for Kevin's plan as of January 1, 2027, is $168,010.

4.9.3.2 Non-taxable portion of the LDAP

The non-taxable portion of the LDAP is:

A x B ÷ C + D

$4,666.94 x $76,000 ÷ $132,010 + $0 = $2,686.82

Where:

- **"A"** is the LDAP
- **"B"** is the contributions not previously used to determine the non-taxable portion of previous lump sum DAPs/LDAPs
- **"C"** is the FMV minus the AHA ($168,010 - $36,000):
  - if negative, no payment
- **"D"** is the advantage tax that the holder pays

Note: For more detailed definitions, refer to section 4.5.3 Non-taxable portion.

4.9.3.3 Grant portion of the LDAP payment

The grant portion of the LDAP payment is:

A x B ÷ C

$4,666.94 x $31,500 ÷ $132,010 = $1,113.62

Where:

- **"A"** is the LDAP
- **"B"** is the grant in the RDSP minus all grant that is part of the AHA at that particular time ($66,500 - $35,000)
- **"C"** is the FMV minus the AHA:
  - if negative, no payment

Note: For more detailed definitions, refer to section 4.8.3 The grant portion of a lump sum DAP/LDAP.

4.9.3.4 Bond portion of the LDAP payment

The bond portion of the LDAP payment is:

A x B ÷ C

$4,666.94 x $3,000 ÷ $132,010 = $106.06

Where:

- **"A"** is the LDAP
- **"B"** is the bond in the RDSP minus all bond that is part of the AHA at that particular time ($4,000 - $1,000)
- **"C"** is the FMV minus the AHA:
  - if negative, no payment

Note: For more detailed definitions, refer to section 4.8.4 The bond portion of a lump sum DAP/LDAP.

4.9.3.5 Earnings portion of the LDAP payment

The earnings portion of the LDAP payment is:

A - B - C - D

$4,666.94 - $2,686.82 - $1,113.62 - $106.06 = $760.44

Where:

- **"A"** is the LDAP
- **"B"** is the contribution portion or the non-taxable portion
- **"C"** is the grant portion
- **"D"** is the bond portion

Note: For more detailed definitions, refer to section 4.8.5 The earnings portion of a lump sum DAP/LDAP.

In January of 2027, Kevin receives an LDAP of $4,666.94. The proportional repayment rule was also applied and $14,000.82 ($4,666.94 x 3) in grant and bond was to be repaid to the Government of Canada.

Scenario 2:

On July 14, 2027, Kevin requested a lump sum DAP of $12,000.

The account balance as of July 14, 2027, is as follows:

- $52,385.55 in grant ($66,500 minus prior LDAP's grant of $1,113.62 minus the prior LDAP's AHA of $13,000.83)
- $2,893.94 in bond ($4,000 minus prior LDAP's bond of $106.06 minus prior LDAP's AHA of $1,000)
- $73,313.17 in contributions ($76,000 minus prior LDAP's contributions of $2,686.82)
- $149,000 in FMV (on July 14, 2027)
- $20,407.34 in earnings ($149,000 minus $52,385.15 minus $2,893.94 minus $73,313.17)
- $21,999.18 in AHA ($36,000 minus prior LDAP's proportional repayment of $14,000.82)
- no annuities
- $4,666.94 in previous lump sum DAP/LDAP has been paid
- $14,000.82 in previous AHA has been repaid

9 steps:

1. RDSP in a regular year
2. Non-PGAP
3. LDAP formula, non-taxable, grant, bond, and earnings portions of the lump sum DAP
4. Minimum amount is $1 and there is no maximum amount
5. FMV on July 14, 2027, is $149,000
6. Age on January 1 is 47 years old and age on December 31 is 59 years and under
7. Grant is $30,386.38 and bond is $2,893.94
8. The AHA is $21,999.18
9. Begin calculations

Rules: The minimum LDAP that Kevin must receive in the year is $1. Kevin is not limited to a maximum lump sum DAP amount. The minimum amount regarding the lump sum DAP is $1.

Calculations: As per the previous steps above, there is no limit to the amount of DAP that Kevin can receive in the calendar year.

When calculating the proportions of a lump sum DAP for the non-taxable- and taxable amounts, you must use the FMV amount right before the lump sum DAP is made. The FMV for this plan on July 14th, 2027, is $149,000.00.

4.9.3.6 Non-taxable portion of the lump sum DAP

The non-taxable portion of the lump sum DAP is:

A x B ÷ C + D

$12,000 x $73,313.17 ÷ $127,000.83 + $0 = $6,927.18

Where:

- **"A"** is the lump sum DAP request amount
- **"B"** is the contributions not previously used to determine the non-taxable portion of previous lump sum DAPs/LDAPs
- **"C"** is the FMV minus the AHA ($149,000.00 - $21,999.17):

    - if negative, no payment
- **"D"** is the advantage tax that the holder pays

Note: For more detailed definitions, refer to section 4.5.3 Non-taxable portion.

4.9.3.7 Grant portion of the lump sum DAP payment

The grant portion of the lump sum DAP payment is:

A x B ÷ C

$12,000 x $30,386.38 ÷ $127,000.83 = $2,871.14

Where:

- **"A"** is the lump sum DAP request amount
- **"B"** is the grant in the RDSP minus all grant that is part of the AHA at that particular time ($52,385.55 - $21,999.17)
- **"C"** is the FMV minus the AHA ($149,000.00 - $21,999.17):
    - if negative, no payment

Note: For more detailed definitions, refer to section 4.8.3 Grant portion of a lump sum DAP/LDAP.

At the beginning of the year, there was $31,500 in grant that was excluded from the AHA period. $1,113.62 in grant was paid out in the LDAP, leaving a grant balance of $30,386.38.

4.9.3.8 Bond portion of the lump sum DAP payment

The bond portion of the lump sum DAP payment is:

A x B ÷ C

$12,000 x $2,893.94 ÷ $127,000.83 = $273.44

Where:

- **"A"** is the lump sum DAP request amount
- **"B"** is the bond in the RDSP minus all bond that is part of the AHA at that particular time ($2,893.94 - $0)

- **"C"** is the FMV minus the AHA ($149,000.00 - $21,999.17):
  - if negative, no payment

Note: For more detailed definitions, refer to section 4.8.4 Bond portion of a lump sum DAP/LDAP.

At the beginning of the year, there was $3,000 in bond that was excluded from the AHA period. $106.06 in bond was paid out in the first 7 LDAPs, leaving a bond balance of $2,893.94.

4.9.3.9 Earnings portion of the lump sum DAP payment

The earnings portion of the lump sum DAP payment is:

A - B - C - D

$12,000 - $6,927.18 - $2,871.14 - $273.44 = $1,928.24

Where:

- **"A"** is the lump sum DAP request amount
- **"B"** is the contribution portion or the non-taxable portion
- **"C"** is the grant portion
- **"D"** is the bond portion

Note: For more detailed definitions, refer to section 4.8.5 Earnings portion of a lump sum DAP/LDAP.

Kevin was allocated a $12,000 lump sum DAP. The repayment rule was applied, and Kevin had to repay the remaining balance of the AHA from their plan ($21,999.18) which represents the lesser of the proportional repayment rule ($12,000 x 3 = $36,000) and the full AHA repayment ($21,999.18).

4.9.4 LDAP SDSP

Scenario 1:

From 2010 to 2029 inclusively, $3,500 in grant and $1,000 in bond have been deposited into Nancy's RDSP each year. In December 2035, 39-year-old Nancy had their RDSP designated as an SDSP, so

they begin making withdrawals every 2 months starting January 1, 2036.

Nancy wants to withdraw the maximum amount of funds possible from their SDSP.

The account balance as of January 1, 2036, is as follows:

- $70,000 in grant (20 payments of $3,500 from 2010 to 2029 inclusively)
- $20,000 in bond (20 payments of $1,000 from 2010 to 2029 inclusively)
- $30,000 in contributions (20 payments of $1,500 from 2010 to 2029 inclusively)
- $136,800 in FMV (on January 1, 2036)
- $16,800 in earnings
- no AHA (there is no AHA in an SDSP)
- no annuities
- no previous lump sum DAP has been paid
- no previous AHA has been repaid

9 steps:

1. SDSP
2. Not applicable in an SDSP
3. LDAP formula, non-taxable, grant, bond, and earnings portions of the LDAP
4. Minimum amount is equal to the formula result and the maximum amount is $10,000 in taxable amount or no maximum if formula results in taxable amount greater than $10,000
5. FMV on January 1, 2036, is $136,800
6. Age on January 1 is 39 years old and age on December 31 is 59 years and under
7. Grant is $70,000 and bond is $20,000
8. No AHA
9. Begin calculations

Rules: The maximum amount will either be $10,000 in taxable amount, or if the formula results in a taxable amount that is greater than $10,000, there will be no maximum amount. The minimum is the formula result.

Calculations: In 2036, the LDAP formula results is:

A ÷ (B + 3 - C) + D

$136,800 ÷ (80 + 3 − 39) + $0

$136,800 ÷ 44 + $0 = $3,109.09

Where:

- **"A"** is the FMV on January 1 less any locked-in annuities
- **"B"** is greater of 80 and the age of the beneficiary on January 1
- **"C"** is the beneficiary's age on January 1
- **"D"** is the locked in annuities amount

Note: For more detailed definitions, refer to section 4.8.1 LDAP legislate formula.

4.9.4.1 Non-taxable portion of the LDAP

The non-taxable portion of the LDAP is:

A X B ÷ C + D

$3,109.09 X $30,000 ÷ $136,800 + $0 = $681,82

Where:

- **"A"** is the LDAP
- **"B"** is the contribution portion or the non-taxable portion
- **"C"** is the FMV minus the AHA ($136,800 - $0):
  - if negative, no payment
- **"D"** is the advantage tax that the holder pays

Note: For more detailed definitions, refer to section 4.5.3 Non-taxable portion.

4.9.4.2 Taxable portion of the LDAP

The taxable portion of the LDAP is:

A - B

$3,109.09 - $681.82 = $2,427.27

Where:

- **"A"** is the LDAP
- **"B"** is the non-taxable portion of the LDAP

Since the taxable portion amount ($2,427.27) is less than $10,000, the Minimum LDAP for the year will be the result of the LDAP formula is $3,109.09.

To determine the maximum LDAP payable for the year, calculate the non- taxable amount knowing that the taxable amount is $10,000.

Maximum LDAP payable for the year.

4.9.4.3 Non-taxable portion of the entire SDSP

The non-taxable portion of the entire SDSP is:

A ÷ B X 100%

$30,000 ÷ $136,800 X 100% = 21.93%

Where:

- **"A"** is the contributions not previously used to determine the non-taxable portion of previous lump sum DAPs/LDAPs
- **"B"** is the FMV minus the AHA ($136,800 - $0):
  - if negative, no payment

Note: For more detailed definitions, refer to section 4.8.3 Grant portion of a lump sum DAP/LDAP.

4.9.4.4 Taxable portion of the entire SDSP

100% - A

100% - 21.93% = 78.07%

Where:

"A" is the non-taxable portion of the entire SDSP previously calculated.

Note: For more detailed definitions, refer to section 4.8.3 Grant portion of a lump sum DAP/LDAP.

4.9.4.5 Non-taxable portion of the entire SDSP

A X B ÷ C + D

21.93% X $10,000 ÷ 78.07% + $0 = $2,809

Where:

- **"A"** is the non-taxable portion of the entire SDSP
- **"B"** is $10,000 taxable amount
- **"C"** is the taxable portion of the entire SDSP
- **"D"** is the advantage tax that the holder pays

The maximum LDAP is $10,000 (taxable portion) + $2,809 (non-taxable portion) = $12,809.

Which means $2,134.83 ($12,809 ÷ 6) will be paid out every second month starting January 1, 2036.

On January 1, Nancy begins receiving LDAP payments of $2,134.83 to be paid out the first of every second month until the end of the year.

To report the first LDAP of January 1, the following amounts are needed.

4.9.4.6 Non-taxable portion of the LDAP

The non-taxable portion of the LDAP is:

A X B ÷ C + D

$2,134.83 x $30,000 ÷ $136,800 + $0 = $468.16

Where:

- **"A"** is the LDAP amount
- **"B"** is the contributions not previously used to determine the non-taxable portion of previous lump sum DAPs/LDAPs
- **"C"** is the FMV minus the AHA ($136,800 - $0):
  - If negative, no payment
- **"D"** is the advantage tax that the holder pays

Note: For more detailed definitions, refer to section 4.8.3 Grant portion of a lump sum DAP/LDAP.

4.9.4.7 Grant portion of the entire LDAP payment

Given that the grant portion of the entire LDAP payment is:

A X B ÷ C

$2,134.83 x $70,000 ÷ $136,800 = $1,092.39

Where:

- **"A"** is the LDAP amount
- **"B"** is the grant in the RDSP minus all grant that is part of the AHA at that particular time ($70,000 - $0)
- **"C"** is FMV minus AHA ($136,800 - $0):
  - if negative, no payment

Note: For more detailed definitions, refer to section 4.8.4 The bond portion of a lump sum DAP/LDAP.

4.9.4.8 Bond portion of the entire LDAP payment

Given that the bond portion of the entire LDAP payment is:

A X B ÷ C

$2,134.83 x $20,000 ÷ $136,800 = $312.11

Where:

- **"A"** is the LDAP amount
- **"B"** is the bond in the RDSP minus all bond that is part of the AHA at that particular time ($20,000 - $0)
- **"C"** is FMV minus AHA ($136,800 - $0):
  - if negative, no payment

Note: For more detailed definitions, refer to section 4.8.4 Bond portion of a lump sum DAP/LDAP.

4.9.4.9 Earnings portion of the entire LDAP payment

Given that the earnings portion of the entire LDAP payment is:

A - B - C - D

$2,134.83 - $468.16 - $1,092.38 - $312.11 = $262.18

Where:

- **"A"** is the LDAP amount
- **"B"** is the non-taxable portion
- **"C"** is the grant portion
- **"D"** is the bond portion

While the next LDAP amount will remain the same ($2,134.83), the grant, bond, earnings, and non-taxable amounts will need to be recalculated as the proportions will have changed slightly. The above-mentioned amounts will no longer be accurate for the March 1 LDAP.

4.10 Reference tools

4.10.1 Information template

As a reference use this tool to help determine the information needed to calculate the lump sum DAP or LDAP.

1. What is the plan type?
    - RDSP regular year
    - RDSP specified year
    - SDSP
2. Is it a PGAP or non-PGAP?
    - PGAP
    - Non-PGAP
3. What are the 5 required formula results to be calculated?
    - Those from section 4.7.1 RDSP in a regular year PGAP
        a. specified maximum amount or LDAP formula
        b. non-taxable portion of lump sum DAP /LDAP
        c. grant portion of lump sum DAP/LDAP
        d. bond portion of lump sum DAP/LDAP
        e. earnings portion of lump sum DAP/LDAP (including rollovers)
4. What are the applicable minimum and maximum payment rules?
    - Minimum:
    - Maximum:
5. What is the FMV of the property held in the plan on January 1?
    - On the date of the payment
    - What is the FMV minus the AHA amount:
        - if negative result, no payment can be made:
            - January 1
            - payment date
            - FMV - AHA = $
        - report this amount as variable "C" in the calculation of portions

6. How old is the beneficiary on January 1 and December 31 of the current year?
    - January 1:
    - December 31:
        - 59 or under
        - 60 or over
7. What is the AHA as of the current date?
    - AHA: $
8. What are the grant and the bond amounts that are older than 10 years (not part of the AHA)?
    - Grant: $
    - Bond: $
9. Begin the calculations

4.10.2 Calculation template

Refer to Chapter 3 RDSP Registered Disability Savings Plan section 3.11 Investments, fees, losses, and bankruptcy to calculate the following.

LDAP formula: A ÷ (B + 3 - C) + D =

Non-taxable portion of the lump sum DAP/LDAP: A X B ÷ C =

Grant portion of the lump sum DAP/LDAP: A X B ÷ C =

Bond portion of the lump sum DAP/LDAP: A X B ÷ C =

Earnings portion of the lump sum DAP/LDAP: The amount of the lump sum DAP/LDAP request minus the result of the non-taxable portion of the lump sum DAP/LDAP minus the result of the grant portion of the lump sum DAP/LDAP minus the result of the bond portion of the lump sum DAP/LDAP =

Specified maximum amount (if applicable) greater of either the:

- (LDAP formula result) =
- and (10% of FMV on January 1 (excludes locked in annuity payments) + any locked-in annuity payments) =

4.10.3 Formula and minimum and maximum reference table

Table 7: Formula and minimum and maximum reference table, RDSP in a regular year, PGAP, 59 years old or younger

Withdrawal type	Maximum	Minimum	Maximum formula result	Specified maximum amount	Non-taxable note	Grant	Bond	Earnings
Lump sum DAP	Specified maximum amount	None	No	Yes	Yes	Yes	Yes	Yes
LDAP	Formula	$1	Yes	No	Yes	Yes	Yes	Yes
Lump sum DAP + LDAP	Specified maximum amount	$1	No	Yes	Yes	Yes	Yes	Yes

Table 8: Formula and minimum and maximum reference table, RDSP in a regular year, PGAP, 60 years old or older

Withdrawal type	Maximum	Minimum	Maximum formula result	Specified maximum amount	Non-taxable	Grant	Bond	Earnings
Lump sum DAP	Always with LDAP	Always with LDAP	No	Yes	Yes	Yes	Yes	Yes
LDAP	Formula	Formula	Yes	No	Yes	Yes	Yes	Yes
Lump sum DAP + LDAP	Specified maximum amount	Formula	No	Yes	Yes	Yes	Yes	Yes

Table 9: Formula and minimum and maximum reference table, RDSP in a regular year, non-PGAP, 59 years old or younger

Withdrawal type	Maximum	Minimum	Maximum formula result	Specified maximum amount	Non-taxable note	Grant	Bond	Earnings
Lump sum DAP	None	None	Yes	No	Yes	Yes	Yes	Yes

Table 9: Formula and minimum and maximum reference table, RDSP in a regular year, non-PGAP, 59 years old or younger

Withdrawal type	Maximum	Minimum	Maximum formula result	Specified maximum amount	Non-taxable note	Grant	Bond	Earnings
LDAP	Formula	$1	Yes	No	Yes	Yes	Yes	Yes
Lump sum DAP + LDAP	None	$1	Yes	No	Yes	Yes	Yes	Yes

Table 10: Formula and minimum and maximum reference table, RDSP in a regular year, non-PGAP, 60 years old or older

Withdrawal type	Maximum	Minimum	Maximum formula result	Specified maximum amount	Non-taxable note	Grant	Bond	Earnings
Lump sum DAP	None	Always with LDAP	Yes	No	Yes	Yes	Yes	Yes
LDAP	Formula	Formula	Yes	No	Yes	Yes	Yes	Yes

Table 10: Formula and minimum and maximum reference table, RDSP in a regular year, non-PGAP, 60 years old or older

Withdrawal type	Maximum	Minimum	Maximum formula result	Specified maximum amount	Non-taxable note	Grant	Bond	Earnings
Lump sum DAP + LDAP	None	Formula	Yes	No	Yes	Yes	Yes	Yes

Table 11: Formula and minimum and maximum reference table, RDSP in specified year, 59 years old or younger

Withdrawal type	Maximum	Minimum	Maximum formula result	Specified maximum amount	Non-taxable note	Grant	Bond	Earnings
Lump sum DAP	None	None	Yes	No	Yes	Yes	Yes	Yes
LDAP	None	$1	Yes	No	Yes	Yes	Yes	Yes

Table 11: Formula and minimum and maximum reference table, RDSP in specified year, 59 years old or younger

Withdrawal type	Maximum	Minimum	Maximum formula result	Specified maximum amount	Non-taxable note	Grant	Bond	Earnings
Lump sum DAP + LDAP	None	$1	Yes	No	Yes	Yes	Yes	Yes

Table 12: Formula and minimum and maximum reference table, RDSP in specified year, 60 years old or older

Withdrawal type	Maximum	Minimum	Maximum formula result	Specified maximum amount	Non-taxable note	Grant	Bond	Earnings
Lump sum DAP	None	Always with LDAP	Yes	No	Yes	Yes	Yes	Yes
LDAP	Formula	Formula	Yes	No	Yes	Yes	Yes	Yes

Table 12: Formula and minimum and maximum reference table, RDSP in specified year, 60 years old or older

Withdrawal type	Maximum	Minimum	Maximum formula result	Specified maximum amount	Non-taxable note	Grant	Bond	Earnings
Lump sum DAP + LDAP	None	Formula	Yes	No	Yes	Yes	Yes	Yes

Table 13: Formula and minimum and maximum reference table, SDSP specified year

Withdrawal type	Maximum	Minimum	Maximum formula result	Specified maximum amount	Non-taxable note	Grant	Bond	Earnings
n/a	$10,000 in taxable amount or no maximum if formula results in taxable	Formula	Yes	No	Yes	Yes	Yes	Yes

Table 13: Formula and minimum and maximum reference table, SDSP specified year

Withdrawal type	Maximum	Minimum	Maximum formula result	Specified maximum amount	Non-taxable note	Grant	Bond	Earnings
	amount more than $10,000							

Chapter 5. RDSP Specified Disability Savings Plan

From: Employment and Social Development Canada

Disclaimer: RDSP issuers

The information contained in this chapter is technical in nature. The target audience are issuers of the:

- Registered Disability Savings Plan (RDSP)
- Canada Disability Savings Grant (CDSG)
- Canada Disability Savings Bond (CDSB)

For general information, visit the RDSP page.

In this chapter

- Introduction
- 5.1 Shortened life expectancy
- 5.2 Specified Disability Savings Plan
- 5.3 Specified year
- 5.4 Holder election
- 5.5 Reversal of an election
- 5.6 Administration
- 5.7 Transaction allowed in a Specified Disability Savings Plan

Introduction

For beneficiaries who have a life expectancy of 5 years or less, there are options for increased flexibility in accessing their Registered Disability Savings Plan (RDSP) access.

Note: Life expectancy of 5 years or less must be certified by a medical doctor or a nurse practitioner.

During a specified year, holders may choose to keep the plan as an RDSP in a specified year, or to have it designated as a Specified Disability Savings Plan (SDSP).

5.1 Shortened life expectancy

A medical doctor or nurse practitioner may attest, in writing, that the beneficiary's state of health is such that they have a life expectancy of 5 years or less. The beneficiary is considered to have a shortened life expectancy for the purpose of the RDSP.

In this case, the RDSP holder can choose one of the following options:

- keep the plan as an RDSP which is now in a specified year
- designate the plan as an SDSP

Designating the RDSP as an SDSP is done through an SDSP election. This allows the withdraw of plan assets without requiring the repayment of the assistance holdback amount (AHA) or the proportional repayment amount.

5.1.1 Death of the beneficiary

In both cases, in the event of the beneficiary's death, any Canada Disability Savings Grant (CDSG) or Canada Disability Savings Bond (CDSB) paid into the plan over the previous 10 years preceding the time of death will have to be repaid to the Government of Canada.

5.2 Specified Disability Savings Plan

An SDSP provides beneficiaries who have a shortened life expectancy with greater flexibility in accessing their RDSP savings.

Withdrawals from an SDSP will not trigger a repayment of the AHA or the proportional repayment amount. However, once the election is made, no contributions can be made, and the plan will not be entitled

to any new CDSG or CDSB. Furthermore, beneficiaries will not be eligible to carry forward any CDSG or CDSB amounts for those years.

Education savings rollovers are not permitted when the plan is an SDSP. Only rollovers of retirement savings proceeds are permitted.

5.2.1 Conditions

An RDSP may be designated as an SDSP when:

- a medical doctor or nurse practitioner attests, in writing, that the beneficiary's state of health is such that they have a life expectancy of 5 years or less
- the plan holder makes an SDSP election in the prescribed form and submits the election with the medical certificate to the issuer
- the issuer notifies Employment and Social Development Canada (ESDC) of the SDSP election

5.3 Specified year

A specified year begins when the issuer receives the medical certificate. It continues for each of the 5 years following the date of the attestation signed by a medical doctor or nurse practitioner. This applies if the beneficiary has an RDSP in a specified year.

Note: The 5 years are reduced if the medical certificate is not given to the issuer in the first year.

Each subsequent year applies if the beneficiary has an SDSP.

Example: The medical certificate is issued in 2015, but it is not provided to the issuer until 2018. The plan will only be in a specified year for 3 years (2018 to 2020 inclusive).

5.3.1 SDSP conditions

While a plan is an SDSP:

- no contribution is allowed
- no CDSB or CDSG is paid
- no payment from a designated provincial program is paid
- unused CDSB and CDSG entitlements will not be carried forward except for the calendar year in which the election is made
- no education savings rollover is allowed
- rolling over proceeds from a:
    - Registered Retirement Savings Plan
    - Registered Pension Plan
    - Specified Pension Plan
    - Pooled registered Pension Plan
    - Registered Retirement Income Fund is allowed

In general, withdrawals of no more than $10,000 of the taxable amount are allowed.

5.3.2 Beneficiary surviving more than 5 years

When the plan is an RDSP in a specified year and the beneficiary lives for more than 5 years, it will be subject to regular RDSP payment rules.

An SDSP is not affected by survival beyond the 5 specified years. It remains an SDSP until the holder requests that the designation be removed or if one of the SDSP conditions is broken.

5.4 Holder election

In a specified year, the holder can keep the plan as an RDSP which is now in a specified year or designate the plan as an SDSP.

Electing to designate an RDSP as an SDSP allows the holder to withdraw the plan assets without requiring the repayment of the AHA or the proportional repayment amount.

5.4.1 Keep the plan as an RDSP in a specified year

If a holder chooses to keep the plan as an RDSP during a specified year, there is no annual payment limit. The holder could:

- request payments (disability assistance payments [DAP] and lifetime disability assistance payments [LDAP])
- withdraw all funds from the RDSP in one lump sum
- have the funds spread over the next 5 years

The AHA or the proportional repayment rule applies.

5.4.2 Designating the RDSP as an SDSP

When a holder makes an SDSP election, payments must start by December 31 of the calendar year following the year the plan is designated as an SDSP. The holder could:

- request a DAP or an LDAP
- withdraw up to $10,000 in taxable amount and its associated contribution portion if the formula results in a taxable amount greater than $10,000, there is no maximum

No repayment of the AHA or the proportional repayment amount is required.

5.5 Reversal of an election

A plan holder can reverse the SDSP election at any time. The holder must provide a written notice to the issuer, who must then inform ESDC.

When an SDSP election is reversed, the plan becomes subject to the rules that apply to the RDSP categorization. The plan becomes either an RDSP in a specified year or an RDSP in a regular year. The categorization depends on how many of the 5 specified years, if any, are left from when the medical certificate was signed and given to the issuer.

Example: The medical certificate was signed and given to the issuer in 2015, and the plan became an SDSP in 2015.

- If the designation is removed in 2018, the plan would become an RDSP in a specified year until the end of 2020
- If the designation is removed in 2020, the plan would become an RDSP in a regular year

The CDSB or CDSG cannot be paid until the calendar year following the election reversal. The issuer must not request the CDSB or the CDSG until then.

The holder can make a subsequent election no sooner than 24 months after the previous election ceases. They do this by submitting a new shortened life expectancy medical certificate to the issuer.

5.5.1 Removal of an SDSP designation

A plan ceases to be an SDSP as soon as any of the following occurs:

- the holder elects to reverse the designation
- a contribution or a payment from a designated provincial program is made
- an education savings rollover is made
- the beneficiary is no longer Disability Tax Credit (DTC) eligible
- the total of the taxable amount of payments made from the plan in the year while it was an SDSP exceeds $10,000:
    - this is unless the legislative formula result requires a greater amount to be paid

- payments have not begun to be paid before the end of the calendar year following the year in which the plan became an SDSP
- the total amount of payments made from the plan to the beneficiary in the calendar year is less than the amount determined by the maximum legislative formula
- the plan is cancelled, or its registration is terminated for compliance reasons

When an SDSP designation is removed, the plan becomes subject to the applicable RDSP rules. These rules can be either the RDSP in regular year rules or the RDSP in a specified year rule. Depending on the categorization of the RDSP at that time, this change may also result in the repayment of the CDSB and the CDSG.

If the SDSP designation is removed and the plan returns to a regular RDSP, the plan does not have to be closed.

5.6 Administration

5.6.1 Specimen plan

No amendment to the specimen plan is required. The issuer must:

- treat the holder's election as an addendum to the individual RDSP contract
- add the addendum to the beneficiary's file

5.6.2 Form

The holder is required to elect in a form and submit the election to the issuer. There are no requirements regarding the format of the form, but it must contain the following items:

- a statement that the holder wishes to designate the beneficiary's plan as an SDSP

- the holders' signature and the date
- a statement indicating that the definition of the term "specified year" of the plan must be interpreted as including the years during which the plan is an SDSP
- the list of measures requiring removal of the SDSP designation
- a statement informing the holder that another election cannot be made within 24 months

A copy of the election form that will be used by holders must be sent to the Registered Plans Directorate, at the Canada Revenue Agency before issuers offer holders the ability to designate the plan as an SDSP.

5.6.3 Medical certificate

The holder must provide the issuer with a written attestation from a medical doctor or nurse practitioner licensed to practise under provincial laws. The practitioner may also be licensed to practise under the laws of the beneficiary's place of residence. The attestation must state that, in their professional opinion, the beneficiary is unlikely to live more than 5 years.

5.6.4 Effective date for an SDSP

An SDSP election becomes effective on the date ESDC receives the request through the Canada Disability Savings Program (CDSP) system.

5.6.5 Forwarding an SDSP election to ESDC

The holder must provide the issuer with the medical doctor or nurse practitioner attestation, along with a written request to designate the plan as an SDSP.

The issuer is expected, without delay, to notify ESDC of the election and not wait until the monthly production file to submit the 501-03

transaction. It is to be submitted as a separate, ad hoc electronic file, immediately after the holder makes the election.

5.6.5.1 Managed secure file transfer software (MSFT)

As soon as the required information is received, the issuer must send the SDSP election in a production file. This is done via the MSFT software.

Upon receipt of the production file containing the election transaction, the MSFT software returns a timestamped confirmation to the issuer. Although the 501-03 transaction submitted via MSFT will not be processed until the next scheduled production run. The RDSP is deemed to be an SDSP as of the date of the timestamp confirmation and the lump sum DAP can then be paid to the beneficiary.

Issuers are reminded that the RDSP becomes an SDSP after the CDSP system has been notified of the election. The transaction date on the lump sum DAP being paid under SDSP rules must be after the date of the timestamp that the issuer receives from the MSFT following the transmission of the 501-03 election transaction.

An early MSFT timestamp allows for the plan to become an SDSP sooner. This stops the issuers from having to wait until the start of the subsequent month. Which in turn allows the holder to almost immediately be able to request payments to be made to the beneficiary without the AHA repayment obligations.

5.6.5.2 Transaction 501-03

Since January 2014, the issuer may submit a 501-03 transaction (SDSP election) to designate a plan as an SDSP. There is no longer a requirement to send the information by email.

The start date of the election is recorded as of the date the election information is received by the CDSP system.

Example: The holder provided the SDSP documentation to the issuer on March 5, 2018. However, the issuer only sent the 501-03

transaction on April 1, 2018. This means that the start date of the SDSP is April 1, 2018.

5.6.5.3 Stop bond payment request

If there is an active bond request, the issuer must submit a 401-06 transaction (stop bond payment request). This will ensure that no further CDSB is automatically paid into the RDSP and therefore prevent the risk of breaking an SDSP condition resulting in the loss of SDSP status.

5.6.6 Removal of an SDSP designation

Should there be a request to remove the SDSP designation, the holder is not required to submit a new medical certificate.

The issuer must receive written documentation from the holder that they wish to remove the SDSP designation of the plan. The documentary evidence must be signed by all holders of the plan.

5.6.6.1 Submitting an SDSP reversal

Once the issuer receives the required documentation from the holder, it notifies ESDC of the holder's decision to reverse the SDSP. This notification is made by submitting a 501-04 transaction to the CDSP system.

There is no need to submit a 501-04 should the issuer be notified that the beneficiary is deceased.

5.6.6.2 Transaction 501-04

Since January 2014, the issuer may submit a 501-04 transaction (SDSP election reversal). This submission is to remove an SDSP designation from a plan. It can also be used to reverse an SDSP election that was sent in error. There is no longer a requirement to send the information by email.

The election reversal is recorded as the date the information is received by the CDSP system.

5.6.6.3 Resume bond payment request

Since no CDSB or CDSG can be paid until the calendar year following the election reversal, to resume the CDSB payments. Issuers must respect this delay before submitting a 401-05 transaction (bond payment request).

5.7 Transactions allowed in a Specified Disability Savings Plan

When the holder makes an SDSP election, only the following financial transactions are allowed:

- 401-06 transaction: Stop bond payment request if there is an active bond request
- 401-08 transaction: Retirement savings rollover
- 401-20 transaction: DAP
- 401-21 transaction: LDAP

For more information on rollovers, refer to Chapter 7. RDSP rollovers.

Chapter 6. RDSP Transfers

From: Employment and Social Development Canada

Disclaimer: RDSP issuers

The information contained in this chapter is technical in nature. The target audience are issuers of the:

- Registered Disability Savings Plan (RDSP)
- Canada Disability Savings Grant (CDSG)
- Canada Disability Savings Bond (CDSB)

For general information, visit the RDSP page.

In this chapter

- Introduction
- 6.1 RDSP transfer form
- 6.2 Responsibilities
- 6.3 Transfer process
- 6.4 Problem solving

Introduction

This chapter outlines the roles and responsibilities of issuers, holders, and the transfer procedures. It also includes the transactions that must be sent to the Canada Disability Savings Program (CDSP) system for a transfer to be deemed complete and successful. Issuers must share information and work together to successfully complete the transfer.

The term "transfer" is used when the assets are moved from one Registered Disability Savings Plan (RDSP) to another.

The term "transfer" refers to the transactions that take place when all the funds from one RDSP are moved to a new RDSP for a same beneficiary.

While the holder(s) authorizes the transfer to take place, the RDSP transfer process involves the participation of the following:

- the holder(s) of the RDSPs (prior and new plan)
- the issuers (for example, the relinquishing and receiving financial institutions)
- Employment and Social Development Canada (ESDC)

Each plays a critical role in facilitating the RDSP transfer process and confirming that it meets the conditions required to ensure that there are no gaps in the payments of the Canada Disability Savings Grant (CDSG) (grant) and the Canada Disability Savings Bond (CDSB) (bond) for the beneficiary if they are eligible.

Note: The holder(s) of the new RDSP may be different from the holder(s) of the prior RDSP.

All the funds in the RDSP may be transferred if the following conditions are met:

- same beneficiary
- all funds must be transferred (no partial transfer is allowed)
- the prior contract is closed
- the new contract is registered with Canada Revenue Agency (CRA)
- the relinquishing issuer must also transfer any relevant information that has not been provided by ESDC (for example, medical attestation, etc.)

The beneficiary does not have to be a resident in Canada at the time of the transfer. A transfer may occur regardless of the age of the beneficiary.

If the beneficiary turns 59 or older during the calendar year, the receiving issuer must continue to process any lifetime disability assistance payments (LDAPs) that started in the prior plan. If no LDAPs were processed, the receiving issuer must start the LDAPs that would have begun in the prior plan had the transfer not occurred.

6.1 RDSP transfer form

When transferring an RDSP, issuers may use the RDSP transfer (EMP5611) form and the holder consent to an RDSP transfer (EMP5612) form.

Note: The pro forma forms were designed to facilitate the collection and exchange of information between issuers in the event of a transfer.

Alternative forms of consent and authorization (for example, e-signatures, voice recordings of telephone conversations with clients, etc.) for CDSP application and transfer forms, can be accepted by RDSP issuers.

RDSP Transfer forms published in 2022 now include sections on:

- definition
- general information
- transfer policies
- transfer eligibility information

To download the RDSP transfer form or the holder consent to an RDSP transfer form, click on the following link, and then choose the "Forms" tab on the Resources for RDSP grant and bond issuers web page.

The RDSP transfer forms must be completed by the following:

- plan holder of the new RDSP
- receiving issuer (new RDSP)
- relinquishing issuer (prior RDSP)

The holder consent form must be completed by the plan holder from the prior RDSP.

The relinquishing issuer must provide the receiving issuer with all the information in its possession concerning the prior plan to comply with the requirements set out in the:

- *Income Tax Act* (ITA)
- *Canada Disability Savings Act* (CDSA)
- *Canada Disability Savings Regulations* (Regulations)

6.2 Responsibilities

6.2.1 Holder

The holder(s) of the new RDSP (who may be different from the holder[s] of the prior RDSP):

- chooses a new (receiving) issuer
- informs the receiving issuer that an RDSP is currently open at a prior (relinquishing) issuer
- opens a new RDSP
- completes a new application for the CDSG and CDSB (EMP5608) and applicable annexes (A or B) with the receiving issuer:
    - download the RDSP grant and bond form and annexes A and B, by clicking the "Forms" tab of the Resources for RDSP grant and bond issuers web page

    - for more information on how to fill these forms, refer to Chapter 11. RDSP grant and bond application process
- informs the relinquishing issuer that they want to transfer all the assets of the RDSP to a new RDSP
- obtains holder consent to an RDSP transfer (EMP5612) form from the holder of the prior RDSP
- completes sections 1 and 2 of the RDSP transfer (EMP5611) form

6.2.1.1 Section 1: Information about the Beneficiary

The holder of the new RDSP must provide the following information on the beneficiary:

- last name
- first name
- middle name (if applicable)
- social insurance number (SIN)

The information must be entered exactly as it appears on SIN documentation. Often, errors occur because name changes are not immediately reported to the social insurance registry (SIR) (for example, married names do not match maiden names on SIN).

6.2.1.2 Section 2: Information about the holder

If the holder is different from the beneficiary, the following information on the holder is required.

If the holder is an individual, they must provide:

- last name, first name
- middle name (if applicable)

If the holder is an agency, they must provide:

- name of agency

- name of agency representative

6.2.2 Receiving issuer (transfer-in)

The receiving issuer is the issuer who will receive the transferred assets.

- Completes section 1, 2 and 3 of the RDSP transfer (EMP5611) form
- Opens a new RDSP by submitting the registration package transactions to the CDSP system, making sure that the transfer indicator in position 175 is set to "Y"
- Continues any LDAPs if they had started at the relinquishing issuer
- Keeps a copy of the holder consent to an RDSP transfer (EMP5612) form
- Keeps the signed original of the RDSP transfer form

6.2.1.3 Section 3: Information about the receiving issuer

This section is to be completed by the receiving issuers.

The receiving RDSP contract number is the number assigned by the receiving issuer. An RDSP contract number contains 15 alphanumeric characters.

The receiving specimen plan number is the number assigned to the receiving issuer by CRA.

The date contract opened is the signature date of the new contract. This date would be the same as reported on the record type (RT) 101 transaction.

6.2.2.2 Transaction to submit to ESDC

Table 1: Transaction to submit to ESDC

Transaction type	Description	Position	Important fields
101-01	Contract information	36 to 42	Specimen plan number assigned by CRA for the new RDSP
101-01	Contract information	46 to 60	New contract number
101-01	Contract information	175	Input "Y" Yes
101-01	Contract information	184 to 198	Contract number of the prior RDSP (all contract digits must be provided including leading zeros)
101-01	Contract information	199 to 205	Specimen plan number of the prior RDSP
101-02	Beneficiary information	36 to 113	All the pertinent information on the beneficiary
101-03	Holder information	36 to 140	Information can be the same as the prior RDSP or different, if a new holder opens the new RDSP
401-05	Bond payment request	70 to 77	The date on which the bond was requested by the holder to the issuer

6.2.3 Relinquishing issuer (transfer-out)

The relinquishing issuer is the issuer who will send the transferred assets to the receiving issuer.

- Verifies that all pending grant and bond applications have been received
- Stops all pre-authorized contributions or payments on the RDSP account
- Completes sections 4 and 5 of the RDSP transfer form
- Keeps a copy of the RDSP transfer form and returns the original to the receiving issuer
- Keeps the signed original of the holder consent to an RDSP transfer form
- Sends a stop bond payment request (RT 401-06) to ESDC in accordance with the requirements of the Interface Transaction Standards (ITS)
- Closes the prior RDSP and submits RT 102-10 with closure reason "03" to ESDC in accordance with the requirements of the ITS
- Sends all the funds to the receiving issuer
- Sends RT 701-02 to ESDC in accordance with the requirements of the ITS, to report the fair market value (FMV) amount and earnings of the RDSP being transferred
- Sends to the receiving issuer any relevant information that has not been provided by ESDC (for example, medical attestations, etc.)

6.2.3.1 Section 4: Information about the relinquishing issuer

This section is to be completed by the relinquishing issuer.

The relinquishing RDSP contract number is the number assigned by the relinquishing issuer. Make sure that the number is inscribed

exactly as it was reported to the CDSP system (for example, including all leading zeros).

The relinquishing specimen plan number is the number assigned to the relinquishing issuer by CRA.

The date contract opened is the date the contract was first opened with the relinquishing issuer. This date would be the same as reported on the RT 101 transaction.

6.2.3.2 Section 5: Notional balances of the relinquishing RDSP

This section is to be completed by the relinquishing issuer. It identifies the amounts being transferred as well as the book value of the FMV of those amounts.

The balance as of this is the date that the money is sent by the relinquishing issuer to the receiving issuer.

The reports field is used to indicate all rollovers ever made to the RDSP, if any.

The other field is used to indicate all provincial incentives ever made to the RDSP, if any. The following information will be used by the receiving issuer to calculate new or continuing disability assistance payment (DAP) or LDAP.

The amounts represent the totals as of the close of business on December 31 of the previous calendar year.

The amounts provided in this section will be used to determine if an RDSP is a primarily government assisted plan (PGAP) or not. It will also be used to calculate the amount of any payments that must be made in the year of the transfer.

All monies paid under the CDSA includes all the grants and bonds that have ever been paid into any RDSP for that particular beneficiary, regardless of if they have been taken out at a later date as part of a repayment or a lump sum DAP.

Example: The beneficiary had initially received $70,000 in grant. Even though $7,000 in grant has since been repaid to the Government of Canada and $3,000 in grant has since been paid to the beneficiary, the amount reported will still be the original $70,000 in grant, not the current balance of $60,000.

All contributions made to the RDSP includes all the contributions, rollovers and provincial payments that have ever been paid into any RDSP for that particular beneficiary, regardless of any withdrawal.

Example: An RDSP had initially received $30,000 in contributions, rollovers, and provincial incentives. Even though $2,000 in rollovers and $5,000 in contributions have since been paid to the beneficiary, the amount reported will be the original $30,000 in contributions, rollovers, and provincial incentives, not the current balance of $23,000.

Non-taxable portion of all lump sum DAP/LDAP processed prior to the current calendar year means all the contribution amounts that were included in any lump sum DAP or LDAP paid to the beneficiary prior to the current calendar year.

Taxable portion of all lump sum DAP/LDAP processed prior to the current calendar year means all the grant, bond, rollover, earnings, and provincial payment amounts that were included in any lump sum DAP or LDAP paid to the beneficiary prior to the current calendar year.

Non-taxable portion of all lump sum DAP/LDAP processed this calendar year means all the contribution amounts that were included

in any lump sum DAP or LDAP paid to the beneficiary this calendar year.

Taxable portion of all lump sum DAP/LDAP processed this calendar year means all the grant, bond, rollover, earnings, and provincial payment amounts that were included in any lump sum DAP or LDAP paid to the beneficiary this calendar year.

6.2.3.3 Transactions to be submitted to ESDC

Table 2: Transactions to be submitted to ESDC

Transaction type	Description	Position	Important fields
401-06	Stop bond request	70 to 77	Date the stop request was made by the holder
401-06	Original issuer transaction number	93 to 107	Transaction number of the original bond request to be stopped
102-10	Contract updates: Close a contract	61 to 62	Reason "3" Transfer
102-10	Contract updates: Close a contract	71 to 78	Date of the contract was closed with the relinquishing issuer. It is the date the notional account balances, and the FMV were calculated on the transfer form

Table 2: Transactions to be submitted to ESDC

Transaction type	Description	Position	Important fields
701-02	Transfer reporting of FMV and earnings amounts	75 to 84	FMV of contract
701-02	Transfer reporting of FMV and earnings amounts	85 to 94	Earnings are the difference between the total of the FMV and the notional account balance.

6.2.4 ESDC responsibilities

- Administer the grant and the bond according to the CDSA and Regulations
- Advises issuers of unresolved transfers
- Sends the transfer information extract file

6.2.4.1 Transfer information extract file (RT 971)

For the "resolved" RDSP transfers, ESDC will provide to the receiving issuer all historical financial transactional information in its possession from all previous contracts for a particular beneficiary. This historical record will be sent in a transfer information extract file (RT 971) to the receiving issuer and include the following transaction types:

- 971-01 Contribution/contribution correction information
- 971-02 Bond request information

- 971-03 Retirement savings rollover/retirement savings rollover reversal information
- 971-04 Grant/bond repayment: Grant/bond repayment reversal information
- 971-05 DAP/DAP reversal information
- 971-06 LDAP/LDAP reversal information
- 971-07 Education savings rollover/education savings rollover reversal information

6.3 Transfer process

Here is an overview of the transfer process, outlining each player's responsibilities for a successful transfer.

The holder(s) of the new RDSP must:

- complete a new application for the CDSG and CDSB (EMP5608) and applicable Annexe(s) with the receiving issuer
- complete section 1 (information about the beneficiary) and 2 (information about the holder) of the RDSP transfer (EMP5611) form
- inform the relinquishing issuer of the intent to transfer all the assets to a new RDSP

The receiving issuer must:

- complete section 3 (information about the receiving issuer) of the RDSP transfer form
- send the RDSP transfer form to the relinquishing issuer

The relinquishing issuer must:

- verify that all pending grant and bond have been received
- stop all pre-authorized contributions or payments on the RDSP account
- send a stop bond payment request (RT 401-06) to ESDC in accordance with the requirements of the ITS

- complete section 4 (information about the relinquishing issuer) and 5 (notional balances of the relinquishing RDSP) of the RDSP transfer form and keeps a copy
- send the signed original of the RDSP transfer form back to the receiving issuer

The holder(s) of the prior RDSP must:

- complete the holder consent to an RDSP transfer (EMP5612)
- keep a copy

The relinquishing issuer must:

- keep the signed original of the holder consent to an RDSP transfer form
- send a copy to the receiving issuer

The receiving issuer must:

- keep a copy of the holder consent to an RDSP transfer form
- keep the completed and signed original RDSP transfer form
- send transactions related to the contract registration package (RT 101-01, RT 101-02, RT 101-03) to the CDSP system to register the new RDSP
- make sure that the transfer indicator is set to "Y" (refer to RT 101-01, position 175 in the ITS)
- make sure that the relinquishing contract and specimen plan numbers are accurately referenced with leading zeros (refer to RT 101-01, positions 18 to 205 in the ITS)
- continue any LDAPs, if they had started prior to the transfer

The relinquishing issuer must:

- transfers all the assets to the receiving issuer
- provide the receiving issuer with all information that is not available through the CDSP system (for example, medical certifications, elections, and forms for retirement savings or education saving rollovers)

- close the prior RDSP and send the transaction RT 102-10 close a contract to the CDSP system with closure reason "03" transfer
- send the transaction RT 701-02 transfer reporting of FMV and earnings amounts to the CDSP system to report the FMV and earnings of the RDSP being transferred

ESDC must:

- provide the receiving issuer with RT 971 transfer extract file containing all successfully processed financial transactions for earlier contracts
- advise issuer of unresolved transfers through monthly files

6.3.1 Determining if a transfer is complete

A transfer is considered complete when the following conditions are met.

- The relinquishing issuer transfers all funds to the new RDSP at the receiving issuer and closes the prior RDSP
- The new RDSP is registered with the receiving issuer
- The CDSP system has processed all transactions (RT 101 and RT 102-10) and no error has occurred (if error, refer to the section 6.4 Problem solving)
- The relinquishing issuer sends any relevant information that ESDC does not have in its possession to the receiving issuer (for example, medical attestation, etc.)
- ESDC sends the transfer extract file to the receiving issuer

The amount transferred from a prior RDSP to a new RDSP is not considered to be a contribution.

6.4 Problem solving

If the transfer is not successful, it could have a negative impact on the beneficiary (for example, the beneficiary may not receive any further grant and bond until the issue is resolved).

6.4.1 For the receiving issuer

Here are the most common errors related to transfers, along with resolutions to help issuers achieve a successful transfer.

6.4.1.1 Error file: Error code 8102

If in the monthly error file (RT 801), the receiving issuer gets an error code 8102 - is not identified in the CDSP system. This could mean that the prior RDSP was never registered and is simply a Disability Savings Plan.

If this is not the case, this error could also mean that the contract number has been mistyped (refer to RT 101-01, positions 184 to 198, other contracts in the ITS), most likely it is missing leading zeros.

In this case, the receiving issuer must resubmit the entire registration package (RT 101-01, RT 101-02, RT 101-03) making sure the relinquishing contract number is properly entered with leading zeros.

6.4.1.2 Error file: Error code 8104

If in the monthly error file (RT 801), the receiving issuer gets an error code 8104 - data is missing from the field, this could mean that the receiving issuer failed to indicate the relinquishing issuer's contract number in the other contracts field (refer to RT 101-01, positions 184 to 198, other contracts in the ITS).

If this is the case, the receiving issuer must resubmit the entire registration package (RT 101-01, RT 101-02, RT 101-03), including the relinquishing issuer's contract number to the CDSP system.

6.4.1.3 Error file: Error code 8231

If in the monthly error file (RT 801), the receiving issuer gets an error code 8231 - the beneficiary must not already have a pending, registered or de-registered contract, this could mean the transfer indicator was not set to "Y" in the registration package (refer to RT 101-01, position 175, transaction indicator in the ITS).

If this is the case, the receiving issuer must resubmit the entire registration package (RT 101-01, RT 101-02, RT 101-03) with the transfer indicator set to "Y" (in the RT 101-01, position 175) to the CDSP system.

6.4.1.4 Contract status file: Pending status

If in the monthly contract status file (RT 951), the receiving issuer gets a current contract status, "01" pending and a current transfer status, "1" awaiting transfer that could mean the relinquishing issuer has not yet sent the required close a contract transaction to the CDSP system.

If that is the case, contact the relinquishing issuer to confirm that they have successfully sent the RT 102-10: close a contract transaction.

6.4.2 For the relinquishing issuer

To close an RDSP, the relinquishing issuer must submit an RT 102-10 close a contract transaction to the CDSP system and indicate the closure reason "3" transfer. The relinquishing issuer cannot simply close the account internally, this action must be reported to ESDC.

If grant or bond is received after an RDSP has been transferred out to the receiving issuer, the relinquishing issuer must send the funds to the receiving issuer.

Chapter 7. RDSP Rollovers

From: Employment and Social Development Canada

Disclaimer: RDSP issuers

The information contained in this chapter is technical in nature. The target audience are issuers of the:

- Registered Disability Savings Plan (RDSP)
- Canada Disability Savings Grant (CDSG)
- Canada Disability Savings Bond (CDSB)

For general information, visit the RDSP page.

In this chapter

- Introduction
- 7.1 Terms and acronyms
- 7.2 Rollover of retirement savings
- 7.3 Rollover of education savings
- 7.4 Rollovers from RESP family plans
- 7.5 Determining primarily government assisted plan (PGAP) or non-primarily government assisted plan (non-PGAP)
- 7.6 Reporting requirements
- 7.7 Rollover form

Introduction

Certain retirement savings and education investment incomes may be rolled over into a Registered Disability Savings Plan (RDSP).

RDSP issuers must specify in their specimen plan if rollovers are permitted.

Under certain conditions, 2 types of rollovers may be deposited into an RDSP:

- retirement savings rollovers
- education savings rollovers

7.1 Terms and acronyms

The following terms and acronyms are used throughout this chapter.

7.1.1 Accumulated income payment (AIP)

An AIP is a lump sum distribution of investment income earned in a Registered Education Savings Plan (RESP) to the RESP subscriber or the RESP beneficiary's RDSP. Generally made in circumstances where the RESP beneficiary does not pursue postsecondary education, and the RESP is being terminated.

7.1.2 Decedent

The parent or grandparent of the RDSP beneficiary, who at the time of death was an annuitant of a Registered Retirement Savings Plan (RRSP) or Registered Retirement Income Fund (RRIF) or member of a Registered Pension Plan (RPP), Pooled Registered Pension Plan (PRPP) or Specified Pension Plan (SPP)**.**

7.1.3 Eligible proceeds

Funds from an RRSP, RRIF, RPP, PRPP, SPP or an RESP that are eligible to be transferred to an RDSP.

7.1.4 Financially dependent

Child or grandchild who was a dependent of the decedent due to a mental or physical impairment and a beneficiary of an RDSP.

7.1.5 PRPP

Pension plan for employees and self-employed who do not have access to a workplace pension plan.

7.1.6 RESP

Registered plan that is intended to help to save for a beneficiary's post-secondary education.

7.1.7 RPP

An arrangement by an employer or a union to provide pensions to retired employees in the form of periodic payments.

7.1.8 RRIF

An arrangement between a carrier and an annuitant under which payments are made to the annuitant of a minimum amount each year.

7.1.9 RRSP

A contract or arrangement between an individual and an issuer under which contributions are made for the purpose of providing the individual a retirement income commencing at maturity.

7.1.10 Rollover amount

The amount that is transferred into the RDSP from RRSPs, RRIFs, RPPs, PRPPs, SPPs, or RESPs.

7.1.11 SPP

Prescribed provincial pension plan.

7.2 Rollover of retirement savings

Parents or grandparents of a financially dependent child or grandchild can arrange for some or all their retirement savings to be transferred on a tax deferred-basis to their child or grandchild's RDSP when they pass away.

To be eligible for this measure, retirement savings must be in one of the following:

- an RRSP
- an RRIF
- an RPP
- an PRPP
- an SPP

The maximum transfer amount must not exceed the $200,000 RDSP lifetime contribution limit.

For example, if there is already $50,000 in private contributions in an RDSP, the amount rolled over from an RRSP, RRIF, RPP, PRPP or SPP cannot exceed $150,000.

7.2.1 Family relationship

The only individual who may benefit from a retirement savings rollover is the beneficiary who was financially dependent on a decedent parent or grandparent.

For any questions on the definition of financially dependent, please contact the Canada Revenue Agency (CRA).

- English: 1-800-959-8281
- French: 1-800-959-7383

7.2.2 Eligibility and conditions

To rollover a retirement savings amount, the following conditions must be met:

- respect lifetime RDSP contribution limit of $200,000
- death of grandparents or parents who were annuitant of an RRSP/RRIF or member of an RPP, PRPP or SPP
- beneficiary is 59 years of age or less at the end of the calendar year
- beneficiary is Disability Tax Credit (DTC) approved
- beneficiary meets residency criteria
- beneficiary is alive at the time the rollover takes place
- holder gives permission to allow a rollover
- holder and beneficiary must provide the required information and sign a rollover form
- the RDSP beneficiary must be entitled to receive the retirement savings amount, either because they were designated as a direct beneficiary at the plan level, or because the proceeds were payable to the estate of the decedent
- the RDSP beneficiary was a beneficiary of the estate

The rollover of retirement savings proceeds will not attract the Canada Disability Savings Grant (CDSG) (grant). The rollover portion of a Disability Assistance Payment (DAP) will be taxable at the time the DAP is made.

During a period in which the beneficiary is no longer DTC approved and has elected to keep their RDSP open, retirement savings rollovers are permitted. However, there is a time limit. The rollover must happen by the end of the fourth year after the first full year in which the beneficiary is not DTC approved.

7.2.3 Specimen plan

The issuer must specify in their specimen plan if rollovers of retirement savings proceed into an RDSP are permitted. The Registered Plans Directorate (RPD) within the CRA must approve the specimen plan.

7.2.4. Roles and responsibilities

The responsibilities of an RDSP holder are as follows:

- contacts the financial institution and requests a rollover
- completes and signs a rollover form
- confirms and authorizes the amount to be rolled over into the beneficiary's RDSP

Note: The financial institution may have its own form for this purpose, but if not, then the CRA form RC4625 may be used.

The beneficiary signs to confirm that they have reached the age of majority and is able to enter into a contract.

The responsibilities of the financial institution are as follows:

- signs the rollover form to confirm they have received the funds
- submits the 401-08 transaction to the Canada Disability Savings Program (CDSP) system
- keeps the rollover form in the beneficiary's RDSP file

Employment and Social Development Canada (ESDC) forwards a report to the financial institution.

7.3 Rollover of education savings

Starting January 1, 2014, rollovers can be made from an RESP to an RDSP. In general terms, a subscriber of an RESP that allows AIPs and a holder of an RDSP may elect to transfer an AIP under the RESP to the RDSP if, at the time of the election, the RESP beneficiary is also the beneficiary under the RDSP.

When an RESP rollover occurs, a contribution in the RESP will be returned to the RESP subscriber on a tax-free basis. The Canada Education Savings Grants (CESG) and Canada Learning Bonds in the RESP will be repaid to ESDC. The provincial incentives will be repaid to the appropriate provinces. The RESP must be terminated by the end of February of the year after the calendar year during which the rollover is made.

7.3.1 Eligibility and conditions

To be eligible to rollover the investment income from an RESP to an RDSP, the beneficiary must be:

- DTC approved at the time of the rollover
- 59 years old or less at the end of the calendar year that the rollover is made
- a resident in Canada

Moreover, one of the 3 following conditions must be met:

- the beneficiary has a severe and prolonged mental impairment that can reasonably be expected to prevent them from pursuing postsecondary education
- the RESP account has been in existence for at least 10 years and all the beneficiaries in the plan must be at least 21 years of age and are not pursuing post-secondary education
- the RESP has been in existence for more than 35 years

When making a withdrawal, the education savings rollover portion of the payment should be treated as RDSP earnings and must be counted as a taxable amount.

Education savings rollovers are not permitted when the plan is a Specified Disability Savings Plan (SDSP).

7.3.2 Specimen plan

The RDSP issuer must specify in their specimen plan if rollovers of education savings into an RDSP are permitted. The specimen plan must be approved by the RPD at the CRA.

The RESP must also allow AIP in its specimen plan.

7.3.3 Roles and responsibilities

The holder agrees, in writing, to have the amount rolled over to the RDSP.

The RDSP financial institution submits the 401-30 transaction to the CDSP system.

The RESP subscriber and the RDSP holder must, in writing, jointly elect to have the education savings rollover take place.

The RESP promoter must:

- terminate the RESP by the end of February of the calendar year following the education savings rollover
- determine whether the AIP distribution/rollover can take place

7.4 Rollovers from RESP family plans

When the rollover of education savings proceeds is from a family plan, 3 options are available.

Option 1

The first option involves the following:

- **Family RESP:** A family plan with multiple beneficiaries can be split into one or several individual plans:
  - the subscriber can request a partial transfer, in the same proportion, of contributions, earnings, CESG and provincial incentives
  - this transfer can be made from the family plan to the new individual plan
- **Individual RESP:** Once the transfer is complete, the RESP subscriber may then request to have the investment earnings amount rolled over into an RDSP from the new RESP
- **RDSP:** Once the rollover to the RDSP is complete, the new RESP is closed

Note: For promoters who do not offer individual plans, they may open a family plan with only one beneficiary.

Advantages: The family plan with the remaining beneficiaries could remain open.

Disadvantages: The subscriber would not be able to transfer only the earnings to the new RESP for the DTC approved beneficiary. Since only a portion of the property in the RESP is transferred, then the partial transfer rules outlined in subsection 16(2) of the *Canada Education Savings Regulations* would require the transferring RESP promoter to calculate and transfer the equal portion of the contributions, earnings, CESG and provincial incentives to the receiving plan.

For more information on transferring funds from one RESP to another or to learn how to close an RESP, refer to the RESP Provider User Guide on the ESDC's page.

Option 2

The subscriber can wait until the other beneficiaries of the family plan are eligible for post-secondary education (PSE) or will not be pursuing

PSE before rolling over the investment income from the family RESP to DTC approved beneficiary's RDSP.

Advantages: It would no longer matter that any grant and bond remaining in the family RESP (including amounts paid in other beneficiaries' names) would need to be repaid and that the plan would have to terminate by the end of February of the year after the education savings rollover occurred, because the other beneficiaries will have either used the funds necessary for their PSE or they will not be using the funds for PSE.

Disadvantages: This could be a long time depending on the age of the other beneficiaries.

Option 3

The third option involves the following:

- close the family RESP
- transfer the AIP to the beneficiary's RDSP

Advantages: All the investment earnings in the RESP could be transferred to the DTC approved beneficiary's RDSP (including those accumulated for other beneficiaries).

Disadvantages: All grant and bonds remaining in the family RESP (including amounts paid in other beneficiaries' names) would need to be repaid. The family RESP would be required to terminate by the end of February of the year after the rollover occurred.

7.5 Determining primarily government assisted plan (PGAP) or non-primarily government assisted plan (non-PGAP)

To determine whether the RDSP is a PGAP, or a non-PGAP, any eligible proceeds and investment income rolled over to an RDSP will be considered a private contribution.

It will not attract grants. It will count towards the RDSP contribution lifetime limit of $200,000 and will reduce the available RDSP contribution room and be included in the taxable portion of RDSP withdrawals made to the beneficiary.

For example, after a rollover of education or retirement savings benefits, a previously PGAP RDSP can become a non-PGAP RDSP if private contributions ($10,000) are less than government contributions ($15,000), the plan is a PGAP.

Determining PGAP

- Private contributions of $10,000
- Government contributions of $15,000

However, when an education or retirement savings rollover of $10,000 is deposited into the RDSP, the private contributions ($20,000) are now more than the government contributions ($15,000). Therefore, the RDSP is now a non-PGAP plan.

Determining non-PGAP

- Private contributions of $20,000
- Government contributions of $15,000

Note: This is determined at the beginning of a calendar year, on January 1.

A PGAP or a non-PGAP designation is valid for a full calendar year. A plan can only change from one designation to the other on January 1.

7.6 Reporting requirements

7.6.1 Record types (RT)

There are 4 transactions involved in the rollover of proceeds.

Table 1: Record types

Information	RT
Retirement savings rollover	401-08
Retirement savings rollover reversal	401-09
Education savings rollover	401-30
Education savings rollover reversal	401-31

7.6.1.1 RT 401-08

The RT 401-08 “retirement savings rollover” includes information that must be reported by the financial institution.

Table 2: RT 401-08 Retirement savings rollover

Description	Important information
Issuer's information	Business number (BN)
Issuer's information	Issuer transaction number
Specimen plan	Must be designated by the CRA to accept RDSP rollovers
Beneficiary	Social insurance number (SIN)
Rollover	Different dates are critical

Table 2: RT 401-08 Retirement savings rollover

Description	Important information
Rollover	Amount
Primary caregiver or agency	SIN or BN

7.6.1.2 RT 401-09

The RT 401-09 “retirement savings rollover reversal” includes information that must be reported by the RDSP issuer.

Table 3: RT 401-09 Retirement savings rollover reversal

Description	Important information
Issuer's information	Original issuer BN
Issuer's information	Original issuer transaction number
Beneficiary	SIN
Rollover	Reversal dates

7.6.1.3 RT 401-30

The RT 401-30 “education savings rollover” includes information that must be reported by the RDSP issuer.

Table 4: RT 401-30 Education savings rollover

Description	Important information
Issuer's Information	BN

Table 4: RT 401-30 Education savings rollover

Description	Important information
Issuer's Information	Issuer transaction number
Specimen plan	Must be designated by the CRA to accept RDSP rollovers
Beneficiary	SIN
Rollover	Different dates are critical
Rollover	Amount
Primary caregiver or agency	SIN or BN

7.6.1.4 RT 401-31

The RT 401-31 “education savings rollover reversal” includes information that must be reported by the RDSP issuer.

Table 5: RT 401-31 Education savings rollover reversal

Description	Important information
Issuers information	Original issuer BN
Issuers information	Original issuer transaction number
Beneficiary	SIN
Rollover	Reversal dates

For additional information, refer to the Interface Transaction Standards Canada Disability Savings Program system on the ESDC's page.

7.7 Rollover form

Rollover forms can vary from one financial institution to another. The CRA form RC4625 may be used for retirement savings rollovers. However, it is not mandatory.

Chapter 8. Closing an RDSP

From: Employment and Social Development Canada

Disclaimer: RDSP issuers

The information contained in this chapter is technical in nature. The target audience are issuers of the:

- Registered Disability Savings Plan (RDSP)
- Canada Disability Savings Grant (CDSG)
- Canada Disability Savings Bond (CDSB)

For general information, visit the RDSP page.

In this chapter

- Introduction
- 8.1 RDSP closure
- 8.2 Repayments

Introduction

When certain events occur, the Registered Disability Savings Plan (RDSP) needs to be closed. This chapter provides information relating to these events, as well as the conditions and timelines in place for regulating RDSP closures.

8.1 RDSP closure

An RDSP is normally closed when one of the following events occurs:

- loss of eligibility for the Disability Tax Credit (DTC)
- RDSP non-compliant
- beneficiary's death
- transfer of the RDSP to another issuer
- other

Note: Technically, the trust account does not need to be closed when the RDSP is non-compliant. In this case, the law requires that a deemed Disability Assistance Payment (DAP) is made to the beneficiary or their estate. The money does not have to be removed from the account.

When an RDSP is closed, the beneficiary or the beneficiary's estate receives the invested contributions and all earnings from the RDSP. However, all grants and bonds that have been paid into the RDSP during the last ten years must be repaid to the Government of Canada.

8.1.1 Loss of eligibility for the DTC

If the beneficiary loses eligibility for the DTC, the plan may be closed or may remain open. While a beneficiary is DTC-ineligible, and the choice to keep the plan open is made, no contributions can be made to the plan, including:

- rollover of Registered Education Savings Plan (RESP)
- investment income

The beneficiary is not eligible to receive grants and bonds, nor will entitlements accrue during any period where the beneficiary remains DTC-ineligible.

Rollover of proceeds from a deceased individual's Registered Retirement Savings Plan (RRSP) or Registered Retirement Income Fund (RRIF) to the RDSP of a financially dependent infirm child or grandchild will be permitted, if made by the end of the fourth calendar year following the first full calendar year throughout which the beneficiary is DTC-ineligible.

Withdrawals will be permitted but will trigger repayment of the Assistance Holdback Amount (AHA), which requires that $3 in grant and bond be repaid, for every $1 withdrawn from an RDSP up to a maximum of the total AHA, over a modified period.

The Assistance Holdback Amount will be determined as all grants and bonds paid into the RDSP in the 10-year period immediately preceding the time when the beneficiary was no longer DTC-eligible, minus any grants and bonds paid into the RDSP during that time that has subsequently been repaid to the Government of Canada.

The reference period for the AHA will remain the 10-year period preceding the time when the beneficiary was no longer DTC-eligible, until the beginning of the year that the beneficiary turns 51, when it will become 9 years, decreasing at the beginning of each subsequent year until the beginning of the year, the beneficiary turns 60 when it becomes nil.

To ensure an option to close a plan continues to exist for beneficiaries who are DTC-ineligible, a plan holder will be allowed, at any time during which a beneficiary is DTC-ineligible, to request closure of the RDSP. Upon such a closure, the sums remaining in the RDSP after repayment of the AHA to the Government of Canada will be paid to

the beneficiary. The AHA will be modified to reduce by one year, for each year beginning the year that the beneficiary turns 51.

This means that during any period in which a beneficiary is DTC-ineligible, there will no longer be a requirement for the beneficiary to provide a medical certification that the beneficiary is likely to become DTC-eligible at some point in the future.

Note: Before March 19, 2019, if a beneficiary no longer qualified for the DTC, the RDSP had to be closed by the end of the year following the first full year without DTC-eligibility, unless a special election was filed. Since then, beneficiaries no longer qualifying for the DTC can decide to keep their RDSP open. When closing the plan, the AHA would be returned to the Government of Canada.

8.1.2 RDSP non-compliance

An RDSP will be considered non-compliant and cease to be an RDSP if the following issues arise:

- the RDSP fails to comply with a condition in subsection 146.4(4) of the *Income Tax Act* (ITA)
- the RDSP is not administered in accordance with its terms and conditions;
- the Minister of Employment and Social Development Canada (ESDC) notifies Canada Revenue Agency (CRA) that an RDSP is non-compliant, when the administration of a condition or obligation is not in compliance with the *Canada Disability Savings Act* (CDSA)

Note: CRA has the authority to apply waivers to an RDSP that is non-compliant.

8.1.3 Beneficiary's death

Upon the death of the beneficiary:

- the sums remaining in the RDSP (considering first, any AHA to be repaid to the Government of Canada) must be paid to the beneficiary's estate
- if the beneficiary has a will, the sums remaining in the RDSP will go to whomever they have named in the will
- if the beneficiary does not have a will, the sums remaining in the RDSP will be disbursed according to provincial/territorial law
- the RDSP must be terminated no later than the end of the calendar year following the year of the beneficiary's death

If the RDSP is not terminated by December 31 of the year after the beneficiary's death, it will lose its registered status. It will then be considered a Disability Savings Plan.

8.1.4 Transfer

It is possible to transfer funds between issuers. A new RDSP will need to be opened at the new issuer and the prior RDSP will need to be terminated immediately after the transfer.

If the holder has made an election to keep the RDSP open after the loss of DTC-eligibility a new RDSP cannot be opened at a new issuer.

8.1.5 Other

At the holder's request, an RDSP can be closed in the following situations:

- there is no property in the RDSP
- only the AHA is left in the RDSP (there are no earnings or contributions in the RDSP),

- the holder requests a payment of all remaining funds in the RDSP to be made to the beneficiary and the payment is not more than the maximum amount for that year

Note: Applicable if the RDSP terms provide the holder with the ability to request a DAP.

Before terminating an RDSP, issuers should ensure they consider any associated trust laws and requirements.

8.2 Repayments

Prior to terminating an RDSP, the issuer is required to repay to the Government of Canada, in keeping with the conditions specified in the Issuer Agreement any AHA in the RDSP.

The conditions identified in the Issuer Agreement are:

- the RDSP is terminated
- the RDSP ceases to be an RDSP
- the beneficiary has died

The issuer must repay:

- any part of an amount not rightfully paid under the terms of the CDSA,
- the Canada Disability Savings Regulations to an RDSP as a grant or a bond

Beneficiaries are required to repay any portion of a DAP that comes from a grant or bond not rightfully theirs. This repayment is mandated by the terms of the CDSA and the regulations.

Chapter 9. RDSP Canada Disability Savings Grant

From: Employment and Social Development Canada

Disclaimer: RDSP issuers

The information contained in this chapter is technical in nature. The target audience are issuers of the:

- Registered Disability Savings Plan (RDSP)
- Canada Disability Savings Grant (CDSG)
- Canada Disability Savings Bond (CDSB)

For general information, visit the RDSP page.

In this chapter

- Introduction
- 9.1 How it works
- 9.2 Grant eligibility
- 9.3 Grant room and carry forward

Introduction

The Canada Disability Savings Grant (CDSG) (grant) is a payment made by the Government of Canada to help persons with disabilities save for the future.

Before offering the grant, the Registered Disability Savings Plan (RDSP) providers must be authorized by Employment and Social Development Canada (ESDC).

The grant is based on contributions made to an RDSP for an eligible beneficiary as well as the beneficiary's family income.

The CDSG is a limited matching grant paid into an RDSP by the Government of Canada.

Depending on the amount contributed and the beneficiary's family income, the Government may contribute funds equivalent to 300%, 200%, or 100% of contributions made into an RDSP for a year.

An RDSP can receive grants of up to a maximum of $3,500 per year. However, with carry forward provisions, the annual maximum increases to $10,500. The maximum lifetime grant that may be paid on behalf of a beneficiary shall not exceed $70,000.

The grant may be paid on contributions made into an RDSP on or before December 31 of the calendar year in which the beneficiary turns 49 years of age.

9.1 How it works

The payment of the grant is based on the following requirements.

1. A qualified holder must open an RDSP for an eligible beneficiary
2. The holder makes and authorizes eligible contributions to the RDSP
3. The holder and RDSP provider must ensure to understand and meet all eligibility criteria to be able to receive grants:
    - otherwise, the grant will not be paid
4. The holder submits the completed application form to the financial institution who transmits the request through an automated system to ESDC

9.2 Grant eligibility

To determine if a beneficiary is eligible for the grant, the following criteria and conditions must be met.

The **contribution** must:

- be made on or before December 31 of the year the beneficiary turns 49 years of age
- not be a rollover

The **beneficiary** must:

- be a resident of Canada at the time the contribution is made
- be approved for the Disability Tax Credit (DTC)
- have a valid social insurance number (SIN)
- be alive

The **holder** must:

- open an RDSP
- complete a grant and bond application form
- provide the signed application form directly to the financial institution on or before December 31 of the year the beneficiary turns 49 years of age
- deposit or authorize a contribution into the RDSP
- receive a children's special allowance for at least one month in the year to maximize the grant when the holder is an organization, and the beneficiary is under 18
- have a valid SIN or Business Number (BN)
- ensure that the lifetime limit of $200,000 of contributions is not exceeded

Note: The enhanced matching rate is available until December 31 of the year as the beneficiary turns 18. The special allowance ceases to be payable when the child reaches 18 years old.

The **financial institution** must:

- have received approval and authorization from the Canada Revenue Agency (CRA) and ESDC to offer the RDSP, the grant and the bond
- ensure the information on the application form is accurate and complete

- submit the information electronically for processing to ESDC
- complete any required action as a result of processing with ESDC such as correct SIN numbers, add missing information
- receive and distribute grant payments to the RDSP
- provide statements of account to the holder

9.2.1 Grant annual matching rates

The *Canada Disability Savings Act* (CDSA) sets out the amount of grant that may be paid into an RDSP.

Based on the beneficiary's family income and the annual contribution amount, the Government of Canada will contribute grants at rates of 300%, 200%, or 100%.

The CRA indexes the income thresholds annually. Income threshold amounts are used to determine the grant amount a beneficiary could receive each year. The month of January is used to set the grant matching rate for all contributions made in a given year.

Table 1: Grant annual matching rates

Beneficiary's family income	Matching grant	Maximum grant payable per Year
Less than or equal to the second threshold	On the first $500 grant equivalent to 300% ($3 for every $1 of eligible contributions)	$1,500
Less than or equal to the second threshold	On the next $1,000 grant equivalent to 200% ($2 for every $1 of eligible contributions)	$2,000

Table 1: Grant annual matching rates

Beneficiary's family income	Matching grant	Maximum grant payable per Year
Greater than second threshold or if no income information is available from the CRA	On the first $1,000 grant equivalent to 100% ($1 for every $1 of eligible contributions)	$1,000

Note: For current income levels, refer to the CRA tax bracket thresholds table. The table provides information about tax bracket thresholds for the last 4 tax years. You can also visit our information bulletins page to find important information about RDSPs changes, including annual adjustments to income thresholds.

9.2.2 Family income

Family income is validated with information held by the CRA based on filed income tax returns.

The grant match rate is determined using income data from the second preceding tax year. Except for children in respect of whom the Canada Child Benefit (CCB) is first payable after the month of June of a given year. In which case the primary caregiver's (PCG) income from the previous year is used. This is because CRA does not complete processing the tax data from the immediately preceding year until the second half of the year. The only assessed income data available will be of the second preceding taxation year.

For example, the tax data used in January 2022 will be from 2020. It is also important to note that the determination of a beneficiary's family income will differ, depending on their age.

The holder should ensure the beneficiary's family income information is on file at the CRA to maximize grant payments. The grant matching rate at 300% or 200% can only be determined once the family income is verified.

9.2.2.1 Beneficiary at the age of majority

Beginning the calendar year, the beneficiary turns 19 until the end of the calendar year the beneficiary turns 49, the beneficiary's family income includes their and their spouse's income. This remains true regardless of whether the adult beneficiary is a dependant of a parent/guardian.

To ensure the beneficiary's eligibility for the highest grant amount verification, they must file personal income tax returns starting from the year they turn 17. Beneficiaries must continue to file for all future taxation years, even if they have no income to report. The parent's or guardian's family income will be used when the beneficiary is 18 years of age or under. This applies until December 31 of the year in which they turn 18.

9.2.2.2 Beneficiary under the age of majority

A beneficiary's family income is determined from birth until December 31 of the year they turn 18. This calculation is based on the income information used to determine the CCB for the beneficiary. To determine the amount of the grant to be paid in that year, income information from the PCG is used.

Normally, the PCG is the person who receives the CCB closest to January. For more information, refer to Chapter 3 section 3.6. Primary caregiver. The month of January is usually used to set the grant matching rate for all contributions made in a given calendar year.

The CDSA provides that if there was no determination of eligibility for a Child Benefit for January, the income used is the one from the first month of the calendar year when eligibility for the CCB is established.

A child born in December would not receive the CCB until January 1 of the next calendar year. To allow families to qualify for grant payments based on contributions made in the birth year, the CDSA uses the family income determined by the CCB. This income is assessed in January of the following year. This income is then applied retroactively to the birth year.

Table 2: Family income

RDSP is open	Who can be the holder	Family income (which is based on the income from the second preceding tax year)
Any year before the beneficiary turns 18	• Parent • Guardian • Organization	• Parent/guardian: The income used to determine the CCB up to the year that the beneficiary turns 17 • Organization: The income level is not applicable for an organization
In the year the beneficiary turns 18 (before their birthday)	• Parent • Guardian • Organization	• Parent/guardian: The income used to determine the CCB up to the year that the beneficiary turns 17 • Organization: N/A • Beneficiary is eligible for maximum grant and bond if the organization receives

Table 2: Family income

RDSP is open	Who can be the holder	Family income (which is based on the income from the second preceding tax year)
		a children's special allowance at least one month in the calendar year
In the year the beneficiary turns 18 (on or after their birthday)	• Beneficiary (the financial institution has discretion as to whether they wish to enter into a contract if the age of majority for the province in which the contract is being opened is 19 years of age) • Legal representative appointed under provincial law (if beneficiary is age of majority and not contractually competent) • Qualifying family member (if beneficiary is the age of majority and the issuer believes that they are not contractually competent)	• Parent/guardian: The income used to determine the CCB up to the year that the beneficiary turns 17 • Organization: N/A • Beneficiary is eligible for maximum grant and bond if the organization receives a children's special allowance at least one month in the calendar year
Any year after the	• Beneficiary (the financial institution has discretion as to whether they wish to	• Beneficiary: Income used starting for the

Table 2: Family income

RDSP is open	Who can be the holder	Family income (which is based on the income from the second preceding tax year)
beneficiary turns 18	enter into a contract if the age of majority for the province in which the contract is being opened is 19 years of age) • Legal representative appointed under provincial law (if beneficiary is age of majority and not contractually competent) • Qualifying family member (if beneficiary is the age of majority and the issuer believes that they are not contractually competent)	year the beneficiary turned 17

9.2.2.3 Grant income thresholds

The CRA indexes the income thresholds annually. The income thresholds are used to establish the grant matching rates for the current and previous years. For current income levels, refer to the CRA's tax bracket thresholds table. The table provides information about tax bracket thresholds for the last 4 tax years. You can also visit our information bulletins page to find important information about RDSPs changes, including annual adjustments to income thresholds.

9.2.3 Grant payments and income thresholds

9.2.3.1 Family income is under the threshold

Example 1

The total eligible contribution amount deposited into an RDSP is $4,000. If the beneficiary's family income is $45,000, the grant deposited into the account is $3,500 (assuming there is no carry forward).

The grant amount is calculated as follows given the income is below the threshold amount.

- The first $500 in contributions at a matching rate of 300% will attract $1,500
- The next $1,000 in contributions at a matching rate of 200% will attract $2,000
- The next $2,500 in contributions will not attract any grant given the annual limit of $3,500 has already been reached

9.2.3.2 Family income is over the threshold

Example 2

In 2024, the beneficiary's family income is over $111,733. An eligible contribution of $5,000 is deposited into the RDSP. The grant deposited into the RDSP is $1,000 (assuming there is no carry forward).

The grant amount is calculated as follows given the income is over the threshold amount.

- The first $1,000 in contributions at a matching rate of 100% would attract $1,000
- The next $4,000 in contributions would not attract any grant as the annual limit of $1,000 has already been reached

9.2.3.3 No income information is available at the CRA

Example 3

Paul opens an RDSP and deposits $5,000, a gift from one of his grandparents. Paul is not only the holder, but also the beneficiary of the account. Paul has just turned 18 years of age prior to opening the plan. Paul has not filed any personal income tax returns for the last years as he had no income to report. When no income information is available (no tax return filed) and a $5,000 contribution is made to the RDSP, the grant deposited is $1,000 (assuming there is no carry forward).

The grant amount is calculated as follows given that no income information is available at the CRA:

- the first $1,000 in contributions at a matching rate of 100% would attract $1,000
- the next $4,000 in contributions would not attract any grant as the annual limit of $1,000 has already been reached

9.2.4 Shared custody

Since July 2011, divorced or separated parents who share the custody of a child or children can receive and share CCB and credits for those children throughout the year.

As a result, there could be 2 different income levels used for a beneficiary under the age of 18 (one for each PCG) during the calendar year. The Canada Disability Savings Program (CDSP) system will use the income level that is the most advantageous for the beneficiary to determine the grant entitlements.

9.2.4.1 Two key players

In the context of shared custody, there are 2 key players:

- the PCG
- the qualified dependant

9.2.4.1.1 PCG

In respect of a qualified dependant, a PCG resides with the qualified dependant in the year in question. The PCG must also be a parent of the qualified dependant who:

- is the parent who primarily fulfils the responsibility for the care and upbringing of the qualified dependant and is not a shared custody parent in respect of the qualified dependant
- is a shared custody parent in respect of the qualified dependant

Note: A shared custody parent is an individual who is 1 of the 2 parents of the qualified dependant who:

- is not a cohabiting spouse or common-law partner of the other
- resides with the qualified dependant on an equal or near equal basis
- primarily fulfils the responsibility for the care and upbringing of the qualified dependant when residing with the qualified dependant

9.2.4.1.2 Qualified dependant

A qualified dependant is a person who:

- has not attained the age of majority
- is the child of a PCG or is under their care or the care of their spouse
- resides with the PCG

9.2.5 Beneficiary's residence

A beneficiary who moves out of Canada may not be considered a Canadian resident for the time they are out of the country. In this case, the holder will not be eligible to make contributions in the years the beneficiary did not meet residency requirements.

The CRA is responsible for determining residency status for a particular year. Information on the PCG is used to determine the residency of a beneficiary under the age of 18.

It is the holder's responsibility to inform the financial institution of any changes in the beneficiary's residency status.

Note: A holder, who is not the beneficiary, does not have to be a resident of Canada. The beneficiary does not have to be a resident of Canada at the time of the grant payment, only when opening the RDSP or when a contribution is made.

If the beneficiary's parents are with a diplomatic mission or in the Canadian Forces, the family members are still considered to be Canadian residents. The children are, therefore, eligible for the grant.

9.2.6 The CCB

For a beneficiary who has not yet reached the age of majority (including those turning 18 in a calendar year), ESDC validates the beneficiary's information against the Canada Revenue Agency's CCB database. This validation includes confirming that the PCG applied for the CCB when filing their last tax return.

The CCB is a tax-free monthly payment made to eligible families to help them with the cost of raising children under the age of 18. The CCB may include the Child Disability Benefit (CDB), a monthly benefit for families who care for a child who is approved for the DTC.

9.2.7 Beneficiary under care

If a beneficiary under the age of majority (including those turning 18 in a calendar year) is under the care of a department, agency, or institution eligible for payments under the *Children's Special Allowances Act* (CSAA) for at least 1 month in the calendar year, they will receive the highest matching grant rate. This means a 300% match on the first $500 contributed and a 200% match on the next $1,000.

A payment made under the CSAA is tax-free monthly payment, made to an organization for a child who is under the age of 18 and under their care. These payments may include the CDB, a monthly benefit for organizations who care for a child who is approved for the DTC.

9.2.8 Consent from the PCGs

Beneficiaries who are over the age of 18 when they open an RDSP will need to obtain the consent from the PCGs to obtain the data used to determine DTC-eligibility, Canadian residency, and family income for when they were 18 years of age and under.

For example, a 21-year-old beneficiary who opens an RDSP may be able to access unused grant entitlements from previous years. To do so, they must obtain the consent from the PCG for each of those years, allowing verification of:

- DTC-eligibility
- Canadian residency
- family income for the past 10 years

For ESDC to pay grants, PCG's must consent to the sharing of their personal information between:

- ESDC
- CRA
- the financial institution for the administration (which may include policy analysis, research, and evaluation) of the:
    - CDSA
    - *Canada Disability Savings Regulations*
    - *Income Tax Act*

If there are different PCGs (or organizations), ESDC will use the PCG's information that is most beneficial for the beneficiary.

9.3 Grant room and carry forward

Holders may not be able to contribute regularly to their RDSPs. Therefore, the carry forward provision lets individuals access unused grant entitlements from the past 10 years.

The carry forward is applied to all RDSPs regardless of when the plan is initially opened and registered.

The entitlements do not accrue during any period a beneficiary is not eligible for the DTC or not a resident of Canada.

The maximum annual amount of unused grant entitlement that can be carried forward and paid out in a calendar year is $10,500. This amount includes any grant entitlement for the current year.

Since January 1, 2011, ESDC determined and maintained balances of available unused grant entitlements. The matching rate for these unused grant entitlements remains the same as it would have been if the contribution had been made in the calendar year when the entitlement was originally earned.

Matching rates on RDSP contribution will be applied in descending order. Contributions will first use any grant entitlement at the highest available matching rate, starting from the oldest to the newest before applying grant entitlements as lower rates.

No separate application is required to access unused grant. Grant entitlements are calculated automatically. To help plan contribution amounts, annual statements of available grant entitlements are sent to holders to show how much unused grant entitlement is available.

9.3.1 Accessing grant entitlements

The carry forward provision of grant entitlements came into effect on January 1, 2011, with payments beginning in 2012. Grants are generally paid at the end of the month following the month in which an eligible contribution is made.

The beneficiary cannot access unused grant entitlements after December 31 of the year they turn 49 given an eligible contribution must be made to access this unused grant entitlement. No eligible contribution can be made after December 31 of the year as the beneficiary turns 49.

9.3.1.1 Beneficiary eligibility criteria

To receive a grant for unused entitlements, the beneficiary must meet the following eligibility criteria:

- be a Canadian resident at the time the eligible contribution is made and for each year of entitlement
- has a valid SIN
- is eligible for the DTC in each year of entitlement
- The contribution is made on or before December 31 of the year the beneficiary turns 49
- does not have more than $200,000 in contributions in the plan
- is alive at the time of the contribution

9.3.1.2 Statement of entitlement

Every year, RDSP holders will receive a statement showing the amount of unused grant entitlements available. It also shows the amount of contributions required to maximize grants that could be paid each calendar year.

Table 3: Statement of entitlement

Total grant available	Maximum grant available in 2024	Contribution required to maximize grant in 2024
n/a	n/a	n/a

The statement briefly describes the eligibility criteria to receive grant and bond as well as the rules governing the carry forward of grant and bond entitlements.

9.3.2 Grant and carry forward calculations

The maximum lifetime grant limit is $70,000 per beneficiary.

Once a beneficiary has received the maximum lifetime grant limit, contributions will no longer be eligible to receive grant. By qualifying for and receiving the 300% and 200% grant matching rates, a beneficiary will reach the lifetime grant limit of $70,000 sooner with fewer and smaller contributions.

The maximum annual amount of grant entitlement that can be carried forward and paid into an RDSP is $10,500. This amount includes any grant entitlement for the current year.

9.3.2.1 Grant calculations without carry forward

Example 1

Mary has a beneficiary's family income of $37,000 in 2023. Mary made 2 eligible contributions to an RDSP in 2023.

Mary contributed $500 to an RDSP in March 2023.

Mary contributed an additional $400 in August 2023, for a total amount of $900 in contributions.

Since Mary's beneficiary's family income is under the threshold of $106,717 for 2023:

- the first $500 in contributions at a matching rate of 300% will attract $1,500
- the second $400 in contributions at a matching rate of 200% will attract $800

Therefore, $900 in contributions will attract $2,300 in grants for 2023.

Mary will have $1,200 of unused grant entitlement available after January 1, 2024.

Example 2

A contribution of $2,500 is made into an RDSP in 2023. The family income reported was $184,000 in 2023. The 2023 income level threshold was $106,717 (no unused grant entitlement is carried forward).

Given the family income is above the threshold for 2023, the 100% matching rate applies:

- first $1000 in contributions at a matching rate of 100% will attract $1,000
- the next $1,500 in contributions will not attract grant

Therefore, $2,500 in contributions will attract $1,000 in grants, the same amount as if a $1,000 had contributed to the RDSP.

Example 3

A contribution of $5,000 is made into an RDSP in 2023. The family income level reported is $60,000 in 2023. The 2023 income level threshold is $106,171 (no unused grant entitlement is carried forward).

Given the family income is below the $106,717 threshold for 2023:

- first $500 in contributions at a matching rate of 300% will attract $1,500
- the next $1,000 in contributions at matching rate of 200% will attract $2,000, and
- the next $3,500 in contributions will not attract grant

Therefore, for the contribution of $5,000, the grant payment would be $3,500, the same amount as if $1,500 had contributed to the RDSP.

9.3.2.2 Grant calculations with carry forward

Example 1

Caroline was born in 1983. Contractually competent, Caroline opened a plan in 2020 at the age of 37. Caroline's family income was below the grant income thresholds from 2018 to 2021.

Caroline is entitled to a matching rate of 300% on the first $500 contributed and 200% on the next $1,000 for each of these years.

The table 4 shows how much Caroline needs to contribute in order to maximize the amount of grant entitled to receive in 2021.

Table 4: Grant calculations with carry forward

Year	Contributions	300% matching rate	200% matching rate	100% matching rate	Grant paid based on contributions
2018	$0	$0	$0	$0	$0
2019	$0	$0	$0	$0	$0
2020 (opened an RDSP)	$0	$0	$0	$0	$0
2021 (carry forward begins in 2021 and applies	$4,250	$6,000 ($2,000 at 300%)	$4,500 ($2,250 at 200%)	$0	$10,500

Year	Contributions	300% matching rate	200% matching rate	100% matching rate	Grant paid based on contributions
back to 2018)					

Given that the highest and oldest rates must be applied first, and that there is $6,000 at the 300% rate ($1,500 per year from 2018 to 2020 + $1,500 in 2021) available in unused grant entitlement in 2021:

- the first $2,000 in contributions will be used to attract all the grants available at the 300% rate for the years 2018 to 2021 inclusively, resulting in $6,000 in grants
- since all grants at the 300% rate have been used up, the matching rate will now be 200%

The remaining $2,250 in contributions ($4,250 - $2,000) will be used to attract grants at the 200% rate, resulting in $4,500 in grants.

Therefore, with a contribution of $4,250, the maximum yearly grant amount of $10,500 would be paid out. This will use up all grant entitlements for 2018 and 2019 at 200% ($4,000), as well as a portion of the grant available at 200% for 2020 ($500 out of the $2,000 available). As a result, there will be an outstanding balance of $3,500 in grant entitlements at the 200% rate available for the future.

Caroline will need to make additional contributions to maximize the amount of grant entitled to receive for the following year.

Table 5: Additional contributions to maximize the amount of grant

Year	Contributions	Grants at 300%	Carry forward at 300%	Grants at 200%	Carry forward at 200%	Grant paid
2022	$3,250 ($500 at 300%) ($2,750 at 200%)	$1,500	$0	$2,000	$3,500	$7,000

In 2022, Caroline would need to contribute $3,250 to access the remaining available grant of $7,000 ($3,500 for 2022 based on income being below the threshold and $3,500 in carry forward from previous years at the 200% rate).

Table 6: Scenario of carry forward of grant

Item	Details
DTC approval year	2016
RDSP opened	2024
Years under income threshold	9 years (2016 to 2024)
Total unused grants	$31,500 (9 years x $3,500/year)
300% grant entitlement	$13,500 (8 years x $500 contribution/year = $4,500 × 300% = $13,500)

Table 6: Scenario of carry forward of grant

Item	Details
Contribution for full grant	$3,500 (to receive $10,500 in grants using 300% matching)
Assumed contribution	$4,500 (based on dividing $10,500 by $3,500, then multiplying by 3 years' worth of matching)
Actual grant received	$10,500 (for a contribution of $3,500)
Additional contribution	$1,000 (would not attract any grant)

The holder opened an RDSP in 2024. The beneficiary's family income was under the income threshold for the 9 previous years. Thus, making them eligible for a total of $31,500 in unused grants ($3,500 per year).

To maximize grants, a contribution of $3,500 in a single year, would result in receiving $10,500. The additional contribution of $1,000 would not attract grant.

Chapter 10. RDSP Canada Disability Savings Bond

From: Employment and Social Development Canada

Disclaimer: RDSP issuers

The information contained in this chapter is technical in nature. The target audience is issuers of the:

- Registered Disability Savings Plan (RDSP)
- Canada Disability Savings Grant (CDSG)
- Canada Disability Savings Bond (CDSB)

For general information, visit the RDSP page.

In this chapter

- Introduction
- 10.1 Overview of the bond
- 10.2 Bond eligibility
- 10.3 Bond limits and carry forward

Introduction

The Canada Disability Savings Bond (CDSB) (bond) is a payment made by the Government of Canada to help low to modest income persons with disabilities save for the future. Before offering the bond, the Registered Disability Savings Plan (RDSP) providers must be authorized by Employment and Social Development Canada (ESDC).

The bond is a payment of up to $1,000 each year depending upon a beneficiary's family net income.

10.1 Overview of the bond

No RDSP contributions are required to receive the bond. The Government of Canada pays the bond into the beneficiary's RDSP.

Depending on the family income, a beneficiary may be eligible to receive up to $1,000 annually in bonds, with a lifetime limit of $20,000.

The bond may be paid into an RDSP providing that the holder applies for the bond on or before December 31 of the calendar year in which the beneficiary turns 49 years of age. The payment of the bond is based on the following requirements.

- **Holder:** A qualified holder must open an RDSP for an eligible beneficiary
- **Eligibility criteria:** The beneficiary must meet all eligibility criteria for the bond Otherwise, the bond will not be paid
- **Application process**: The holder applies for the bond on the beneficiary's behalf through the RDSP provider

10.1.1 Annual bond rates

The *Canada Disability Savings Act* (CDSA) sets out the amount of bond that may be paid into an RDSP. The bond is a payment of up to $1,000 each calendar year, depending on a beneficiary's family income.

The Canada Revenue Agency (CRA) indexes the family income thresholds annually. January is used to set the bond rate in a given calendar year.

For a child born in a month other than December or new immigrants, the CDSA stipulates that if eligibility for a Child Benefit is not determined for January. The applicable income is from the first month of the calendar year when the Canada Child Benefit (CCB) eligibility is established. This ensure that the appropriate income is used for grant calculation.

The amount of bond paid is calculated as outlined in the table 1.

Note:

- Phase out income: The income level above which the annual amount of CDSB payable begins to decrease
- First threshold: Income levels indexed annually

When reached or exceeded the annual amount of CDSB, payable is nil.

Table 1: Annual bond rates

Beneficiary's family income	Bond entitlement
Less than or equal to the phase out income	$1,000
Greater than the phase out income but less than the first threshold	A portion of the $1,000, based on a formula as identified in the CDSA: $1,000 - [$1,000 x (A-B)/(C-B)] Where: A = Family income B = Phase out income C = First threshold
First threshold or more or if no income information is available from the CRA	None

For current income levels, refer to the CRA tax bracket thresholds table. The table provides information about tax bracket thresholds for the last 4 tax years.

10.1.2 Bond income thresholds

The CRA indexes the income thresholds annually. The income thresholds used to establish the bond income thresholds for the current and previous years can be found on the CRA's Tax bracket thresholds and by referring to the Canada Disability Savings Program (CDSP) infoBulletins.

10.1.2.1 Under the minimum threshold

Example 1

In 2023, Marc becomes Disability tax credit (DTC) eligible and opens an RDSP. With a family income of $19,000, which is below $34,863, the Government deposits $1,000 into the RDSP.

10.1.2.2 Between the minimum and maximum thresholds

Example 2

In 2023, the beneficiary's family income is $40,000. A bond of $722.21 will be deposited into the account (assuming there is no carry forward).

In this example, the bond formula is applied.

$1,000 - [$1,000 x (A - B) / (C - B)]

Where:

A = $40,000 family income

B = $34,863 phase out income

C = $53,359 first threshold

$1,000 − [$1000 x ($40,000 − $34,863) / ($53,359 − $34,863)]
= $1,000 − [$1000 x $5,137 / $18,496]
= $1,000 − [$1,000 × .2777]
= $1,000 − $277.79
= $722.21

10.1.2.3 No income information available

Example 3

Paul has just turned 18 and is both the holder and the beneficiary of the newly opened RDSP. Paul has never filed income tax returns as they had no income to report. No bond will be paid if there is no income tax return filed since there is no way to verify if the family income is within the required minimum and maximum amounts.

10.2 Bond eligibility

10.2.1 Criteria

The beneficiary must:

- apply for the bond on or before December 31 of the year they turn 49
- be a resident of Canada at the time of the initial application and immediately before the bond is paid
- be eligible for the DTC the year for which the bond is paid
- have a valid social insurance number (SIN)
- not be deceased

10.2.2 Conditions

10.2.2.1 Conditions for the holder:

- open an RDSP
- ensure a grant and bond application form is completed and check the appropriate boxes
- provide the signed form directly to the financial institution on or before December 31 of the year the beneficiary turns 49 years of age
- have a valid SIN or business number (BN)

10.2.2.2 Conditions for the beneficiary:

- until the calendar year the beneficiary turns 18, the income of the primary caregiver (PCG) is used for income purposes
- they must have filed their taxes and applied for the CCB
- starting from the beneficiary's 19th year onward:
  - their own income is used
  - they need to begin filing their personal income tax return from the year they turned 17
- if up to 18 years of age:
  - have parents or guardians who have filed their taxes for the past 2 years
  - applied for the CCB for the current year and up to the year the beneficiary turns 18

10.2.2.3 Conditions for the financial institution:

- ensure information in the application form is complete
- submit the information electronically for processing to ESDC
- complete any required action as a result of processing with ESDC (example: correct SIN numbers and add missing information)
- receive and distribute bond payments to the appropriate RDSP
- provide a statement of account to the holder

10.2.3 Beneficiary and family income

Family income is validated with information held by the CRA based on filed income tax returns.

The income data of the second preceding tax year is used to establish the bond amount. This is because the CRA will not have finished processing the immediately preceding year's tax data until the second half of the year. Therefore, the only assessed income data available will be of the second preceding taxation year. For example, the tax data used in January 2023 will be from 2021. It is also important to note that the determination of a beneficiary's family income will differ, depending on their age.

Eligibility for the bond can only be verified for beneficiaries where the personal income tax returns for the past 2 years have been filed for everyone whose income is used to determine "family income."

10.2.3.1 For a beneficiary at the age of majority

Beginning in the calendar year, the beneficiary turns 19 until the end of the calendar year the beneficiary turns 49, the beneficiary's family income is based on their income plus their spouse's income. This remains true whether or not the adult beneficiary is a dependant of a parent/guardian.

To ensure the beneficiary's eligibility for the maximum bond amount can be verified, beneficiaries must file personal income tax returns from the year in which they turn 17. They must continue to file for all future taxation years, regardless as to whether they have income to report. The parent's or guardian's family income will be used for when the beneficiary was 18 years of age or under.

10.2.3.2 For a beneficiary under the age of majority

From birth to December 31 of the year a beneficiary turns 18, a beneficiary's family income is based on the income information used to determine the CCB for that beneficiary. To determine the amount of

the bond to be paid in that year, income information from the PCG is used. Normally this is the person who receives the CCB closest to January. January is usually used to set the bond amount in a given calendar year.

For a child born during a specific year (but not in December) or a new immigrant, the CDSA provides that if there was no determination of eligibility for a CCB for January, the income to be used is that for the first month of the calendar year in which eligibility for the CCB is established.

A child born in December would not receive the CCB until January 1 of the next calendar year. To allow eligible families to receive bond for the birth year, the CDSA uses the family income that is used by the CCB determination made in January of the following year and applies this retroactively to the birth year.

10.2.4 Shared custody

Since July 2011, divorced or separated parents that share the custody of a child, or children would both be able to receive and share the CCB and credits for those children throughout the year.

There could be 2 different income levels for a beneficiary under the age of 18 (one for each PCG) during the calendar year. The CDSP system will use the income level that is the most advantageous for the beneficiary to determine the bond entitlements.

10.2.4.1 2 key players

In the context of shared custody, there are 2 key players the:

- PCG
- qualified dependant

Primary care giver

In respect of a qualified dependant, a PCG:

- resides with the qualified dependant
- is a parent of the qualified dependant who:
  - is the parent who primarily fulfils the responsibility for the care and upbringing of the qualified dependant and is not a shared custody parent in respect of the qualified dependant
  - is a shared-custody parent in respect of the qualified dependant

Note: A shared-custody parent is an individual who is one of the 2 parents of the qualified dependant who:

- is not a cohabiting spouse or common-law partner of the other
- resides with the qualified dependant on an equal or near equal basis
- primarily fulfils the responsibility for the care and upbringing of the qualified dependant when residing with the qualified dependant

Qualified dependant

A qualified dependant is a person who:

- has not attained the age of majority
- is the child of a PCG or is under their care or the care of their spouse
- resides with the PCG

10.2.5 Beneficiary's residency

A beneficiary who moves out of Canada may not be considered a Canadian resident for the time they are out of the country. In this case, the beneficiary will not be eligible for the bond for the years they did not meet residency requirements.

The CRA is responsible for determining the residency status for a particular year. Information on the PCG is used to determine the residency of a beneficiary under the age of 18.

It is the holder's responsibility to inform the financial institution of any changes in the beneficiary's residency status.

Note: A holder, who is not the beneficiary, does not have to be a resident of Canada. The beneficiary must be a resident at the time the application for bond is made as well as the period immediately preceding the payment of the bond.

If the beneficiary's parents are with a diplomatic mission or in the Canadian Forces, the family members are still considered to be Canadian residents. The children are, therefore, eligible for the bond.

10.2.6 Canada Child Benefit

For a beneficiary who has not yet reached the age of majority (and for beneficiaries celebrating their 18th birthday in a calendar year), ESDC validates the beneficiary's information against the CRA CCB database. This includes verifying that the PCG has applied for the CCB at the time they filed their last tax return.

The CCB is a tax-free monthly payment made to eligible families to help them with the cost of raising children under the age of 18. The CCB may include the Child Disability Benefit, a monthly benefit for families who care for a child who is eligible for the DTC.

10.2.7 Beneficiary under care: income

If a beneficiary under the age of majority (including beneficiaries celebrating their 18th birthday) is under the care of a department, agency, or institution which is eligible for payments under

the *Children's Special Allowances Act* for at least one month in the calendar year, the bond entitlement for that year will be $1,000.

A payment made under the *Children's Special Allowances Act* is a tax-free monthly payment, made to an organization for a child who is under the age of 18 and under their care. These payments may include the Child Disability Benefit, a monthly benefit for agencies who care for a child who is approved for the DTC.

10.2.8 Consent from Primary care giver

When beneficiaries over the age of 18 open an RDSP, they will need to obtain the consent from PCGs to obtain the data used to determine:

- DTC-eligibility
- Canadian residency
- family income for when they were 18 years of age and under

For example: A 21-year-old beneficiary who opens an RDSP may carry forward bond from previous years if they obtain the consent from the PCGs for each of those years. This would make it possible to verify DTC-eligibility, Canadian residency, and family income for the previous 10 years.

For ESDC to pay bonds, PCGs must consent to the sharing of their personal information between:

- ESDC
- the CRA
- the financial institution for the administration (which may include policy analysis, research, and evaluation) of the:
    - CDSA
    - *Canada Disability Savings Regulations*
    - *Income Tax Act*

Specifically, the information collected from the PCG is used to verify the beneficiary's eligibility for the DTC, residency status and family income.

If there are different PCGs (or organizations), ESDC will use the PCG(s) information that is most beneficial to the beneficiary.

10.3 Bond limits and carry forward

The carry forward provision allows individuals to access unused bond entitlements from the past 10 years. This applies to all RDSPs, regardless of when the plan is registered.

The entitlements do not accrue during any period a beneficiary is not eligible for the DTC or not a resident of Canada.

The annual bond entitlement is based on the beneficiary's family income. By qualifying, the beneficiary can receive the annual maximum bond payment of $1,000 each year.

A beneficiary has the potential to receive annual bond payments up to the calendar year in which they turn 49 years old. However, they must apply for the bond on or before December 31 of the year they reach 49.

The maximum annual amount of unused bond that can be carried forward and paid into an RDSP in a calendar year is $11,000. This includes any bond entitlement for the current year.

Balances of available unused bond entitlements will be determined and maintained by ESDC. This will be based on the beneficiary's family net income in the year of entitlement.

No bond can be applied to a previous year in which the beneficiary was not a Canadian resident or eligible for the DTC.

No separate application is required to access unused bond entitlements. The bond entitlements are calculated automatically.

10.3.1 Timetable

The carry forward provision of bond entitlements came into effect on January 1, 2011, and payments began in 2012. The bonds are generally paid in February of the same calendar year as entitlement or when the bond is applied for (whichever comes first).

10.3.1.1 Eligibility

To access unused bond entitlements, the beneficiary must meet the following eligibility criteria:

- is a Canadian resident and was a Canadian resident in the year of entitlement
- has a valid SIN
- is eligible for the DTC and was eligible for the DTC in the year of entitlement
- applies for the bond on or before December 31 of the year the beneficiary turns 49

10.3.1.2 Bond entitlements and limits

The bond amount will be the same as the one that would have applied if the request had been made in the year in which the bond was earned.

10.3.2 Bond and carry forward calculations

The maximum lifetime bond limit is $20,000 per beneficiary. The maximum annual amount that can be carried forward and paid into an RDSP is $11,000.

Example 1 (without carry forward)

A beneficiary's family income is $17,000 in 2022. Since the beneficiary's family income is under the threshold of $32,797, for 2022, he will receive a bond of $1,000.

Example 2 (with carry forward)

Caroline was born in 1983. Caroline opened a plan in 2023 after being approved for DTC at the age of 40. Caroline's DTC-eligibility was back dated to 2018.

Caroline's income has always been below the threshold indexed annually by the CRA.

All the bond entitlements for 2018 to 2023 will be paid to Caroline. Caroline would attract $6,000 in bonds.

Note: The bond availability is based on the income tax year, 2 years prior. For example, in 2018, the bond amount is based on Caroline's 2016 income tax return.

Table 2: Bond and carry forward calculations in example 2

Year	Bond eligibility	Bond paid out	Total carry forward
2018	$1,000 (based on 2016 income)	$0	$1,000
2019	$1,000 (based on 2017 income)	$0	$2,000
2020	$1,000 (based on 2018 income)	$0	$3,000

Table 2: Bond and carry forward calculations in example 2

Year	Bond eligibility	Bond paid out	Total carry forward
2021	$1,000 (based on 2019 income)	$0	$4,000
2022	$1,000 (based on 2020 income)	$0	$5,000
2023	$1,000 (based on 2021 income)	$6,000 = $5,000 from previous years + $1,000 from current year	$0

Chapter 11. RDSP Grant and bond application process

From: Employment and Social Development Canada

Disclaimer: RDSP issuers

The information contained in this chapter is technical in nature. The target audience are issuers of the:

- Registered Disability Savings Plan (RDSP)
- Canada Disability Savings Grant (CDSG)
- Canada Disability Savings Bond (CDSB)

For general information, visit the RDSP page.

In this chapter

- Introduction
- 11.1 The application process
- 11.2 Downloading the forms
- 11.3 The application form
- 11.4 Annex A: Joint holder
- 11.5 Annex B: Primary caregiver
- 11.6 Important considerations
- 11.7 Accurate information ensures payment
- 11.8 Scenarios: Which section to use when
- 11.9 Consent and authorization for the CDSP application and transfer forms
- 11.10 Use of the unlocked forms

Introduction

The following chapter provides an overview and step-by-step instructions for completing the application form and its associated annexes where applicable.

Failure to provide accurate and complete information on the application form may lead to non-payment of the Canada Disability Savings Grant (CDSG). It may also result in non-payment of the Canada Disability Savings Bond (CDSB).

11.1 The application process

The process of applying for the grant or the bond includes the participation of the following the:

- financial institution
- holder
- beneficiary or the legal representative
- primary caregiver (PCG):
    - if the beneficiary is under the age of 18
    - if the carry-forward period includes a time when the beneficiary was under the age of 18

11.1.1 The holder

- Step 1: contacts a participating financial institution that offers Registered Disability Savings Plan (RDSP) and opens an RDSP
- Step 2: names an eligible beneficiary
- Step 3: completes the application for the grant or the bond and related annex (es), where applicable

11.1.2 The financial institution

- Step 1: verifies the accuracy of the information
- Step 2: ensures all applicable sections are completed and holder or beneficiary consent is provided
- Step 3: transmits the information to Employment and Social Development Canada (ESDC) through the Canada Disability Savings Program (CDSP) system

To apply for the grant or the bond, the holder must complete and sign (or provide consent in an accepted manner) the following:

- Application for Canada Disability Savings Grant and/or Canada Disability Savings Bond [EMP5608]
- Annex A : Joint Holder to the Application for Canada Disability Savings Grant and/or Canada Disability Savings Bond [EMP5609]
- Annex B : Primary Caregiver to the Application for Canada Disability Savings Grant and/or Canada Disability Savings Bond [EMP5610]

For the application to be processed, it is important to complete all parts of the forms correctly and sign (or provide consent in an accepted manner) the applicable declaration and consent(s). Failure to do so will result in the non-payment of the grant or the bond.

If at the time of application, the beneficiary is under the age of majority or was under the age of majority at any time in the previous 10 years (starting in 2008). Annex B should be completed as the beneficiary may be eligible to claim unused grant or bond entitlements under the carry-forward provision. For more information, refer to section 11.5 Annex B. Primary caregiver.

Note: The age of majority differs from province to province. Issuers should have policies in place to guide their staff in this regard.

The financial institution will process the application and submit the request to ESDC.

Consent for sharing of personal information

The information included on the form(s) and the information regarding the RDSP may be used by and shared between:

- ESDC
- Canada Revenue Agency (CRA)
- Financial institution for the administration of:
  - *Canada Disability Savings Act*
  - *Canada Disability Savings Regulations*
  - *Income Tax Act*

This may include policy analysis, research, and evaluation.

Providing consent is entirely voluntary. However, without consent, the Government of Canada cannot process the application, and, as a result, no grant or bond payments can be issued.

11.2 Downloading the forms

To download and fill out the form, refer to the Resources for RDSP grant and bond issuers web page or directly on the forms catalogue:

- Annex A: Joint holder to the application for Canada Disability Savings Grant or Canada Disability Savings Bond, or
- Annex B: Primary caregiver to the application for Canada Disability Savings Grant or Canada Disability Savings Bond

11.3 The application form

To apply for the grant or the bond for a beneficiary, the application form EMP5608 must be:

- completed
- signed (or consent provided in an accepted manner)
- returned to the RDSP issuer

The form has 4 sections to be filled as required:

- section 1: Information about the beneficiary
- section 2: Information about the holder
- section 3: Declaration and consent of holder section
- section 4: Declaration and consent of the beneficiary

Sections 5 through 8 of the form provide information on the conditions for payment of grants and bond as well as privacy requirements and definitions.

For the application to be processed, the proper consent to use, share and disclose personal information must be obtained.

11.3.1 Information about the beneficiary (section 1)

The following beneficiary information is required:

- last name and first name
- middle name (if applicable)
- date of birth (YYYY-MM-DD)
- social insurance number (SIN)

The name must be entered exactly as it appears on the SIN documentation. Otherwise, the application will be refused.

11.3.2 Information about the holder (section 2)

This section must be completed only if the holder is different from the beneficiary of the RDSP. The name must be entered exactly as it appears on the SIN documentation.

The holder also completes and submits the signed form (or provides consent in an accepted manner) to the financial institution. If the holder is also a PCG, Annex B must be completed and submitted along with the main application. For more information refer to section 11.5 Annex B. Primary caregiver .

If there is more than 1 holder, each additional holder must complete a separate Annex A. For more information refer to section 11.4 Annex A. Joint holder.

11.3.2.1 If the holder is an individual

The holder (if different than beneficiary) must provide the following information:

- last name and first name
- middle name (if applicable)
- SIN
- total number of holders for this plan

Names must be entered exactly as they appear on the SIN documentation. Otherwise, the application will be refused.

Example: An individual makes use of their married name for all identification purposes except for the SIN documentation, which contains their maiden name. If the name used on the application form differs from the SIN documentation, the transaction will be rejected. This is one of the most common errors encountered.

11.3.2.2 If the holder is a department, agency, or institution

The following information must be provided:

- name of agency
- name of agency representative
- business number (BN)

- total number of holders to the plan

Information must be entered exactly as they appear on BN documentation. Otherwise, the application may be rejected.

11.3.3 Declaration and consent of the holder (section 3)

Section 3 only needs to be completed if section 2 was completed, and they are not the beneficiary.

The holder, if not the beneficiary, must read this section and sign (or provide consent in an accepted manner) to receive grants and bonds in the RDSP.

If the holder is also a PCG, they must complete Annex B.

11.3.4 Declaration and consent of the beneficiary (section 4)

If the beneficiary was under 18 at the time of application but has since turned 18, they must provide consent in section 4 of the application form. This consent authorizes the sharing and use of personal information for paying the grant or bond.

Failure to do so could result in the non-payment of the grant or the bond.

To be able to pay the bond in February of the year the beneficiary turns 19, ESDC must be able to determine the beneficiary's exact family income and, to this end, obtain the beneficiary's consent to access their personal information. Without this consent, the bond cannot be paid.

If the beneficiary is 18 years of age or older at the time of application, is contractually competent of entering into a contract and is also the RDSP holder. They are not required to provide their consent in section 3 as consent will be obtained in section 4 of the application.

If the beneficiary is 18 years or older at the time of the application, but there is uncertainty about their ability to validate a contract, a qualifying family member (QFM), legal representative or organization must intervene. In this case, that person must sign the form on behalf of the beneficiary.

11.3.5 Conditions for payment of the grant or bond (section 5)

This section explains some important conditions under which the grants and the bonds may be paid into an RDSP.

11.3.6 Payments of the grant or bond (section 6)

This section clarifies some of the administrative processes around the payment of the grant and bond.

11.3.7 Your privacy rights (section 7)

This section explains why personal information is collected and how it is used, shared, and protected. It also explains how applicants can access their personal information. The holder should be advised to carefully read this section prior to submitting an application.

11.3.8 Definitions (section 8)

These definitions are provided for your information only and do not constitute the legal definitions. This section includes definitions of key terms for information purposes.

11.4 Annex A: Joint holder

Annex A (EMP5609) serves 2 purposes:

- to add a joint holder to the RDSP
- to identify the beneficiary as a joint holder of an existing plan when they reach the age of majority and are contractually competent

Note: The age of majority differs from province to province. Issuers should have policies in place to guide their staff in this regard.

A separate Annex A must be completed for each holder of the RDSP not identified on the main application form.

The joint holder is required to provide the following information:

- beneficiary's last name and first name
- beneficiary's middle name (if applicable)
- RDSP contract number

Annex A has 4 sections that require completion:

- section A-1: Information about the joint holder
- section A-2: Declaration and consent of the joint holder
- section A-3: Privacy rights
- section A-4: Definitions

11.4.1 Information about the joint holder (section A-1)

Joint holder(s) must provide the following personal information:

- last name and first name
- middle name (if applicable)
- SIN

11.4.2 Declaration and consent of the joint holder (section A-2)

They must read this section and sign (or provide consent to the issuer in an accepted manner) to receive grants and bonds in the RDSP.

If the joint holder is also a primary caregiver, Annex B must be completed.

11.4.3 Your privacy rights (section A-3)

This section explains why personal information is collected and how it is used, shared, and protected. It also explains how the joint holder(s) can access their personal information.

Joint holder(s) should be advised to carefully read this section prior to submitting an application.

11.4.4 Definitions (section A-4)

These definitions are provided for information only and do not constitute the legal definitions. This section includes definitions of key terms for information purposes.

11.5 Annex B: Primary caregiver

Annex B (EMP5610) is designed to collect the information required to determine grant and bond entitlements for any year the beneficiary is under the age of 18. It is also used to determine any unused entitlements to the grant and the bond from prior years that the beneficiary may be entitled to under the carry-forward provision for a period when the beneficiary was 18 years of age or younger.

Note: ESDC will be unable to verify the family income if the parents or guardians of a minor beneficiary have not:

- filed their personal income tax returns for the 2 years prior to the application (and all taxation years where the beneficiary was aged 18 or under)
- applied for the Canada Child Benefit (CCB)

This will affect whether a bond is paid as well as the matching rates for the grants. For more information, refer to form Annex B: Primary Caregiver to the Application for Canada Disability Savings Grant and Canada Disability Savings Bond.

The family income for a given year is determined using the personal information of the PCG. Previously identified as the "current" or "January eligible individual" from past years.

Additionally, this information is essential for confirming the beneficiary's residency and eligibility for the Disability Tax Credit (DTC).

Unless information on the PCG is provided for the years the beneficiary was under 18, the beneficiary will only be eligible to receive the 100% matching rate of the grant.

The bond will not be paid as ESDC will be unable to verify that the family income is below the bond income thresholds during those years. Financial institutions may need the holder or beneficiary to submit Annex B. This applies to beneficiaries who were 18 or under in the previous 10 years, starting in 2008.

A separate Annex B must be completed for each different PCG in those years.

Annex B: The PCG must provide the following information:

- beneficiary's last name and first name
- beneficiary's middle name (if applicable)
- RDSP contract number

Annex B has 5 sections that require completion:

- section B-1: Information about the primary caregiver
- section B-2: Declaration and consent of the primary caregiver
- section B-3: Agency attestation
- section B-4: Privacy rights
- section B-5: Definitions

11.5.1 Information about the primary caregiver (section B-1)

The PCG is the person eligible for the CCB and whose name appears on the CCB payments. Refer to section B-4 for more information on the PCG.

They complete this section if they are either:

- the PCG of the beneficiary
- representing an agency

In case where the agency represents a beneficiary, who is or was a child in care, and a payment under the *Children's Special Allowance Act* (CSAA) was made in at least 1 month in the calendar year. The payment applies to any year in which the beneficiary was 18 years or younger within the past 10 years.

11.5.1.1 If the PCG is an individual

The PCG must provide the following information:

- PCG last name and first name
- PCG middle name (if applicable)
- PCG SIN

Names must be entered exactly as they appear on SIN documentation. Otherwise, the application may be rejected.

Example: An individual makes use of their married name for all identification purposes except for the SIN documentation, which contains their maiden name. If the name used on the application form differs from the SIN documentation, the transaction will be rejected. This is one of the most common errors encountered.

11.5.1.2 If the PCG is a department, agency, or institution

The following information must be provided:

- name of agency
- name of agency representative
- BN

Names must be entered exactly as they appear on the BN documentation. Otherwise, the application may be rejected.

Note: A change in custody affecting CCB payments or payments under the CSAA will require that a new Annex B be completed. The Annex B seeks to secure the consent of the PCG to access their:

- personal information
- verify family income for the purposes of determining grant and bond eligibility

11.5.2 Declaration and consent of the primary caregiver (section B-2)

They must read this section and sigh, in order for the beneficiary RDSP to receive grants and bonds. This section is only intended for a PCG that is an individual not representing an agency.

Before signing, the individual PCG(s) should be advised to carefully read section B-4. This will help them understand the terms and conditions under which they are providing consent.

11.5.3 Agency attestation (section B-3)

If applicable, this attestation must be completed in order for the beneficiary's RDSP to receive grants and bonds. To be completed by the agency that received a payment under the CSAA in respect of the beneficiary in at least 1 month in the calendar year(s).

The agency is required to enter the calendar year(s) for which they received a payment under the CSAA in the space provided and sign (or provide consent in an accepted manner).

11.5.4 Your privacy rights (section B-4)

This section explains why the personal information is collected and how it is used, shared, and protected. It also explains how one can access their personal information.

The PCG(s) should be advised to carefully read this section prior to submitting an application.

11.5.5 Definitions (section B-5)

This section includes definitions of key terms for information only.

11.6 Important considerations

11.6.1 DTC

If someone other than the beneficiary (who is over 18) applied for the beneficiary's DTC when the beneficiary was a minor, their CRA file may need to be linked with the beneficiary for DTC confirmation.

For further information regarding DTC, clients can contact the CRA at 1-800-959-8281.

11.6.2 Personal income tax

ESDC uses the beneficiary's family income (including spousal income) to determine grant or bond eligibility. This applies to all calendar years in which the beneficiary is 19 years old or older.

The income data from 2 years back is used to establish family income (for example, 2025 uses income information from 2023). If tax returns

have not been filed, no bond will be paid, and the matching grant rate will be 100%.

11.6.3 Replacement of holder and age of majority

ESDC requires that the beneficiary provide consent in section 4 of the application form once they reach the age of 18 and have the legal capacity to sign.

The beneficiary's eligibility to become a joint plan holder or replace the current holder depends on their province or territory's age of majority. It also depends on the provisions within the issuer's RDSP declaration of trust.

Examples: If the beneficiary turns 18, is contractually competent, and lives in Alberta where the age of majority is 18, the beneficiary can:

- be added as a joint holder (if the current holder is a parent)
- replace the current holder (the parent or legal representative) if the plan terms allow for the change

If the beneficiary turns 18 in New Brunswick where the age of majority is 19, and is contractually competent, it is up to the issuer to determine whether to enter an arrangement with an 18-year-old beneficiary. The issuer may decide to add the beneficiary as a joint holder of the RDSP. Alternatively, the issuer might choose to replace the existing holder with the beneficiary.

Regardless of whether the holder is being replaced, or the beneficiary is being included as a joint holder to the plan, section 4 of the application form must be signed by the beneficiary. This form must be submitted electronically to ESDC when the beneficiary reaches 18 years of age.

Table 1: Age of majority in Canada's provinces and territories

Provinces and Territories	Age of majority
Alberta	18
British Columbia	19
Manitoba	18
New Brunswick	19
Newfoundland and Labrador	19
Northwest Territories	19
Nova Scotia	19
Nunavut	19
Ontario	18
Prince Edward Island	18
Quebec	18
Saskatchewan	18
Yukon Territory	19

11.7 Accurate information ensures payment

When completing the application form for the grant or the bond, it is important to verify the accuracy of the information. The information on the application form is electronically submitted. Inaccurate information will result in the transaction receiving an error code and will delay the payment of the grant or the bond. Information about the holder and the beneficiary should match the records held in the Social Insurance Registry. It is recommended to validate the spelling and information provided using the SIN documentation when completing the application form.

Any change in the identity or other details must be properly recorded in the files of the issuer and communicated electronically in a timely manner to ESDC.

11.8 Scenarios: Which section to use when

The following is intended to help understand which application sections to complete depending on circumstances.

11.8.1 Scenario 1

A contractually competent 30-year-old beneficiary opens an RDSP. He is the sole holder of the plan.

Application (YES):

- section 1

- provides consent in section 4

Annex A (NO):

There is no joint holder.

Annex B (NO):

As the carry-forward provision cannot exceed 10 years (starting in 2008), the beneficiary would have been over 18. Therefore, PCG information is not required to determine family income. Rather, the beneficiary's family income would be considered.

11.8.2 Scenario 2

Both parents opened an RDSP for their child who is 10 years old at the time of application. The parents are joint holders of the plan.

Application (YES):

- section 1
- section 2
- provide consent in section 3

Annex A (YES):

The other parent will complete Annex A and submit it with the application form.

Annex B (YES):

Annex B will need to be completed for:

- the years the beneficiary was under the age of 18
- if the carry-forward period includes a time when the beneficiary was under the age of 18

The PCG information is used to determine any amount of unused entitlement for the last 10 years, starting in 2008. If there was a change in the PCG at any time during that period, a separate Annex B is required for each PCG.

Note: A beneficiary who is a minor does not need to provide consent under section 4 of the application as consent is obtained from the holder under section 3.

11.8.3 Scenario 3

5 years ago, an RDSP was open for a 13-year-old beneficiary. Today, the beneficiary is 18 years old and contractually competent.

Application (YES): Section 4

Annex A (YES):

If the beneficiary is the age of majority in their province, and wants to become:

- the sole holder
- a joint holder to their account

Annex A would need to be completed.

Annex B (NO):

As this is an existing plan, PCG information would already be on file for the previous years. No need to resubmit.

The contractually competent beneficiary needs to provide consent in section 4 of the application form. This must be done by December 31st of the year they turn 18.

If the previous form (EMP5463) was used to apply for the grant or bond, issuers may still use section 4 of the new form. This section can be used to obtain consent when the beneficiary turns 18.

Note: Annex A is to be completed when the beneficiary reaches the age of majority and is allowed to enter into a contract. As the age of majority differs from province to province, issuers should have policies in place to guide their staff in this regard.

11.8.4 Scenario 4

A beneficiary, who was contractually competent, was 22 years old at the time of application in 2015.

Application (YES):

- section 1
- section 2
- provide consent in section 4

Annex A (NO): There is no joint holder if the plan was opened when the beneficiary was 18 or older.

Annex B (YES):

- **Purpose:** Determine unused entitlement
- **Beneficiary's age**: Under 18
- **Timeframe:** Under the age of 18 at any time in the 10 years previous to application, starting in 2008
- **Information source**: PCG data

Since this beneficiary was a minor during that period, Annex B will need to be completed. If there was a change in PCG at any time during that period, a separate Annex B will be required for each different PCG.

11.8.5 Scenario 5

In 2020, a legal representative opened an RDSP for a 21-year-old beneficiary who is not contractually competent at the time of application.

Application (YES):

- section 1
- section 2
- provides holder consent in section 4

Provide beneficiary consent in section 4. As beneficiary is unable to provide consent for themselves, only the legal representative may do so on their behalf.

A QFM may not sign on their behalf, only the legal representative may do so.

Annex A (If Applicable):

Annex A would need to be completed if there is more than 1 legal representative.

Annex B (YES):

The PCG information is used to determine any amount of unused entitlement for a beneficiary who was under the age of 18 at any time in the 10 years previous to application.

Since this beneficiary was a minor during that period, Annex B will need to be completed. If there was a change in the PCG at any time during that period, a separate Annex B would be required for each different PCG.

11.8.6 Scenario 6

An agency is the holder for an RDSP for a beneficiary under their care.

Application (YES):

- section 1
- section 2
- provides holder consent in section 3

Provide beneficiary consent in section 4. If beneficiary is over 18, consent must be provided in section 4. If beneficiary is unable to sign for themselves, a QFM or legal representative may do so on their behalf.

Annex A (NO):

It is unlikely that there will be a joint holder. However, if you encounter a situation where there is or may be a joint holder with an agency, please contact ESDC.

Annex B (YES):

The PCG information is used to determine any amount of unused entitlement for a beneficiary. This applies to beneficiaries who were under the age of 18 in the last 10 years, starting in 2008.

If the beneficiary was a minor during that period, the following actions are required:

- the bond must be paid
- the highest matching rate for the grants to be paid on any contributions made
- Annex B must be completed by the agency

A separate Annex B is not required for each year the child was under the agency's care. However, they must attest whether a payment was made for the beneficiary under the CSAA for at least 1 month in any of those years.

If there was more than 1 agency responsible for the care of the beneficiary over this period, each agency needs to be identified on a separate Annex B.

11.8.7 Scenario 7

In 2014, an individual opens an RDSP for their 22-year-old spouse whose contractual competency is in doubt.

Application (YES):

- section 1
- section 2
- section 3

Provide beneficiary consent in section 4. If beneficiary is over 18, consent must be provided in section 4. If beneficiary is unable to sign for themselves, a QFM or legal representative may do so on their behalf.

The spouse may open the plan as a QFM since they meet the requirements as per QFM rules.

Annex A (if applicable):

Annex A would need to be completed if there is more than 1 QFM.

Annex B (YES):

The PCG information is used to determine any amount of unused entitlement for a beneficiary who was under the age of 18. This applies to the 10 years prior to their application, starting in 2008.

Since the beneficiary was a minor during that period, Annex B would need to be completed. If there was a change in the PCG at any time during that period, a separate Annex B will be required for each different PCG.

11.9 Consent and authorization for CDSP application and transfer forms

RDSP issuers can now use alternative consent methods (for example, e-signatures, voice recordings of telephone conversations with clients, and so on) for CDSP forms.

Issuers are responsible for ensuring that required information is collected in accordance with all applicable laws governing the protection of personal information. Demonstrating client consent and authorization is essential and may be verified in Canada Education Savings Program (CESP) compliance review.

11.10 Use of the unlocked forms

Issuers may contact ESDC to request unlocked versions of the CDSP application and transfer forms to pre-populate the following predetermined fields:

- RDSP issuer information such as:
  - name
  - address and postal code
  - telephone number
  - specimen plan number
- RDSP contract number
- holder or agency information such as:
  - names

    - SIN or BN
    - address and postal code
    - telephone number
- beneficiary information such as:
    - names
    - date of birth
    - SIN
- primary caregiver information such as:
    - names
    - SIN
    - agency names and BN

Fields that require a client decision, a signature or a signature date must not be pre-populated.

To assist with properly completing information and to reduce errors, issuers may also add logic to fillable fields of the forms.

In order to receive the unlocked forms, the following conditions will also apply:

- completed unlocked forms shall not be available to clients electronically
- text, content, format and layout must remain identical to the approved published version(s) on ESDC's website

Proper use of ESDC forms may be verified during a compliance review conducted by the CESP.

11.10.1 Form version control

The updated CDSP application form has the same form number ESDC EMP5608. However, the version date in the lower left corner of each page has been updated to (2022-11-002). RDSP issuers are encouraged to verify version dates to ensure that they are using the updated form.

For example, the main part of the form uses code, ESDC EMP5608 (2022-11-002).

11.10.2 Contact us

If you have any questions regarding unlocked forms, please contact us:

- by using our online contact page
- by phone at 1-866-204-0357
- by e-mail at rdsp-reei@hrsdc-rhdcc.gc.ca

Our business hours are from 8 am to 5 pm, Eastern Time.

Chapter 12. RDSP Grant and bond revocation request

From: Employment and Social Development Canada

Disclaimer: RDSP issuers

The information contained in this chapter is technical in nature. The target audience are issuers of the:

- Registered Disability Savings Plan (RDSP)
- Canada Disability Savings Grant (CDSG)
- Canada Disability Savings Bond (CDSB)

For general information, visit the RDSP page.

In this chapter

- Introduction
- 12.1 Grant and bond revocation request
- 12.2 Revocation form
- 12.3 Reinitiate request for payments
- 12.4 Sharing of personal information and consent

Introduction

If the holder wishes to discontinue payments of the Canada Disability Savings Grant (CDSG) (grant) or Canada Disability Savings Bond (CDSB) (bond), they must complete a revocation of request form for the CDSG and the CDSB.

To resume payments of the grant or bond into the Registered Disability Savings Plan (RDSP), the holder must complete, sign and submit a new application for the CDSG or CDSB.

12.1 Grant and bond revocation request

A revocation of request for CDSG or CDSB form is to be used by holders who wish to stop the payments of grants or bond into an RDSP.

12.1.1 Who is involved

The process of initiating a grant and bond revocation request includes the participation of the following individuals the:

- holder
- financial institution

RDSP holders complete, sign and return the revocation form to the financial institution.

The financial institution submits a request to Employment and Social Development Canada (ESDC) to stop bond and will not request a grant on contributions.

If the holder wishes to resume the payments of grants or bond in the plan, they must complete, sign, and submit a new application for CDSG or CDSB to the financial institution.

12.2 Revocation form

RDSP holders must complete the EMP5490 form to revoke a request for payments of CDSG or CDSB to the issuer in respect of the beneficiary's RDSP.

12.2.1 How to fill out the form

The holder must check the boxes at the top of the form to indicate that they wish to revoke the request for the grant, bond, or both.

Enter the following information on page 1 of the form.

1. Plan holder(s):
    - last name
    - first name
    - address, postal code
    - telephone number
2. Beneficiary:
    - last name
    - first name
    - social insurance number
3. Issuer:
    - issuer name
    - address, postal code
    - telephone number
    - RDSP contract number

The holder must read carefully and understand the terms on page 2.

- Conditions
- Your privacy rights
- Declaration and consent of the holder

The holder signs the "declaration and consent of the holder" section at the bottom of page 2. Each RDSP issuer determines the number of copies requiring original signatures.

For the form to work properly (including digital signatures), you must first save it on your computer, next reopen it with Adobe Acrobat Reader to add information. Then save it once completed.

12.3 Reinitiate request for payments

Should the holder wish to resume payments of grant or bond into the RDSP, the holder must:

- complete
- sign
- submit a new application for CDSG or CDSB

12.4 Sharing of personal information and consent

The information included on the form and the information regarding the RDSP may be used by ESDC, the Canada Revenue Agency and issuer. This information may also be shared between these parties for administration of the *Canada Disability Savings Act,* the *Canada Disability Savings Regulations* and the *Income Tax Act.* Administration may include policy analysis, research, and evaluation.

Although consent is voluntary, the signatories are required to provide their consent on the forms in order for the financial institution to receive payments from ESDC for the grant and bond in respect of the beneficiary's RDSP.

Chapter 13. RDSP Receiving and depositing grant and bond

From: Employment and Social Development Canada

Disclaimer: RDSP issuers

The information contained in this chapter is technical in nature. The target audience are issuers of the:

- Registered Disability Savings Plan (RDSP)
- Canada Disability Savings Grant (CDSG)
- Canada Disability Savings Bond (CDSB)

For general information, visit the RDSP page.

In this chapter

- Introduction
- 13.1 Receiving and depositing grant and bond
- 13.2 Payment of grant and bond
- 13.3 Non-payment of grant and bond
- 13.4 When payments are refused
- 13.5 Submitting common corrections

Introduction

To acknowledge grant and bond requests, the Canada Disability Saving Program (CDSP) system sends a transaction processing report to the financial institution at the end of each processing period. When transaction requests are successfully processed, this report will

indicate the amount of grant and bond to be received and deposited on behalf of a beneficiary, in a Registered Disability Savings Plan (RDSP). Successfully processed transactions that did not receive the full amount of grant or bond will receive a refusal reason.

When transactions are not successfully processed because of data errors or are non-compliant with format or business rules, they will be rejected by the CDSP system. These rejected transactions will be reported in a separate error report.

13.1 Receiving and depositing grant and bond

The CDSP system will acknowledge receipt of grant and bond requests by sending a record type (RT) 901 transaction processing report to the financial institution. If the transaction request was successfully processed, this report will indicate the amount of grant and bond to be paid.

Note: In some cases, this record may notify the financial institution that grant, or bond payments are being refused or that a repayment is required. Refer to section 13.2 Payment of grant and bond for more information on the reasons why grants or bonds may not be paid.

Once the financial institution receives the grant and bond payment, they:

- deposit the grant and bond into the RDSP in respect of the beneficiary
- financial institutions must track and manage transactions within each account
- notify the holder (via annual account statements) of the grant or bond amounts deposited into the RDSP

13.1.1 Order of payments

When multiple requests for the same beneficiary occur in the same monthly reporting period, the first successful one will receive the grant or bond payment.

13.1.2 Timeline for payments

Grant and bond payments on a successfully processed transaction are paid to the financial institution on the last business day of the month.

13.2 Payment of grant and bond

13.2.1 Criteria

In summary, the beneficiary must meet the following criteria:

- apply on or before December 31 of the year the beneficiary turns 49 years
- be a resident of Canada:
  - at the time the contribution is made
  - at the time application for the bond is made
  - immediately before the bond is paid
- be eligible for the Disability Tax Credit (DTC)
- have a valid social insurance number (SIN)
- not be deceased

For more detailed information on the grant and bond, refer to Chapter 9. RDSP Canada Disability Savings Grant and Chapter 10. RDSP Canada Disability Savings Bond.

13.2.2 Conditions

Conditions for the payment of grants and bonds for the holder.

1. For the Canada Disability Savings Grant (CDSG) and the Canada Disability Savings Bond (CDSB) the holder must:

    - open an RDSP
    - complete and submit a signed grant and bond application form directly to a financial institution
    - ensure the beneficiary's family income information is on file at the Canada Revenue Agency (CRA)
    - possess a valid SIN or business number (BN)
    - review if the holder is an organization responsible for a beneficiary under the age of 18 and receive a children's special allowance for at least 1 month in the year

2. For CDSG only, the holder must authorize a contribution deposit into the RDSP

Conditions for the payment of grants and bonds to the beneficiary.

1. For both CDSG and CDSB:

    - must have a valid SIN
    - if beneficiary over the age of majority must:
        - have filed personal income tax returns for the past 2 years
        - continue filing income tax returns for all future taxation years
    - if a beneficiary 18 years or under:
        - their parent or guardian must have filed taxes and applied for the Canada Child Benefit for the past 2 years
        - their parent or guardian must continue filing taxes while the beneficiary is under the age of 18

2. For CDSG only, must:

- not have contributed more than $200,000 to the RDSP
- not have received more than $70,000 in grant payments

3. For CDSB only, must not have received more than $20,000 in bond payments

Conditions for the payment of grants and bonds for the issuer.

1. For both CDSG and CDSB the issuer must:

- ensure the information on the application form is complete
- submit the information electronically to Employment and Social Development Canada (ESDC) for processing
- complete any required action resulting from processing with ESDC
- receive and distribute grant and bond payments to the RDSP
- provide a statement of account to the holder

13.3 Non-payment of grant and bond

To ensure that beneficiaries receive the grant and bond to which they are entitled, the holder must complete the appropriate application form. The financial institution must then submit the form and other required data to ESDC via an electronic transaction. These transactions must pass all formatting and business rules validation according to the Interface Transaction Standards (ITS).

ESDC will acknowledge a successfully processed transaction by sending the RDSP issuer a transaction processing report (RT 901). This report will include the amount of grant, bond or both to be paid.

There are situations when this report will specify reasons for non-payment of the grant, bond or both. Non-payment will occur when a transaction is either rejected (found in the error report) or refused (refusal reason found in the processing report).

13.3.1 When transactions are rejected

The ITS details the required format for each transaction type and provides the financial institution with the mandatory information required and validation rules for those transaction types. If transactions are not submitted in compliance with these formats and validation requirements, the transactions are rejected.

Each transaction error, whether due to problems in format or invalid data, is reported back to the financial institution for correction and resubmission. This is done electronically via the error files.

These transaction errors include:

- failure to correctly format the file
- failure to correctly format a transaction
- failure to supply the necessary information for a mandatory field
- failure to comply with the CDSP system business rules

The error files contain 2 different reports, error report (RT 801) and severe errors report (RT 851). A list of error codes and possible resolution can be found appended to this document.

3.3.2 Error codes

If there is an error in a transaction, the CDSP system will reject it. The financial institution will receive an error report (RT 801) with an error code indicating the reason. The financial institution must correct the error and resubmit the transaction.

13.3.3 How to resolve SIN-related errors

A common reason for a rejected transaction is an error related to the SIN.

When an RDSP is opened, the financial institution submits the beneficiary's and the holder's SIN information electronically to ESDC. The holder and beneficiary information is then validated against the information held by the social insurance registry (SIR), to confirm the following elements:

- SIN
- given name
- surname
- date of birth (DOB)
- gender

In many cases, name changes, inverted numbers and mistakes in birth dates cause errors during the SIN validation process. If the holder or beneficiary SIN information submitted by the financial institution does not match the information contained at the SIR, the submission will result in an error. This will lead to the transaction being rejected by the CDSP system.

A specific report will be sent to the financial institution, identifying the field(s) in error of the holder or beneficiary:

- SIN
- given name
- surname
- DOB
- gender

The RDSP issuer will have to verify the information provided by the holder and resubmit the data to ESDC after the necessary corrections are made.

Until the beneficiary and holder information is successfully processed by ESDC, the Disability Savings Plan cannot be registered with CRA. Furthermore, any financial transactions, including requests for

payments of the grant or the bond, will be reported to the issuer as errors found within the CDSP system. The beneficiary and holder information must pass SIR validation before any financial transactions can be processed.

13.3.4 SIN information for client referral

Clients who wish to verify or update their SIN information can:

- visit the Social Insurance Number website
- contact the SIN by phone at:
  - 1-866-274-6627 (toll-free)
  - 1-800-926-9105 (TTY)

13.4 When payments are refused

Refusal reasons explain why a successfully processed contribution or bond request transaction did not receive the full grant or bond payment. Refusal reasons are found in transaction positions 66-67 in the transaction processing report (RT 901).

Some of the most common reasons a transaction did not receive a grant or bond payment are the:

- beneficiary's DTC eligibility is not confirmed
- beneficiary does not meet the age requirements
- maximum grant and bond entitlements have already been paid out

13.4.1 Refusal reasons

If the financial institution receives a transaction processing report (RT 901) with a refusal reason, the financial institution consults the list of refusal reasons to determine why the grant or bond was not paid.

Depending on the stated reason, the financial institution may or may not take action.

13.5 Submitting common corrections

13.5.1 Correcting a contribution transaction

To correct a contribution transaction, transaction type (TT) 401-01, the financial institution must submit a 401-02 transaction with the corrected information.

The 401-02 transaction must always reference the original financial transaction being corrected by providing the original financial institution's BN and the original financial institution transaction number.

Once the CDSP system matches the original and corrected transactions, the information is updated.

For more information, refer to the ITS.

13.5.2 SIN error correction

If the beneficiary's SIN information submitted by the financial institution does not match the information contained at the SIR, an error will occur. This will result in a submission error by the CDSP system.

A report will be sent to the financial institution, identifying the field in error.

- SIN
- Surname
- Given name

- Gender
- DOB

The financial institution will have to verify the information provided with the holder and resubmit the data (transaction) to ESDC after making the necessary corrections.

Chapter 14. Repaying the RDSP grant and bond

From: Employment and Social Development Canada

Disclaimer: RDSP issuers

The information contained in this chapter is technical in nature. The target audience are issuers of the:

- Registered Disability Savings Plan (RDSP)
- Canada Disability Savings Grant (CDSG)
- Canada Disability Savings Bond (CDSB)

For general information, visit the RDSP page.

In this chapter

- Introduction
- 14.1 Repayment types
- 14.2 Loss of disability tax credit eligibility

Introduction

The Registered Disability Savings Plan (RDSP) is a long-term savings plan intended to help persons, with disabilities save for the future.

When certain events occur, all or a portion of the Canada Disability Savings Grant (CDSG) (grant) and the Canada Disability Savings Bond (CDSB) (bond) must be repaid to the Governmenp0ot of Canada. This chapter lists the different events that may lead to a

repayment and how to determine the amount of CDSG and CDSB to be repaid.

Contributions can be made into the plan until the end of the calendar year in which the beneficiary turns 59 years of age. The Government of Canada will help encourage and support savings by contributing a matching grant and adding the bond into the RDSP of an eligible beneficiary.

Beneficiaries must begin regular withdrawals, lifetime disability assistance payments (LDAP), from their RDSP, no later than December 31 of the calendar year in which they turn 60 years of age. The Government of Canada may pay the grant and bond into an RDSP until December 31 of the calendar year in which a beneficiary turns 49 years of age. This "cut-off" is to ensure that grant and bond amounts remain in the RDSP for at least 10 years before beneficiaries turn 60. This requirement is to promote long-term savings.

However, when certain events occur, all, or a portion of the grant and bond previously paid into an RDSP, will have to be repaid to the Government of Canada. Depending on the event, the repayment amount is either the assistance holdback amount (AHA) or an amount that is proportional (3 to 1) to the disability assistance payment (DAP) payment withdrawn from the RDSP.

Note: Any amount of grant and bond repaid to the Government of Canada cannot be reinstated.

AHA

The AHA is the total amount of the grant and the bond paid by the Government of Canada, into the RDSP within a 10-year period for a beneficiary. This is less any amount of grant and bond previously repaid to the government during that same 10-year period.

Proportional Repayment Rule ($3 to $1)

The proportional repayment rule requires that $3 in grant and bond be repaid to the Government of Canada for every $1 that is withdrawn from an RDSP, up to a maximum of the AHA. The grant and bond must be repaid in the same order in which they were initially paid into the plan, from the oldest to the newest.

Note: The proportional repayment rule came into effect on January 1, 2014.

14.1 Repayment types

14.1.1 AHA repayment

The following events may trigger the repayment of the AHA:

- closure of the RDSP (other than for a transfer)
- non-compliance of the RDSP (plan de-registered)
- a withdrawal (lump sum DAP or LDAP)
- death of the beneficiary

14.1.1.1 Example of AHA repayment

In 2008, a beneficiary opened an RDSP and received the grant and the bond until 2020. Unfortunately, the death of the beneficiary occurred on January 4, 2021. The issuer was only notified of the death 6 months later, on June 4, 2021.

In this scenario, the AHA period start date is 10 years prior to the death of the beneficiary (from January 5, 2011) up until the current date, when the event was reported by the issuer (to June 4, 2021).

14.1.2 Proportional repayment

The proportional repayment rule requires that $3 in grant and bond be repaid for every $1 withdrawn from an RDSP, up to a maximum of the AHA.

A withdrawal (lump sum DAP or LDAP) is the only event that can result in the repayment of the proportional ($3 to $1) amount.

If any amounts of grant and bond have been in the plan for less than 10 years, a withdrawal will result in a repayment.

When a withdrawal occurs, the issuer must calculate and when applicable, repay the lesser of the 2 following amounts:

- the proportional repayment amount ($3 to $1)
- the AHA before the payment

Note: A withdrawal is only allowed if the fair market value (FMV) of the plan, after the withdrawal, is greater than the AHA.

14.1.3 Proportional repayment calculation

For example: Jonathan is the beneficiary of an RDSP that has been opened for 13 years. Jonathan contacted the issuer requesting a $3,000 withdrawal. Since there are grant and bond amounts that have been in the plan for less than 10 years, the withdrawal request will trigger a repayment. Consequently, the issuer must determine the amount of grant and bond to be repaid, by calculating the following 2 amounts:

- the proportional ($3 to $1) repayment amount, which requires that $3 in grant and bond be repaid for every $1 withdrawn:
    - therefore, a $3,000 DAP will result in a $9,000 repayment ($3 x $3,000 = $9,000)

- the AHA, which is the total amount of grant and bond paid into the plan within the last 10 years, before the withdrawal:
    - in this case, the AHA for Jonathan's RDSP is $45,000

Since the proportional repayment amount of $9,000 is less than the AHA of $45,000, the amount of grant and bond to be repaid is $9,000.

Note: There is no distinction whether the repayment is from the grant or bond. The issuer must use the date that the amounts were initially paid into the RDSP and repay them in the same order, from the oldest amount to the newest. It can therefore be either one or the other, or a combination of the 2.

In the above scenario, the issuer must repay $9,000 to the Government of Canada as follows:

- $4,500 ($3,500 in grant and $1,000 in bond) from 2011
- $4,500 ($3,500 in grant and $1,000 in bond) from 2012

14.2 Loss of disability tax credit eligibility

Since March 19, 2019, issuers are no longer required to close an RDSP if the beneficiary loses their eligibility to the disability tax credit (DTC).

However, the loss of DTC-eligibility will remain as an acceptable reason to close a plan, should the holder request the closure. In such a case, the loss of DTC-eligibility and the age of the beneficiary will serve as factors in determining the AHA period.

Otherwise, while a beneficiary is DTC-ineligible, the RDSP may remain open, but will be limited to the following rules.

- No contributions can be made to the plan, including the rollover of Registered Education Savings Plan (RESP) investment income, however:
  - the rollover of proceeds from a qualified retirement savings plan will be permitted
  - it will only be permitted if made by the end of the fourth calendar year following the first full calendar year in which the beneficiary is DTC-ineligible
- A qualified retirement savings plan can be a:
  - Registered Retirement Savings Plan
  - Registered Retirement Income Fund
  - Registered Pension Plan
  - Pooled Registered Pension Plan
  - Specified Pension Plan
- The beneficiary is not eligible to receive grant and bond, nor will entitlements accumulate during any period where the beneficiary remains DTC-ineligible
- Withdrawals are permitted but may trigger the repayment of the lesser of either the proportional repayment amount or the AHA, over a modified period:
  - the AHA will be determined as all grant and bond paid into the RDSP in the 10-year period immediately preceding the time when the beneficiary was no longer DTC-eligible
- Minus any grant and bond paid into the RDSP during that time that was previously repaid to the Government of Canada:
  - the reference period for the AHA will remain the 10-year period preceding the time when the beneficiary was no longer DTC-eligible
- It will continue until the beginning of the year that the beneficiary turns 50
- At this point it will become 9 years, decreasing at the beginning of each subsequent year
- Then it will continue until the beginning of the year the beneficiary turns 60 when it becomes nil

A plan holder can at any time during which a beneficiary is DTC-ineligible, request closure of the RDSP. Upon closure, the AHA to be

repaid to the Government of Canada will be reduced by one year, for each year beginning the year that the beneficiary turns 51.

Note: For more information, refer to the AHA and repayment obligation guide.

14.2.1 DTC-ineligible aged 49 or less

When the following criteria are met:

- the event occurs in a year where the beneficiary is 49 years of age or less
- the beneficiary is DTC-ineligible in the year of the event

The AHA period start date is 10 years prior to January 1 of the years of the event or, if the event occurs during a period of consecutive years of DTC-ineligibility then, the AHA period start date is 10 years prior to January 1 of the first years of the period of consecutive years of DTC-ineligibility.

Example 1: Withdrawal during a single year of DTC-ineligibility

A 30-year-old beneficiary opens an RDSP in 2010 and receives CDSG and CDSB until 2020. In 2021, the beneficiary is DTC-ineligible and no CDSG or CDSB is paid in that year.

A withdrawal is made from the plan on July 5, 2021, when the beneficiary is 41 years of age. Since the withdrawal occurs during a single year of DTC-ineligibility, the AHA period is from January 1, 2011, to July 5, 2021.

Example 2: An event occurred during a period of consecutive years of DTC-ineligibility.

A 30-year-old beneficiary opens an RDSP in 2010 and receives CDSG and CDSB until 2020. In 2021 and all subsequent years, the beneficiary is DTC-ineligible. The plan is closed (or is deregistered or

the beneficiary dies) on July 5, 2025, when the beneficiary is 45 years of age.

Since the event occurs during a period of consecutive years of DTC-ineligibility, the AHA period start date is 10 years prior to January 1 of the first years of the period of consecutive years of DTC-ineligibility, that is January 1, 2021. The AHA period is January 1, 2011, to the current date.

14.2.2 DTC-ineligible aged between 50 and 59

When the following criteria are met:

- the event occurs in a year where a beneficiary is between the ages of 50 and 59 as of the end of that year
- there was continuous DTC-ineligibility from the year the beneficiary turned 49 or earlier in the year that the event occurred

The AHA period start date is 10 years prior to January 1 of the first years of the period of consecutive years of DTC-ineligibility. This 10-year period will then be reduced by 1 year, for each year that the beneficiary's age at the end of the year of the AHA event exceeds 50 years of age.

Example: An event occurred where there was a period of continuous DTC-ineligibility from the age of 49 or earlier.

A 38-year-old beneficiary opens an RDSP in 2013 and receives CDSG and CDSB until 2022. In 2023, and for all subsequent years, the beneficiary is DTC-ineligible. The plan is closed (or deregistered or the beneficiary dies) on July 5, 2032, when the beneficiary is 57 years of age.

Since the event occurs when the beneficiary is 57 years of age and there has been continuous DTC-ineligibility since the year, the beneficiary turned 48 years of age, the AHA period start date is 10 years prior to January 1 of the first years of the period of consecutive years of DTC-ineligibility.

This 10-year period is then reduced by 7 years (1 year, for each year that the beneficiary's age at the end of the year of the AHA event exceeds 50 years of age). During these 7 years, no funds were added to the RDSP because the beneficiary was not DTC-eligible. The AHA period is January 1, 2020, to the date of the event.

14.2.3 DTC-eligibility reconfirmed

If the beneficiary is DTC-eligible in a future year, the AHA period will "move up" to the year during which DTC-eligibility is reconfirmed.

Note: Once DTC-eligibility is reconfirmed, although the plan becomes active, the beneficiary cannot carry forward grant and bond entitlements for any years during which the beneficiary was DTC-ineligible.

If an AHA event occurs while the beneficiary is DTC-eligible, the AHA period start date is 10 years prior to the event date and includes any period of DTC-ineligibility.

14.2.4 Impact on limits

Repaid grant and bond amounts cannot be reinstated. Once repaid, they are lost forever and deducted from the lifetime limit of $70,000 in grant and $20,000 in bond.

For example, if $10,000 in grant and $4,000 in bond is repaid to the Government of Canada, the total amount available that could be paid

by the Government of Canada will be $60,000 ($70,000 - $10,000) in grant and $16,000 ($20,000 - $4,000) in bond.

14.2.5 Submitting repayment information

Financial transactions record type (RT) 401 is to report the movement of funds in or out of the RDSP. A repayment of grant or bond is a financial transaction.

When submitting repayment information to Employment and Social Development Canada (ESDC), the issuer or authorized agent will submit the electronic transaction RT 401, transaction type 10 (repayment of grant or bond) and include a repayment reason "06" death of the beneficiary to report the event leading to a repayment. In the repayment transactions, the issuer reports the amount of grant and bond repaid to ESDC.

For more information on how transactions are processed and exchanged between the issuer and the Canada Disability Savings Program (CDSP) system, refer to Chapter 15. RDSP Canada Disability Savings Program system under section 15.3 Introduction to the CDSP system.

14.2.6 When sufficient funds exist

If there are sufficient funds in the RDSP, the issuer will repay the grant and the bond amounts.

For example: The beneficiary of an RDSP is deceased. The RDSP FMV is $62,147:

- earnings: $2,147
- contributions: $15,000
- grant: $35,000

- bond: $10,000

The total amount of grant and bond to be repaid is $45,000.

Based on this example, the issuer must withdraw the funds from the RDSP and submit a repayment transaction, RT 401-10 to ESDC, reporting the repayment reason "06" as death of the beneficiary.

Within that transaction, the repayment amount will be $35,000 in grant and $10,000 in bond.

14.2.7 When there are insufficient funds

When an RDSP is closed, the AHA must be repaid.

If the RDSP has experienced a loss and there are insufficient funds to cover the total amount of grant and bond to be repaid, the issuer must submit a termination adjustment transaction, RT 401-10 to ESDC to report the loss.

Losses are first attributed to earnings, then to contributions, and then to rollovers. Once these accounts are depleted, any remaining losses are apportioned equally across the grant and the bond that are in the RDSP.

For example: The RDSP is closed, repayment reason 03. The RDSP FMV is $800:

- earnings: $0
- contributions: $0
- grant: $0
- bond: $1,000

Note: Losses in the plan were applied to the earnings and then to contributions. Therefore, these accounts show a balance of $0.

Total amount of bond to be repaid is $1,000. Based on this example, the AHA ($1,000) exceeds the FMV of the RDSP ($800). Therefore, the issuer can only repay the lesser amount of $800.

To account for the difference of $200, the issuer must submit a termination adjustment transaction to ESDC to report the loss.

Even if the bond repayment is $0, due to losses that have depleted all the earnings, all the contributions and the bond, both amounts must be reported to ESDC with the entire bond amount in the termination adjustment field.

Note: In most cases, the issuer system will automatically calculate the amount of grant and bond to be repaid. However, understanding how to determine the amount to be repaid will help issuers communicate this information to their clients.

Chapter 15. RDSP Canada Disability Savings Program System

From: Employment and Social Development Canada

Disclaimer: RDSP issuers

The information contained in this chapter is technical in nature. The target audience are issuers of the:

- Registered Disability Savings Plan (RDSP)
- Canada Disability Savings Grant (CDSG)
- Canada Disability Savings Bond (CDSB)

For general information, visit the RDSP page.

In this chapter

- Introduction
- 15.1 Introduction to the Canada Disability Savings Program system
- 15.2 Exchange of information
- 15.3 The CDSP system process
- 15.4 Interface transaction standards
- 15.5 Setting up an RDSP
- 15.6 Changes to a registered plan
- 15.7 Ongoing information verification
- 15.8 Request for grant and bond
- 15.9 Lump sum DAP and LDAP
- 15.10 Rollover Transactions
- 15.11 Transfers

Introduction

This chapter is primarily directed to employees of financial institutions responsible for assisting clients who wish to open Registered Disability Savings Plans (RDSP). It is also for employees of financial institutions responsible to apply for the:

- Canada Disability Savings Grant (CDSG)
- Canada Disability Savings Bond (CDSB)

Once the appropriate application forms have been completed and signed, key information must be sent electronically to Employment and Social Development Canada (ESDC). This should be done along with requests for the grant and the bond.

15.1 Introduction to the Canada Disability Savings Program system

15.1.1 The Canada Disability Savings Program system definition

The Canada Disability Savings Program (CDSP) system is an ESDC electronic application. It supports the delivery of the RDSP, the grant and the bond.

The CDSP system provides or exchanges information with:

- financial institutions offering RDSPs
- the Canada Revenue Agency (CRA)
- ESDC, including:
    - the Office for Disability Issues (ODI)
    - the Social Insurance Registration Office (SIR)

This information exchange allows the CDSP system to:

- verify contract, holder, and beneficiary information
- confirm eligibility to register Disability Savings Plans (DSPs)
- verify primary caregiver (PCG) information, as required
- confirm eligibility for the grant and the bond
- track program-related transactions, including:
  - social insurance number (SIN)
  - business number (BN) verifications
  - residency
  - eligibility for the Disability Tax Credit (DTC)
  - payments
  - repayments

This, in turn, ensures that each eligible RDSP beneficiary receives the grant or the bond to which they are entitled. It also facilitates the tracking of the grant and the bond and related limits for each beneficiary.

The RDSP issuer is the organization ultimately responsible for the administration of the RDSP, the grant and the bond. It is the organization that has obtained secured approval from the CRA for the RDSP specimen plan. It has also signed an agreement with ESDC, allowing it to administer the grant and the bond.

The RDSP issuer can delegate administrative duties to agents or service providers.

ESDC validates electronic information before dispersing grant and bond payments.

Grant and bond payments are contingent on the RDSP's compliance with legislative requirements. Financial institutions should be aware that validation does not negate the requirement for RDSP compliance. All relevant legislative requirements must be met for grant and bond payments to proceed. This includes the registration rules described in

Section 146.4 of the *Income Tax Act* and the conditions relating to the grant and the bond found in the *Canada Disability Savings Act* and its related Regulations.

All grants and bonds are subject to repayment to the Government of Canada should ESDC or the CRA discover that payment was made inappropriately. For more information on repayments, refer to Chapter 14. RDSP repaying the grant and bond.

15.1.2 Terminology

A list of common terms used throughout this chapter.

BN

A 15-character alphanumeric code, assigned by the CRA, that identifies the RDSP issuer or agent authorized to submit transactions to the CDSP system. It is also the term used for the number assigned to organizations caring for a child. These organizations receive an allowance under the *Children's Special Allowance Act* (CSAA).

Correction transaction

It is used to correct a previously submitted and successfully processed contribution, including adjustments to the contribution amount or PCG information. It also allows a financial institution to request a grant on a contribution transaction where a grant was not originally requested. Corrections will maintain the payment date or the original contribution transaction.

Interface transaction standards (ITS)

The document that describes the format in which information is to be set when electronically submitting transactions to the CDSP system.

Record type (RT)

A data record that is exchanged between the financial institution's system and the CDSP system. There are a series of RT, each identifying a different type of transaction. For example, RT 401 identifies a financial transaction.

Reversal transaction

Reversals are utilized to reverse repayments, rollovers, disability assistance payments (lump sum DAP), lifetime disability assistance payments (LDAP), and elections. They are done when the original transaction was submitted in error.

Transaction type (TT)

The 2-digit number following the RT further categorizes the type of transaction. For example, RT 401-01 represents a financial transaction (RT 401) reporting a contribution or a grant request (01).

15.1.3 RT and TT

Transactions submitted by the issuer to the CDSP system are categorized by RT and TT.

Table 1: Issuer transactions contract registration information

RT	TT	Description
101	01	Contract information
101	02	Beneficiary information
101	03	Holder information

Table 2: Issuer transactions contract update information

RT	TT	Description
102	10	Close a contract
102	11	Rename a contract

Table 3: Issuer transactions beneficiary and holder update information

RT	TT	Description
201	02	Update beneficiary information
201	03	Update holder information
201	13	Add holder to contract
201	23	Remove a holder from a contract

Table 4: Issuer transactions consent information for beneficiary

RT	TT	Description
202	01	Add or update consent for beneficiary
202	02	Revoke consent for beneficiary

Table 5: Issuer transactions financial transactions

RT	TT	Description
401	01	Contribution/grant request

Table 5: Issuer transactions financial transactions

RT	TT	Description
401	02	Correction of contribution/grant request
401	05	Bond payment request
401	06	Stop bond payment request
401	08	Retirement savings rollover
401	09	Retirement savings rollover reversal
401	10	Repayment of grant or bond
401	11	Reverse repayment of grant or bond
401	20	Lump sum DAP
401	21	LDAP
401	22	Lump sum DAP reversal
401	23	LDAP reversal
401	30	Education savings rollover
401	31	Education savings rollover reversal

Table 6: Issuer transactions elections

RT	TT	Description
501	03	Specified Disability Savings Plan (SDSP) election

Table 6: Issuer transactions elections

RT	TT	Description
501	04	SDSP election reversal

Table 7: Issuer transactions reporting transactions

RT	TT	Description
701	01	Monthly reporting of Fair market value (FMV)
701	02	Transfer reporting of FMV and earnings amounts

The monthly files sent by ESDC to the issuer in response to the transactions received are categorized by RT.

Table 8: Monthly files

Monthly files	RT
Error file (.err) - errors	801
Error file (.err) - severe errors	851
Transaction processing file (.pro)	901
SIN usability file (.sur)	921
Contract status file (.reg) - contract status	951
Contract status file (.reg) - SDSP election	953

Table 8: Monthly files

Monthly files	RT
Transfer extract file (.xfr)	971
Beneficiary DTC eligibility file (.dtc)	981

There are several transaction formats used to report information to the CDSP system. These formats are outlined in detail in the ITS. The CDSP system implementation date for each defined transaction is listed in the Transactions Format section as well.

15.2 Exchange of information

Financial institutions must use Managed Secure File Transfer (MSFT) software to send data to ESDC via the Internet. It is Entrust® enabled and is recognized by ESDC as a secure method for data transfer.

The financial institution submits transactions electronically through the MSFT system to ESDC for the current reporting period.

ESDC retrieves the submitted transactions and uploads them to the CDSP system.

Once the monthly processing is complete in the CDSP system, ESDC uploads the resulting files in the MSFT system for the financial institution to retrieve.

Table 9: Resulting Files

Resulting Files
RT 801
RT 851
RT 901
RT 921
RT 951
RT 952
RT 953
RT 971
RT 981

15.3 The CDSP system process

The following calendar represents an overview of the production cycle processes and responsibilities associated with submitting transactions to the CDSP system.

Step 1: The financial institution submits transactions (issuer transaction file) electronically to ESDC. This is done for the current reporting period, by 5:00 pm (EST) on the fourth business day of the month.

ESDC retrieves the submitted transactions and uploads them to the CDSP system.

Step 2: ESDC validates the submitted transactions (validation is only applicable to certain transactions).

The first 2 levels of information are validated as follows:

- confirms completion of mandatory fields and proper formatting based on ITS (for example, date fields must be submitted as YYYYMMDD)
- verifies compliance with business rules (for example, beneficiary's age and grant/bond eligibility)

Step 3: The beneficiary and holder SINs are validated with SIR.

Step 4: This step is required for registration only. ESDC communicates with the CRA to verify the DTC-eligibility, residency, and family income. This is done to confirm the request to register the DSP and ensure it meets the conditions for registration.

ESDC will notify the financial institution once registration has been confirmed.

Step 5: The CDSP system processes financial transactions (RT 401) and validates DTC-eligibility, residency, and family income to ensure eligibility for grant and bond payment.

Step 6: Based on processing results, the CDSP system conducts the final level of verification, as follows:

- awards grant, bond, or refusal reason to successfully processed transactions
- updates beneficiary accounts, including total grant and bond paid to the individual beneficiary account
- updates payment information at the specimen plan level allowing the CDSP system to track grant and bond liability based on financial institution

Step 7: The CDSP system generates the first set of files to financial institutions, informing them of the production results. ESDC forward a first message to inform financial institutions when files are ready for pick-up.

The files that may be sent in this first message are:

Error file (.err)

RT 801 Errors: Validation has failed, or information submitted is missing, incorrect, or incorrectly formatted. Transaction must be corrected and resubmitted.

RT 851 Severe errors: Identifying severe errors and advising that the record is rejected and must be corrected and resubmitted.

RT 921 SIN usability file (.sur): Validation of the beneficiary's SIN with SIR has revealed that the SIN is not usable, usable, or linked.

Contract status file (.reg)

RT 951 Contract status: Information on contracts for which a request to register or transfer has been submitted as well as updates on previously requested contract registrations.

RT 953 SDSP election: Confirms receipt of SDSP election information.

RT 981 Beneficiary DTC-eligibility file (.dtc): All updates which have been made by the CRA to the yearly DTC-eligibility status of

beneficiaries who have a pending (having passed SIR validation) or registered contract.

Step 8: Approximately 4 days prior to the last business day of the month, the CDSP system generates a second set of files. These files are sent to financial institutions, informing them of the production results. ESDC forwards a second message to inform financial institutions when files are ready for pick-up.

The files sent in this second message are:

RT 901 Transaction processing file (.pro): acknowledges that a transaction has been successfully processed or reprocessed (for example, due to DTC, residency, and income updates). It also informs the issuer of the grant and bond amount paid.

RT 971 Transfer information extract file (.xfr): All financial information in ESDC's possession from all previous contracts for a particular beneficiary for all "resolved" RDSP transfer transactions.

Step 9: ESDC sends the payment to the financial institution's account on the last business day of the month via direct deposit.

15.4 Interface transaction standards

The ITS prescribes the format for submitting contract, financial and reporting transactions electronically to ESDC.

More specifically, the ITS describes the format and layout to be used for the exchange of electronic information between ESDC and financial institutions' systems. It allows for the electronic administration and payment of the grant or bond.

15.4.1 Electronic version of the ITS

Amendments to the ITS is communicated to RDSP issuers via electronic bulletins ListServs. This is an e-mail sent to designated employees of the RDSP issuer to announce RDSP events or changes to the RDSP, the grant or the bond. To be added to the ListServ distribution list, contact ESDC at rdsp-reei@hrsdc-rhdcc.gc.ca.

15.4.2 System compliance

All financial institutions must ensure that the files they exchange with ESDC are compliant with the ITS.

The mandatory industry testing process, driven by ESDC, helps financial institutions ensure their system readiness. It focuses on reporting and receiving transactions from the CDSP system. The objective of industry testing is to ensure system compatibility with ESDC. It is also to improve the quality of data submitted to ESDC and ensuring that grants and bonds are paid into the RDSP.

There is always a risk of errors. Therefore, industry testing ensures that the RDSP financial institution's system can accept error codes and grant or bond refusal reasons.

Test files sent electronically to the CDSP system must meet specific success rates before the financial institution can submit files for processing:

- the data format success rate must be 95% or higher
- the overall success rate must be 90% or higher

For any questions or requests related to industry testing, please contact ESDC at rdsp-reei.indtest@hrsdc-rhdcc.gc.ca. You can also

refer to the CDSP Industry Testing Guide available on the ESDC website.

15.4.3 Timelines

ESDC provides schedules identifying applicable processing dates, which consist of:

- transaction period
- production run cut-off dates
- grant payment date

These schedules are forwarded to financial institutions as an electronic bulletin via ListServ and are also available on the RDSP issuers page production cut-off dates.

15.4.3.1 Reporting periods

The CDSP system processes files and pays grant or bond monthly.

Reporting periods extend from the first to the last day of the same month. The financial institution has 4 business days after the reporting period ends to submit files for processing. Financial institutions must not include any transactions that occurred after the last day of the reporting period.

For example, to be included in the August reporting period, the financial institution must finalize files by the 4th business day after August 31.

If ESDC receives files after the specified cut-off date, it will hold and process those files in the following month's processing cycle.

15.5 Setting up an RDSP

This chapter is primarily directed to employees of financial institutions responsible for assisting clients who wish to open an RDSPs.

15.5.1 Information exchange

15.5.1.1 RT 101

During the processing of transactions, ESDC may send some or all of the following reports to financial institutions.

The error files (RT 801 and RT 851) indicate that transactions were not sent in accordance with format and validation requirements. The error file contains the transaction number, the error code, the name of the field, and flags from the SIR validation if applicable.

It is the financial institution's responsibility to make the corrections and resubmit the transactions for processing.

If the contract registration transactions were successfully processed, this will be indicated in the transaction processing file (RT 901) at the end of the month. These transactions include:

- contract information
- beneficiary information
- holder information

Every month, beneficiary and holder SINs are verified through SIR. SIR may report that a SIN is "usable", "unusable" or "linked" through the SIN usability file (RT 921).

The contract status file (RT 951) concerns all contract registration transactions and informs the issuer of the contract registration status.

The transfer information extract file (RT 971) reports to the receiving financial institution. It includes all successfully processed financial transactions from the prior RDSP once the transfer is completed. This file includes transactions that have been reported to the CDSP system for the contract of the relinquishing financial institution. It also includes transactions reported for earlier contracts that were transferred for the same beneficiary.

15.5.2 Opening a new plan

To open an RDSP, the financial institution must assist the holder in completing the appropriate application forms. For more information refer to Chapter 11. RDSP Grant or Bond Application Process additional information. Once the information on the beneficiary, the holder(s), PCG's and the contract itself is collected, the financial institution submits the registration information (RT 101) transactions electronically. This is done via MSFT to the CDSP system. These transactions are used to:

- confirm that the plan meets the conditions of registration
- verify beneficiary information
- verify holder information

During the validation process, specific pieces of information reported in the contract registration files are validated by the following:

- ESDC with the CDSP system and SIR
- the CRA with the Benefit Programs Directorate (BPD)

After validation, the contract registration results are sent to Registered Plans Directorate (RPD) at the CRA.

15.5.2.1 Step 1

To confirm the contract meets the conditions of registration, the CDSP system requires 3 separate transactions for each DSP. All 3 transactions must be sent as a package at the same time. Any of these RT transactions sent individually will not be processed.

- RT 101-01 contract information
- RT 101-02 beneficiary information
- RT 101-03 holder information

Each of these 3 transactions must be verified and processed successfully before it can be confirmed that the contract meets the conditions of registration.

Note: For more information about mandatory information required for each RT and TT, refer to the ITS on the ESDC page.

15.5.2.1.1 Contract Information

To establish a contract in the CDSP system, financial institutions must submit a contract registration information transaction (RT 101-01). This transaction provides the required elements to confirm contract registration with the CRA. The CDSP system will validate the information provided and assign a registration status to the submission.

RT 101-01 Information needed to set up a contract:

- told the transaction number established by the financial institution (must be the same for all components of the RT 101 "package")
- the specimen plan number assigned to the financial institution by the CRA
- the contract number of the RDSP
- the date of the contract was signed

- the primary caregiver's information, if applicable
- information required to complete a transfer when applicable
- the date the contract was created or updated

When sending contract information (RT 101-01), financial institutions must also send beneficiary (RT 101-02) and holder (RT 101-03) information.

The RT 101-01 can be used to update contract information in the CDSP system up until the contract is confirmed to have met all conditions for registration. To update contract information after registration has been confirmed, refer to section 15.6.1 Contract update information.

15.5.2.1.2 Beneficiary information

To establish a beneficiary in the CDSP system, financial institutions must submit a beneficiary information transaction RT 101-02.

RT 101-02 Information needed for the beneficiary the:

- transaction number established by the financial institution (must be the same for all components of the RT 101 "package")
- beneficiary's SIN, given name, surname, date of birth (DOB), gender
- beneficiary's address
- beneficiary's language of choice

The RT 101-02 can be used to update beneficiary information in the CDSP system (other than the SIN). This can be done until it is confirmed that the contract meets all conditions for registration.

To update beneficiary information after registration has been confirmed, refer to section 15.6.2 Beneficiary and Holder Update Information.

15.5.2.1.3 Holder information

To establish a holder in the CDSP system, financial institutions must submit a holder information transaction, RT 101-03.

RT 101-03 Information needed for the holder the:

- transaction number established by the financial institution (must be the same for all components of the RT 101 package)
- holder's SIN, given name, surname, DOB and gender or the agency's BN and name
- holder's address
- relationship of the holder to the beneficiary
- holder's language of choice

If there is more than one holder, validation must be confirmed for all holders on the contract.

The RT 101-03 can be used to update holder information or add a holder in the CDSP system. This can be done until it is confirmed that the contract meets all conditions for registration.

To update, add or delete a holder, refer to Chapter 3 RDSP Registered Disability Savings Plan, section 3.4.5 Holder replacement.

15.5.2.2 Steps 2 and 3

15.5.2.2.1 Preliminary validation

Before sending a beneficiary or holder SIN to SIR, the CDSP system performs a preliminary validation to determine the validity of a SIN.

If the SIN is rejected, an error report is sent to the issuer with the error code 8250. The SIN or BN is not numerically valid.

15.5.2.2.2 SIR validates identities through SINs

Once the preliminary validation is done, the CDSP system will send the SIN information of the beneficiary for validation with SIR. If the holder is different from the beneficiary, their SIN information will also be sent for validation. SIN usability and the 5 following fields are validated by SIR:

- SIN
- given name
- surname
- DOB
- gender

15.5.2.2.3 Successful, flagged or rejected SINs at SIR

If SIR validation is successful, the beneficiary and holder are added to the CDSP system. Subsequently, an RT 901 report and an RT 951 report are sent to the RDSP issuer. When the contract is in pending status, the holder and the beneficiary are established even if just the minimum requirements are met.

If the SIN is rejected, the contract will remain pending, and the Contract Status File (RT 951) will indicate that a beneficiary or holder SIN failed identity validation.

An error file (RT 801) is sent to the issuer with the error code 8105 (invalid SIN). The error file will indicate which of the 5-field(s) failed validation:

- SIN
- given name
- surname
- DOB
- gender

The beneficiary account will not be established. It will remain pending until validation can be confirmed.

In many cases name changes, inverted numbers, or mistakes in birth dates cause errors during the SIN validation process. If the holder or beneficiary SIN information submitted by the financial institution does not match the information contained at the SIR, an error will occur. This error will lead to the rejection of the information by the CDSP system.

All transactions (101-01, 101-02 and 101-03) must be corrected and resubmitted to the CDSP system before financial transactions can be processed.

Note: For more information on correcting SIN errors, refer to Appendix A. Understanding RDSP error codes.

If a SIN is flagged as not usable, the contract status is reported as pending. Flagged SINs can be the result of fraudulent SIN usage, a deceased holder or beneficiary, a temporary SIN being cancelled, etc. They are reported to the financial institution in the SIN usability report (RT 921).

SIN usability is validated every month that the RDSP is open. Business numbers do not go through SIR validation.

15.5.2.3 Step 4 and 5

15.5.2.3.1 BPD validates beneficiary & holder information

Once the SINs have been validated at SIR, the CRA's BPD confirms that the beneficiary meets the following criteria:

- be a resident in Canada
- be approved for the DTC

15.5.2.4 Steps 6 to 10

15.5.2.4.1 ESDC confirms registration

ESDC will notify the financial institution once it is confirmed that the plan meets the conditions of registration as reported in the "current contract status" field (RT 951).

15.5.2.4.2 ESDC sends files to financial institutions

ESDC generates monthly files to financial institutions, informing them of the production results. Files that may be sent in response to a contract transaction are summarized below.

CDSP system files

The financial institution will receive confirmation of the status of the transactions submitted to the CDSP system, including the following notifications:

RT 901 Transaction processing file (.pro): Acknowledges that a transaction has been successfully processed. The file also informs the issuer of the grant and bond amount paid.

RT 921 SIN usability file (.sur): Validation of the beneficiary or holder's SIN with SIR has revealed that the SIN is usable, not usable, or linked.

Contract Status File (.reg) contains the following report:

RT 951 Contract status: Information on contracts for which a request to register or transfer has been submitted as well as updates on previously requested contract registrations.

RT 971 Transfer information extract file:

- contains all historical financial transaction information
- begins with transaction code 401
- includes data from all previous contracts for a specific beneficiary
- transfer must be resolved
- prior contract must be closed
- receiving contract for which the file is created must be registered

Error file (.err)

- **RT 801 error report:** Validation has failed, or information submitted is missing, incorrect, or incorrectly formatted (transaction must be corrected and resubmitted)
- **RT 851 severe error report:** Identifying severe errors and advising that the record is rejected and must be corrected and resubmitted

ESDC forwards a ListServ to inform financial institutions when processing files are ready to be accessed.

15.6 Changes to a registered plan

Transactions must be sent to update the information in the CDSP system. This is required when there are changes to a registered contract. It also applies if information changes for a holder or beneficiary.

15.6.1 Contract update information

If a financial institution wishes to update information for a registered contract, the Update Contract Information transaction (RT 102) is used.

15.6.1.1 Close a contract

To close a contract, the financial institution submits a RT 102-10 close contract transaction to the CDSP system.

Information needed to close a contract:

- the financial institution's contract number
- the reason why the RDSP is being closed:
  - the beneficiary has passed away
  - the beneficiary is no longer DTC-eligible
  - the RDSP is transferred to another financial institution
  - the plan is deregistered
- the date of the event requiring the closure of the contract
- the date the RDSP is closed

For more information on why a contract must be closed, refer to Chapter 8. Closing an RDSP.

15.6.1.2 Rename a contract

If a financial institution wishes to change the contract number or identifier of an established contract, the RT 102-11 rename contract is used.

Information needed to rename a contract:

- the new number given to the contract by the financial institution
- the original number given to the contract by the financial institution
- the date the contract was renamed

15.6.2 Beneficiary and holder update information

If a financial institution wishes to update beneficiary or holder information, they must use the RT 201. This is also used to add or

remove a holder from a registered contract. For example, it can be used for a change of address.

15.6.3 Update beneficiary information

If a financial institution wishes to update information on the beneficiary, the RT 201-02 update beneficiary information is used. Information needed to update the beneficiary data includes the:

- beneficiary's SIN, given name, surname, DOB, gender
- beneficiary's address
- date the beneficiary information was updated

15.6.4 Update holder information

If a financial institution wishes to update information on the holder, the RT 201-03 update holder information is used.

Information needed to update the holder data includes the:

- holder's SIN or BN, given name, surname or agency name, DOB, gender
- relationship of the holder to the beneficiary
- holder's address
- date the holder information was updated

Note: To ensure annual statements of entitlement are properly directed, issuers should ensure updates to holder addresses are accurately reported to the CDSP system. This must be done by the end of each calendar year.

15.6.5 Add holder to contract

If a financial institution wishes to add a holder to the contract, the RT 201-13 add a holder to the contract is used. Information needed to add a holder to the contract includes the:

- holder's SIN or BN, given name, surname or agency name, DOB, gender
- relationship of the holder to the beneficiary
- of the holder's address
- date the holder was added to the contract

15.6.6 Remove holder from contract

If a financial institution wishes to remove a holder from the contract, the RT 201-23 remove a holder from the contract is used. Information needed to remove a holder from a contract includes the:

- holder's SIN or BN
- date the holder was removed from the contract

A holder cannot be removed from a contract unless there is already another holder named on the plan.

15.7 Ongoing information verification

15.7.1 Monthly SIN usability

As part of ESDC's ongoing efforts to ensure program integrity, all active beneficiaries and holder SIN information will be verified monthly with SIR. As a result of this monthly SIN validation, certain beneficiary and holder SINs will be identified (flagged) by SIR as "SIN is not usable". As well, a beneficiary or holder SIN may have a status of

"SIN is usable". This is a result of SIR removing a flag from a beneficiary or holder SIN.

Changes to SIN usability are reported in the RT 921 SIN usability file. All transactions requesting grant or bond, on or after the SIR flag date will receive a refusal reason "08" SIN not usable.

15.7.2 Monthly validation of the beneficiary's residence and DTC

If the CRA has updated the DTC or residency status of a beneficiary, they forward this information to the CDSP system. The CDSP system, in turn sends this data to the impacted financial institution through the RT 981 (beneficiary DTC-eligibility file).

These updates can cause a pending contract to become registered if after the change it meets the conditions for registration. If the CRA changes the DTC or residency status from "Yes" to "No", it will result in the refusal of grant and bond payments.

Each month, financial institutions may send different transactions that may cause a contract to be registered:

- consent transaction
- contributions
- correction
- bond
- rollover
- close contract (it may resolve a transfer and register receiving contract)

15.8 Request for grant and bond

15.8.1 Information exchange

15.8.1.1 RT 401

After receiving financial transactions (RT 401) from the financial institution, ESDC may send the following reports: the error report (RT 801) and the severe error report (RT 851). These reports indicate transactions in error.

Toward the end of each processing period, ESDC sends financial institutions an e-mail informing them that the transaction processing file (RT 901) is ready to be downloaded. The report acknowledges all successfully processed transactions and may include:

- amounts of grant and bond payments
- confirmation of repayments
- refusal reasons
- date of payment
- transaction origin
- retirement savings and education savings rollover issues

15.8.2 Requesting grant and bond

To receive the grant or the bond, the holder must fill out the grant and bond application form. While grants are based on contributions, no contribution is needed to attract bonds.

Below is an overview of the grant and the bond request process.

For more information, refer to Chapter 11. RDSP grant or bond application process. Forms are available on the ESDC website under the "Forms" tab found on the RDSP, grant and bond issuers page.

15.8.2.1 Step 1

RT 401 is used by the financial institution to report all financial transactions and to request grant and bond payments. There are 2 RTs available for use:

- RT 401-01 contribution/grant request
- RT 401-05 bond payment request

15.8.2.1.1 Contribution/grant request

When the holder deposits a contribution into the RDSP, financial institutions must submit a contribution/grant request (RT 401-01).

Information needed for a contribution/grant request the:

- transaction number established by the financial institution
- specimen plan number assigned to the financial institution by the CRA
- contract number of the RDSP
- beneficiary's SIN
- date the contribution is made
- amount of the contribution
- whether grant is requested or not
- PCG name and SIN (when applicable)
- PCG type (individual or agency)

Note: For more details about information required for each record and TT, refer to the ITS.

15.8.2.1.2 Bond request

When the holder requests a bond, financial institutions must submit a bond payment request (RT 401-05) containing the information below. The bond, after the initial payment, will continue to be processed automatically in subsequent years if the beneficiary remains eligible. For more information, refer to Chapter 11. RDSP grant or bond application process.

Information needed for a bond payment request the:

- transaction number established by the financial institution
- specimen plan number assigned to the financial institution by the CRA
- RDSP contract number
- beneficiary's SIN
- date the bond request is made
- PCG's information when applicable
- PCG type (individual or agency)

15.8.2.2 Step 2

ESDC retrieves the submitted transactions, uploads them to the CDSP system and begins the validation process that includes formatting and business rules.

For more information, refer to Appendix A. Understanding RDSP error codes and Appendix B. Understanding RDSP refusal reasons.

15.8.2.3 Step 3

ESDC checks if the beneficiary's SIN is usable at the SIR.

15.8.2.4 Step 4

15.8.2.4.1 DTC-eligibility and residency

The BPD at the CRA confirms the beneficiary's eligibility for the DTC.

It also checks if the beneficiary meets the Canadian residency requirements.

The transaction will receive a refusal reason if the:

- beneficiary is not DTC-approved
- beneficiary is not a resident of Canada

15.8.2.4.2 Family income

The BPD also confirms the matching rate to be paid based on the beneficiary's family income. If the beneficiary is 18 years of age or under at the beginning of the calendar year, information on the PCG will be required to determine family income.

15.8.2.5 Step 5

ESDC sends files to the financial institution. The resulting grant or bond payment or refusal reason (non-payment or partial payment) is communicated to the financial institution in their monthly reports.

- The transaction processing file (.pro) (RT 901) acknowledges that a transaction has been successfully processed. For each transaction, this file reports the amount of grant or bond paid or a refusal reason when applicable
- The error file (.err) contains 2 types of records:
    - the error report (RT 801) indicates when validation has failed or information submitted is missing, incorrect, or incorrectly formatted

    - transactions in this report must be corrected and resubmitted
- The severe error report (RT 851) identifies severe errors and advises that the record has been rejected and must be corrected and resubmitted
- ESDC will send the grant or bond payment to the financial institution for any successful transactions that have not been refused

For more information, refer to Appendix A. Understanding RDSP error codes and Appendix B. Understanding RDSP refusal reasons.

15.8.2.6 Step 6

The financial institution updates the individual RDSP account with the received amount as well as the reason for partial or non-payment, as applicable. Or corrects missing/erroneous information to resubmit to the CDSP system in the next monthly production run.

15.8.3 Contribution/grant request correction

15.8.3.1 Correction of contribution/grant request

When a correction needs to be made to a previously submitted and successfully processed contribution, the financial institution submits a correction of contribution/grant request (401-02).

A RT 401-02 correction is submitted to:

- correct a contribution amount
- correct PCG information
- request a grant on a contribution transaction where grant was not originally requested
- resubmit transactions that did not attract grant due to a transfer

There is no limit to the number of corrections that can be done for the same original RT 401-01 contribution/grant request transaction.

Much of the same information required for an RT 401-01 is required for an RT 401-02. The main differences in an RT 401-02, the original RT 401-01 transaction is referenced. This is so that the CDSP system knows which transaction must be corrected, and a new field is added indicating the correction date.

Information needed to correct a contribution/grant request:

- corrected contribution amount
- the BN of the financial institution of the original transaction
- the transaction number of the original request
- the date the correction was made

A correction transaction (RT 401-02) will reverse the original contribution and grant amounts received. It replaces them with the corrected amounts, provided the referenced contract is still registered.

For each successfully processed RT 401-02, financial institutions will receive 2 records in their RT 901 file.

- **Reversal of original contribution**: contribution and grant originally paid shown as a negative amount in the first RT 901 file with the transaction ID of the correction
- **Corrected amount of original contribution:** corrected contribution and amended grant paid shown as a positive amount in the second type 901 file with the transaction identification number of the corrections

The CDSP system has been designed to preserve the payment date of the original contribution/grant request.

Some financial institutions may be inclined to correct (RT 401-02) contribution amounts made to an RDSP to $0 and then submit new

transactions (RT 401-01). When this is done the payment date on the older transaction is erased and a more recent payment date is generated on the newer transaction (with the same transaction date).

This change of payment date can negatively affect the beneficiary in instances where the assistance holdback amount must be repaid.

Note: The only circumstance in which a new 401-01 should be used to correct a transaction date error.

Finally, as there is no correction transaction for the bond. If an error occurs on a bond request submitted to the CDSP system, the correct information must be submitted on a new bond request (RT 401-05).

15.8.3.2 Stop bond payment request

When a holder wishes to stop receiving bond for the beneficiary, the financial institution submits a stop bond payment request (401-06). For example, when the beneficiary moves out of the country.

Much of the same information required for a RT 401-05 bond request is required for a RT 401-06. The main differences: in the RT 401-06 the original RT 401-05 transaction is referenced so that the CDSP system knows which transaction must be stopped, and a new field is added indicating the stop request date.

Information needed to stop a bond payment request the:

- date the request was made to stop the bond payment
- BN of the financial institution where the bond request was submitted
- transaction number of the transaction to be stopped that was previously reported by the original financial institution

If the holder wishes to receive the bond in the future, a new RT 401-05 bond payment request will need to be submitted. Bond payments will resume from the date of the new request.

15.8.4 Add/revoke consent

Consent must be received to use personal information to ensure the beneficiary receives the benefits they are entitled to. This personal information is used for several purposes. It helps establish the beneficiary's residency, DTC-eligibility, and family income.

It is also used to register a contract and pay grant and bond entitlements, including any unused entitlements carried forward. For years, when the beneficiary was 18 or under, this includes the holder and the PCG. The add consent and revoke consent transactions can be used to add or remove individuals from the beneficiary consent list.

The trigger to register a contract or reassess grant and bond requests is provided by the processing of the financial institutions' transactions, listed below. The CDSP system uses all PCG, and all holder information provided for a beneficiary to build this list, such as holder and PCG information provided in the:

- contract package (RT 101-01 and 101-03)
- holder information provided through transaction add holder (RT 201-13)
- holder information provided through transaction update holder (RT 201-03)
- RT 401, that is, the financial transactions related to the primary and secondary PCG
- PCG information provided through the add/update consent (RT 202-01)

The CDSP system will use the consent list as applicable.

For example, the CDSP system will use the personal information that results in the maximum legal entitlement for grant and bond.

15.8.4.1 Add consent

The add consent (RT 202) is used to add an individual to a beneficiary's consent list or update information for existing consent.

Information needed to add/update a PCG the:

- transaction number established by the financial institution
- specimen plan number assigned to the financial institution by the CRA
- contract number of the RDSP
- beneficiary's SIN
- date the consent was added
- name and SIN of the PCG

The RT 202-01 is the method by which financial institutions update a beneficiary's PCG information, whether for contract registration purposes or for payment of grant or bond entitlements, including:

- situations where the beneficiary is an adult when signing the contract but was 18 years of age or under during the current or past years of entitlements
- situations where a beneficiary could have had more than one PCG.

Again, this would only be needed if:

- this information was not provided in a contract registration
- add/update holder or financial transaction

For example, if a contribution/grant request is already submitted and then there is a change in PCG, using RT 202-01 to communicate the change in PCG would be the better method.

Once an add/update consent record is successfully processed, a contract can be registered (if all conditions are met). Financial transactions can also be reviewed and adjusted (if all conditions are met).

15.8.4.2 Revoke consent

The revoke consent (RT 202-02) transaction is used to cancel consent previously granted, for example a PCG or former holder. The current holder must first be removed from the RDSP contract before their consent can be revoked. However, the current holder cannot be removed unless a new holder is added first.

RT 202-02 information needed to revoke consent the:

- transaction number established by the financial institution
- specimen plan number assigned to the financial institution by the CRA
- contract number of the RDSP
- beneficiary's SIN
- date the consent was revoked
- information on the PCG or holder who is revoking consent

15.9 Lump sum DAP and LDAP

This Chapter is primarily directed to employees of financial institutions responsible for reporting Lump sum DAP and LDAP.

15.9.1 Information exchange

15.9.1.1 RT 401

After receiving financial transactions (RT 401) from the financial institution, ESDC may send the following reports: the error report (RT

801) and the severe error report (RT 851) indicate transactions in error.

Toward the end of each processing period, ESDC sends issuers an e-mail informing them that the transaction processing report (RT 901) is ready to be downloaded. The report acknowledges all successfully processed transactions and may include:

- amounts of grant and bond payments
- confirmation of repayments
- refusal reasons
- date of payment
- transaction origin
- retirement savings and education savings rollover issues

15.9.2 Withdrawals

There are 2 types of withdrawals that can be made from an RDSP to the beneficiary or to the estate of a beneficiary. These are lump sum DAPs and LDAPs.

The financial institution must verify if the lump sum DAP/LDAP meets all the withdrawal limits and requirements before any payments may be made.

15.9.2.1 Lump sum DAP

A lump sum DAP is an *ad hoc* payment made to a beneficiary or to the estate of a beneficiary if permitted by the terms of the RDSP specimen plan. When a lump sum DAP is made, the assistance holdback amount (AHA) and the proportional repayment rules apply.

Should a financial institution discover that a lump sum DAP was processed in error, a DAP reversal must be submitted to the CDSP system.

15.9.2.2 LDAP

LDAPs are recurring payments that, once started, must be paid at least once a year until either the plan is terminated, or the beneficiary has passed away. LDAPs may begin at any age but must start no later than December 31 of the year in which the beneficiary turns 60. When an LDAP is made, the AHA and the proportional repayment rules apply.

Should a financial institution discover that an LDAP transaction was processed in error, an "LDAP Reversal" must be submitted to the CDSP system.

For more information on the lump sum DAPs and LDAPs, refer to Chapter 4. RDSP payments Lump sum DAPs and LDAPs.

15.9.3 Processes

Below is an overview of the lump sum DAP/LDAP reporting process.

15.9.3.1 Step 1

RT 401 is used by the financial institution to report all financial transactions. The following record and TT are used to report lump sum DAP and LDAP transactions:

- RT 401-20 lump sum DAP
- RT 401-21 LDAP
- RT 401-22 lump sum DAP Reversal
- RT 401-23 LDAP Reversal

Each of these transactions shares common identification fields:

- the number that identifies the RT
- the number that identifies the TT
- the issuer's BN

- a unique number assigned to each transaction
- a specimen plan number assigned by the CRA
- the number assigned to the contract
- the beneficiary's SIN

15.9.3.1.1 Lump sum DAP

To process this type of payment, the financial institution must submit a lump sum DAP transaction (RT 401-20).

Information needed for a lump sum DAP request:

- the date the lump sum DAP was requested
- amount by which prior contributions exceed the non-taxable portions of prior lump sum DAPs and LDAPs
- the grant and bond portions of the lump sum DAP
- the non-taxable portion of the lump sum DAP
- the amount of the lump sum DAP

Note: For more information about mandatory information required for each record and TT refer to the ITS.

15.9.3.1.2 LDAP

To process this type of payment, the financial institution must submit an LDAP (RT 401-21) transaction.

Information needed for an LDAP request:

- the date the LDAP was requested
- the lifetime contributions exceeding the sum of non-taxable portions of all previous lump sum DAPs and LDAPs
- the grant and bond portions of the LDAP
- the non-taxable portion of the LDAP
- the amount of the LDAP

15.9.3.1.3 Lump sum DAP reversal

When a lump sum DAP is reported in error, the financial institution submits a lump sum DAP reversal (RT 401-22) to the CDSP system.

Information needed for a lump sum DAP reversal the:

- date on which the lump sum DAP was requested
- issuer BN reported on the transaction to be reversed
- transaction number of the transaction to be reversed
- reason why the lump sum DAP needs to be reversed

15.9.3.1.4 LDAP Reversal

When an LDAP is reported in error, the financial institution submits an LDAP reversal (RT 401-22) to the CDSP system.

Information needed for an LDAP reversal the:

- date on which the LDAP was requested
- issuer BN reported on the transaction to be reversed
- transaction number of the transaction to be reversed
- reason why the LDAP needs to be reversed

15.9.3.2 Step 2

The CDSP system receives lump sum DAP and LDAP transactions from the financial institution and validates the required information.

Processed transactions (lump sum DAP/LDAP payments) will update the CDSP system.

15.9.3.3 Step 3

The CDSP system informs RPD, the CRA of the lump sum DAP/LDAP payments.

15.9.3.4 Step 4

Processed lump sum DAP/LDAP transactions are reported back to financial institutions in their monthly reports. Transactions containing errors will need to be corrected and resubmitted for processing.

ESDC sends files to the financial institution.

The transaction processing file (.pro) (RT 901) acknowledges that a transaction has been successfully processed. For each transaction, the amount of grant or bond paid and a refusal reason when applicable are reported.

The error file (.err) contains 2 types of records. The error report (RT 801) indicates when validation has failed or information submitted is missing, incorrect, or incorrectly formatted. Transactions in this report must be corrected and resubmitted. The severe error report (RT 851) identifies severe errors and advises that the record has been rejected and must be corrected and resubmitted.

For more information on error codes or refusal reasons, refer to Appendix A. Understanding RDSP error codes and Appendix B. Understanding RDSP refusal reasons.

15.10 Rollover transactions

This section is primarily directed to employees of financial institutions responsible for submitting retirement savings rollovers or education savings rollovers.

15.10.1 Information exchange

15.10.1.1 RT 401

After receiving financial transactions (RT 401) from the financial institution, ESDC may send the following reports.

The error report (RT 801) and the severe error report (RT 851) indicate transactions in error.

Toward the end of each processing period, ESDC sends issuers an e-mail informing them that the transaction processing report (RT 901) is ready to be downloaded. The report acknowledges all successfully processed transactions and may include:

- amounts of grant and bond payments
- confirmation of repayments
- refusal reasons
- date of payment
- transaction origin
- retirement savings and education savings rollover issues

15.10.2 Rollovers

Under certain conditions, 2 types of rollovers may be deposited into an RDSP:

- retirement savings rollovers
- education savings rollovers

For additional information on rollovers, refer to Chapter 7. RDSP rollovers.

15.10.2.1 Retirement savings rollovers

The specimen plan must be designated to accept retirement savings rollovers. A retirement savings rollover allows amounts from a deceased individual's:

- Registered Retirement Savings Plan
- Registered Retirement Income Fund
- Registered Pension Plan
- Specified Pension Plan
- Pooled Registered Pension Plan

These amounts can be transferred to the RDSP of a beneficiary with a disability. The beneficiary must be the deceased's child or grandchild who was financially dependent on them.

Retirement savings rollovers are reported by the financial institution using RT 401-08 retirement savings rollover transaction.

Should a financial institution discover that a retirement savings rollover transaction was reported in error, a retirement savings rollover reversal transaction (RT 401-09) must be submitted. This submission must be made to the CDSP system.

15.10.2.2 Education savings rollovers

The specimen plans must be designated to accept education savings rollovers. In general, the rollover of Registered Education Savings Plan investment income into an RDSP on a tax-deferred basis is available. This benefit is for beneficiaries with a severe and prolonged mental impairment that is expected to prevent them from pursuing post-secondary education.

Education savings rollovers are reported by the financial institution using an education savings rollover transaction (RT 401-30).

Should a financial institution discover that an education savings rollover transaction was reported in error, an education savings rollover reversal transaction (RT 401-31) must be submitted. This submission must be made to the CDSP system.

15.10.3 Specimen plan approval

The RDSP specimen plan must be approved by the CRA to accept retirement savings rollovers and education savings rollovers.

15.10.3.1 Form

Rollover forms can vary from one financial institution to another but are accepted if all the required information is included. The CRA form RC4625 may be used for retirement savings rollovers, but this is not mandatory. The CRA form RC435 may be used for the education savings rollovers.

15.10.4 Rollover process

Below is an overview of the rollover request process.

15.10.4.1 Step 1

RT 401 is used by the financial institution to report all financial transactions. The following record and TT are used to report retirement and education savings rollovers:

- RT 401-08 retirement savings rollover
- RT 401-30 education savings rollover
- RT 401-09 retirement savings rollover reversal
- RT 401-31 education savings rollover reversal

Each of these transactions shares common identification fields:

- the issuer's BN
- a unique number assigned to each transaction
- a specimen plan number assigned by the CRA
- the number assigned to the contract
- the beneficiary's SIN

15.10.4.1.1 Retirement savings rollover

When the holder requests a retirement savings rollover, financial institutions must submit a retirement savings rollover (RT 401-08) transaction.

Information required for the retirement savings rollover:

- the date on which the retirement savings rollover was conducted with the financial institution
- the retirement savings rollover amount
- the PCG's information (when applicable)
- the PCG type (when applicable)

No transaction fields require information on the deceased individual.

Note: For more information about mandatory information required for each record and TT, refer to the ITS on the ESDC page.

15.10.4.1.2 Education savings rollover

When an education savings rollover is requested, financial institutions must submit an education savings rollover (RT 401-30) transaction.

Information needed for the education savings rollover the:

- date on which the education savings rollover was conducted with the financial institution
- education savings rollover amount
- PCG's information (if applicable)
- PCG type (when applicable)

For more detailed information on rollovers, refer to Chapter 7. RDSP Rollovers.

15.10.4.1.3 Retirement savings rollover reversal

When a retirement savings rollover is reported in error, the financial institution submits a retirement savings rollover reversal (RT 401-09) to the CDSP system for correction.

Information needed for retirement savings rollover reversals the:

- date on which the retirement savings rollover reversal was conducted with the financial institution
- BN of the issuer reported on the transaction to be reversed
- transaction number of the transaction to be reversed

15.10.4.1.4 Education savings rollover reversal

If an education savings rollover is reported in error, the financial institution must submit an education savings rollover reversal (RT 401-31) to the CDSP system for correction.

Information needed for education savings rollover reversals the:

- date on which the education savings rollover reversal was conducted with the financial institution
- BN of the issuer reported on the transaction to be reversed
- transaction number of the transaction to be reversed

15.10.4.2 Step 2

The CDSP system receives the rollover transactions from the financial institution, validates the required information, and notifies the financial institution that the transactions were received and whether the information is complete.

If the PCG information is required, but not provided, error code 8104 will be produced indicating data missing from the field.

15.10.4.3 Step 3

The CDSP system informs the CRA-RPD of the rollover and the CRA-RPD investigates any rollover issues. For more information, contact the CRA at: 1-800-959-8281.

15.10.4.4 Step 4

Processed rollover transactions are reported to financial institutions in their monthly reports. Transactions containing errors will need to be corrected and resubmitted for processing. Transactions containing rollover issues need to be followed up and the issue resolved.

ESDC sends files to the financial institution:

- the transaction processing file (.pro) (RT 901) acknowledges that a transaction has been successfully processed. May contain a rollover issue.
- the error file (.err) contains 2 types of records:
    - the error report (RT 801) indicates when validation has failed or information submitted is missing, incorrect, or incorrectly formatted. Transactions in this report must be corrected and resubmitted.
    - the severe error report (RT 851) identifies severe errors and advises that the record have been rejected and must be corrected and resubmitted.

For more information on error codes or refusal reasons, refer to Appendix A. Understanding RDSP error codes and Appendix B. Understanding RDSP refusal reasons.

15.11 Transfers

This section is primarily directed to employees of financial institutions responsible for transferring an RDSP from one issuer to another. Its purpose is to explain the required transactions to be used in reporting a transfer to the CDSP system. This is done in accordance with the requirements of the ITS.

For more information on the transfer process, refer to Chapter 6. RDSP Transfers.

15.11.1 Information exchange

15.11.1.1 RT 971

Once a transfer is complete and the new RDSP has been registered, ESDC will send an RT 971 - transfer extract file, to the receiving issuer. This file contains all the historical data of all successfully processed transactions related to the RDSP. An RT 971 can have the following transaction information:

Table 10: Transfers, RT 971

RT 971
RT 101-01
RT 401-01
RT 401-08
RT 401-10
RT 401-20

Table 10: Transfers, RT 971

RT 971
RT 401-21
RT 401-30
RT 101-02
RT 401-02
RT 401-09
RT 401-11
RT 401-22
RT 401-23
RT 401-31
RT 101-03
RT 401-05

15.11.2 Transfer process

To transfer an RDSP, the financial institutions and the holder complete the RDSP transfer form and the holder consent to an RDSP transfer form. Once the information on the beneficiary, the holder(s), and the contract itself is collected, the financial institution submits the transactions electronically to the CDSP system. These transactions are used to:

- confirm the plan meets the conditions of registration
- verify beneficiary information
- verify holder information

Below is an overview of the transfer process. This is only one example of many transfer possibilities.

15.11.2.1 Step 1

A new contract must be established by the receiving issuer to allow for the transfer of assets from the prior RDSP. This is done by submitting the following transactions:

- RT 101-01 contract information
- RT 101-02 beneficiary information
- RT 101-03 holder information

All 3 elements of the contract registration package must be sent together. If one contains an error, it must be fixed and then all 3 transactions must be resubmitted, not just the one with the fixed error. Otherwise, the plan will not reach a registered status.

For more information on how to open a new RDSP, refer to Chapter 3. RDSP Registered Disability Savings Plan, section 3.2.2 Process to open an RDSP.

Each of these transactions shares common identification fields:

- the issuer's BN
- a unique number assigned to each transaction
- a specimen plan number assigned by the CRA
- the number assigned to the contract
- the beneficiary's SIN

Note: For more details about mandatory information required for each record, TT and the validation rules, refer to the ITS.

15.11.2.1.1 Contract information

To establish a new contract in the CDSP system, the receiving issuer must submit a contract information transaction (RT 101-01). This submission provides the required elements to confirm contract registration with the CRA. The CDSP system will validate the information provided. And assign a registration status to the submission when the new contract results from a transfer from a prior contract.

Information required:

- the date the new contract was signed with the receiving issuer
- the transfer indicator is set to "Y" in position 175 of the transaction (since the new RDSP is being opened as a result of a transfer)
- when the transfer indicator is "Y", the prior RDSP contract number and specimen plan number will be required (the exact information for example leading 0 is indicated in the contract and specimen plan fields)

Since only one contract is allowed to exist at a time, the transfer indicator must be set to "Y" when opening the new RDSP. This is necessary to transfer the assets of a prior RDSP from one issuer to another.

15.11.2.1.2 Beneficiary information

To establish a beneficiary in the CDSP system for the new RDSP, receiving issuer must submit a beneficiary information transaction (RT 101-02).

Information required for the beneficiary information transaction the:

- transaction number established by the financial institution
- beneficiary's SIN, given name, surname, DOB, gender

- beneficiary's address
- language preferred by the beneficiary

15.11.2.1.3 Holder information

To establish a holder in the CDSP system for the new RDSP, the receiving issuer must submit a holder information transaction (RT 101-03).

Information required for the holder information transaction the:

- transaction number established by the financial institution
- holder's SIN, given name, surname, DOB, gender (or the agency's BN and name if an agency)
- holder's address
- relationship of the holder to the beneficiary
- language preferred by the holder

If there is more than one holder, validation must be conducted for all holders on the contract. An RT 101-03 must be sent for every holder at the time of registration. If the contract is already registered, an RT 201-13 must be sent to add an additional holder.

Note: For more details about mandatory information required for each record and TT, refer to the ITS on the ESDC page.

15.11.2.2 Step 2

The CDSP system verifies if conditions for registration have been met.

15.11.2.3 Step 3

When contract registration transactions are successfully processed, the CDSP system sends an RT 951 (.reg) file to the receiving issuer. Otherwise, incomplete, or inaccurate transactions are returned with an

error report (RT 801) to the receiving issuer, refer to Appendix A. RDSP understanding error codes.

15.11.2.4 Step 4

The relinquishing issuer must send a stop bond request RT 401-06 to avoid receiving bond after a contract has been closed.

The relinquishing issuer sends the funds to the receiving issuer. Simultaneously, they submit a close a contract (RT 102-10) transaction to the CDSP system with closure reason “3” transfer.

Information required to close a contract the:

- contract number
- reason for closing the contract: transfer
- date the contract is closed

The relinquishing issuer also submits a transfer reporting of the FMV and earnings amounts (RT 701-02).

Information needed for transfer reporting of FMV and earnings the:

- date on which the financial data was reported by the financial institution
- FMV of the contract
- amount of investment (income earned)

15.11.2.5 Step 5

ESDC advises the relinquishing issuer of contract closure through an RT 951. It advises the receiving issuer of contract registration and resolved to transfer through an RT 951. ESDC also sends the successfully processed financial transactions of the relinquishing issuers to the receiving issuer. This is done through the transfer information extract file, a historical record RT 971.

15.11.2.5.1 Transaction history

For resolved RDSP transfers, ESDC will provide the receiving issuer with all historical financial transactional information in its possession from all previous contracts for a particular beneficiary.

This historical record will be sent in a transfer information extract file (RT 971) to the receiving issuer and will include the following TT:

- RT 971-01 contribution/contribution correction information
- RT 971-02 bond request information
- RT 971-03 retirement savings rollover/retirement savings rollover reversal information
- RT 971-04 grant/bond repayment - grant/bond repayment reversal information
- RT 971-05 DAP/DAP reversal information
- RT 971-06 LDAP/LDAP reversal information
- RT 971-07 education savings rollover/education savings rollover reversal information

Chapter 16. RDSP list of definitions

From: Employment and Social Development Canada

Disclaimer: RDSP issuers

The information contained in this chapter is technical in nature. The target audience are issuers of the:

- Registered Disability Savings Plan (RDSP)
- Canada Disability Savings Grant (CDSG)
- Canada Disability Savings Bond (CDSB)

For general information, visit the RDSP page.

In this chapter

- Introduction
- 16.1 List of definitions

Introduction

A number of acronyms and definitions are specific to Employment and Social Development Canada (ESDC). This also applies to the administration of Registered Disability Savings Plans (RDSPs). These acronyms and definitions also relate to applications for the Canada Disability Savings Grant (CDSG) and the Canada Disability Savings Bond (CDSB). Finally, they apply to the payments of these incentives.

This alphabetized list of acronyms and definitions will help readers quickly identify the meaning of the terms used in this guide.

16.1 List of definitions

The following terms are used throughout this user guide.

Accumulated income payment (AIP)

A payment made to a subscriber from the income earned from contribution and education savings incentives paid into a Registered Education Savings Plan (RESP).

Agent

An agent provides administrative services on the issuer's behalf.

Assistance holdback amount (AHA)

The AHA is the total amount of CDSG and CDSB paid into an RDSP within the 10-year period before the particular time. This amount is less any amount of CDSG or CDSB that has been repaid to ESDC in that 10-year period. For a Specified Disability Savings Plan (SDSP), the AHA is nil.

Beneficiary

An individual who meets RDSP eligibility requirements that are named by the holder of an RDSP.

Business day

A day on which issuers are generally open for business in the province in which the issuer's head office is located.

Business number (BN)

A 15-character alphanumeric code, assigned by the Canada Revenue Agency (CRA), that identifies the RDSP issuer or agent authorized to submit transactions to the Canada Disability Savings Program (CDSP) system. It can also be the number assigned to the organization caring for a child and receiving an allowance under the *Children's Special Allowances Act* (CSAA).

Canada Child Benefit (CCB)

A tax-free monthly payment made to eligible families to help them with the cost of raising children under 18 years of age.

Canada Disability Savings Act (CDSA)

An Act to encourage savings for persons with disabilities. The legislation is the enabling legislation for the CDSG and the CDSB.

Canada Disability Savings Bond (CDSB)

The CDSB, commonly referred to as "bond" is money the Government of Canada deposits into the RDSP of qualified low-income and modest-income Canadians. The CDSB is paid into the RDSP until December 31 of the year in which the beneficiary turns 49 years of age.

Canada Disability Savings Grant (CDSG)

The CDSG, commonly referred to as "grant" is a matching grant the Government of Canada will deposit into a qualifying beneficiary's RDSP, up to 300%, depending on the amount contributed and the beneficiary's family income. The CDSG is paid into the RDSP, on contributions made on or before December 31 of the year in which the beneficiary turns 49 years of age.

*Canada Disability Savings Regulations (*Regulations*)*

The Regulations set out the requirements, terms and conditions for the payment, and administration of the CSDG and the CDSB.

Canada Education Savings Program (CESP)

ESDC is responsible for the administration and delivery of the CDSG and the CDSB. Within ESDC, the CESP provides the delivery mechanism and necessary system supports for the effective administration of the CDSG and the CDSB.

Carry forward

The carry forward provision of CDSG and CDSB entitlements refers to the accumulation and payment of unused CDSG and CDSB entitlements from the past 10 years (starting in 2008).

Canada Disability Savings Program (CDSP) system

An ESDC electronic application that supports the delivery of the CDSG and CDSB. It enables the exchange of electronic information between the CDSP system and partners:

- financial organizations
- CRA
- ESDC
- Social insurance registry (SIR)
- Office for Disability issues (ODI)

Child-in-care

A child under the care of a federal or provincial department or an agency approved by a province to have the custody or care of the child that receives payments under the CSAA.

Children's Special Allowance Act (CSAA)

CSAA authorizes a tax-free monthly payment for a child who is under the age of 18, who physically resides in Canada and who is under the care of a federal or provincial department, or an agency approved by a province to have the custody or care of the child.

Contributions

An amount paid into the plan by the holder, or by any entity with the holder's written permission.

Designated provincial program

Program established under the laws of a province.

Disability assistance payment (DAP)

A payment made from the RDSP to the beneficiary or to the beneficiary's estate. When a DAP is made, the AHA and proportional repayment rules apply.

Disability Tax Credit (DTC)

A non-refundable tax credit available to individuals with one or more severe and prolonged physical or mental impairments in a given year. These impairments must be certified by a medical practitioner and approved by the CRA under section 118.3 of the *Income Tax Act* (ITA).

Disability Tax Credit (DTC) eligible individual

An individual eligible for the DTC in respect of a taxation year.

Education savings rollover

An RESP subscriber and an RDSP holder may choose to transfer an accumulated income payment under the RESP to the RDSP if, at the time of the election, certain conditions are met.

Eligible proceeds

Funds that are eligible to be transferred to an RDSP:

- Registered Retirement Savings Plan (RRSP)
- Registered Retirement Income Fund (RRIF)
- Registered Pension Plan (RPP)
- Pooled Registered Pension Plan (PRPP)
- Specified Pension Plan (SPP)
- RESP investment income

Error reports

The CDSP system-generated reports, identifying the field(s) in error, sent to the issuer when information submitted to the CDSP system is missing or improperly formatted.

Fair market value (FMV)

The value of the funds in the RDSP at a given time.

Family income

Family income is used to determine the amount of CDSG and CDSB entitlements. From birth to December 31 of the year a beneficiary turns 18, a beneficiary's family income is based on the income information used to determine the CCB (line 236 of the income tax and benefit return) for that beneficiary. Beginning in the calendar year, the beneficiary turns 19, the beneficiary's family income is based on his or her income plus his or her spouse's income.

Financially dependent child or grandchild

In relation to a retirement savings rollover, the RDSP beneficiary was financially dependent (as a result of a mental or physical infirmity) upon the parent or grandparent at the time of the parent or grandparent's death.

Financial organization

Used generally to refer to the entity that is offering the RDSP product directly to clients.

Guardian

An individual, department, agency, or institution that has the legal right to make decisions affecting a child's interests and has the responsibility of taking care of the child (as defined by provincial law).

Holder

An entity that enters into an RDSP contract with an issuer and names a beneficiary as the sole beneficiary of the plan.

Income Tax Act (ITA) 146.4

The legislation that governs RDSPs. The CRA is responsible for interpreting and administering the provisions under the ITA.

Interface transaction standards (ITS)

The ITS outlines the data elements and the format that an issuer must use when submitting electronic information to the Government of Canada.

Issuer

A corporation that is licensed or otherwise authorized under the laws of Canada or a province to carry on in Canada the business of offering to the public its services as trustee and with which the specified minister has entered into an agreement that applies to the arrangements for the purposes of the CDSA.

Issuer agreement

An agreement between the Minister of Employment and Social Development and an issuer that sets out the terms and conditions with respect to the administration of the RDSP, the CDSG and the CDSB.

Lifetime disability assistance payments (LDAP)

Payments made from the RDSP to the beneficiary that, once they begin, they are payable at least annually until or the plan is terminated or the beneficiary dies, whichever occurs first.

Linked social insurance number (SIN)

When a beneficiary receives a new SIN to replace a previous SIN, the old SIN is linked to a new SIN.

Managed secure file transfer (MSFT) system

An Entrust®-enabled software recognized by ESDC as a secure method of data encryption.

Non-primarily government assisted plan (non-PGAP)

When, at the beginning of the calendar year, private contributions (including retirement savings and education savings rollovers) exceed the total amount of CDSG and CDSB held in the RDSP.

Office for Disability Issues (ODI)

Within ESDC, ODI provides program policy leadership in the design and oversight of selected programs focusing on issues faced by people with disabilities. ODI is the policy and program authority for the CDSG and the CDSB.

Personal Information Protection and Electronic Documents Act (PIPEDA)

Outlines the basic rules for the manner in which organizations can collect, use, and communicate personal information.

Pooled Registered Pension Plan (PRPP)

A defined contribution pension plan that is portable and accessible savings vehicle that will help Canadians meet their retirement objectives.

Primarily government assisted plan (PGAP)

When, at the beginning of the calendar year, the total amount of CDSG and CDSB held in the RDSP exceeds contributions (including retirement savings and education savings rollovers).

Primary caregiver (PCG)

The person that is eligible to receive the CCB for the child, as defined under the ITA. The PCG is primarily responsible for the care and upbringing of the child.

Privacy Act (PA)

The legislation that provides all individuals present in Canada access to federal information about themselves. It also specifies how the government can collect, use, disclose, and retain personal information. The Act provides the legal framework for protecting personal information, accessing personal information, data matching, and controlling the use of SINs.

Qualified dependent

A person who has not attained the age of majority. It is the child of a PCG or is under their care or the care of their spouse and resides with the PCG.

Qualifying family member (QFM)

A legal parent, spouse or common-law partner of an adult beneficiary may become the holder of an RDSP that is open for the first time for an adult beneficiary. This applies if the beneficiary's capacity to enter a contract is in doubt and no legal representative has been appointed.

Record type (RT)

A data record that is exchanged between the RDSP issuer's system and the CDSP system.

Registered Disability Savings Plan (RDSP)

The RDSP is a long-term savings plan intended to help Canadians with severe and prolonged disabilities save for the future.

Registered Education Savings Plan (RESP)

Registered plan that is intended to help to save for a beneficiary's postsecondary education.

Registered Pension Plan (RPP)

An arrangement by an employer or a union to provide pensions to retired employees in the form of periodic payments.

Registered Retirement Income Fund (RRIF)

An arrangement between a carrier and an annuitant under which payments are made to the annuitant of a minimum amount each year.

Registered Retirement Savings Plan (RRSP)

A contract or arrangement between an individual and a financial organization under which contributions are made for the purpose of providing the individual a retirement income commencing at maturity.

Repayment obligation

The amount of CDSG and CDSB paid into an RDSP that must be repaid to ESDC.

Reporting periods

The time period, extending from the first to the last day of the same month, over which RDSP transactions take place. The RDSP provider has 4 business days after the reporting period to send files for processing by the CDSP system. They cannot include any transactions which occurred after the last day of the reporting period.

Retirement savings rollover

An indirect tax-deferred transfer allows proceeds from a deceased individual's retirement savings plan to be transferred to the RDSP of their financially dependent child or grandchild. The eligible plans include:

- RRSP
- RRIF
- RPP
- PRPP
- SPP

Service provider

A service provider provides support services regarding RDSP as well as compiles and forwards electronic transactions to the CDSP system.

Shared custody

Parents that share the custody of a child may receive and share the CCB for that child throughout the year. Shared custody exists when a child lives with 2 different individuals, both considered the PCG. These PCGs, or shared-custody parents, must live in separate locations on an equal or near-equal basis. Each PCG must also be primarily responsible for the child's care and upbringing when living with the child.

Shortened life expectancy

When a medical doctor or nurse practitioner attested, in writing, that the beneficiary's state of health is such that the beneficiary has a life expectancy of 5 years or less.

Social insurance number (SIN)

A 9-digit number that is needed to work in Canada or to have access to government programs and benefits.

Specified Disability Savings Plan (SDSP)

An RDSP is designated as an SDSP when a medical doctor or nurse practitioner has attested, in writing, that the beneficiary's state of health is such that they are not likely to survive more than 5 years. The holder designates the plan as an SDSP and submits the election with the medical certification to the issuer. An SDSP permits the holder to request annual withdrawals without requiring the repayment of the AHA or the proportional repayment amount.

Specified Disability Savings Plan election

When the beneficiary has a shortened life expectancy, and the holder designates the RDSP as an SDSP.

Specified Pension Plan (SPP)

Prescribed provincial pension Plan.

Specified year

When a medical doctor or nurse practitioner has attested, in writing, that the beneficiary has a shortened life expectancy. A specified year begins when the issuer receives the medical certificate and continues for each of the 5 years following the date of the attestation is signed by a medical doctor or a nurse practitioner.

Specimen plan

A template of the contract that holders must sign with an issuer when they open an RDSP for a beneficiary. The CRA must approve the issuer specimen plan before an RDSP can be offered to the public.

The CRA assigns a unique specimen plan number to approved specimen plans.

Statement of entitlement

A statement showing the amount of CDSG entitlements available as well as the amount of contribution required in the current year to maximize the CDSG that could be paid into the RDSP.

Transaction identifier

A unique identifier assigned to each transaction by the RDSP issuer.

Transaction type (TT)

The 2-digit number following the RT, which further categorizes the transaction submitted to the CDSP system.

Unusable social insurance number (SIN)

SINs are verified monthly at SIR. As a result of this monthly SIN validation, certain SINs will be identified as "flagged" by SIR as "SIN is not useable."

Useable SIN

SINs may have a status of "SIN is useable." This is a result of SIR reactivating (unflagging) a SIN.

Appendix A. Understanding RDSP error codes

From: Employment and Social Development Canada

Disclaimer: RDSP issuers

The information contained in this appendix is technical in nature. The target audience are issuers of the:

- Registered Disability Savings Plan (RDSP)
- Canada Disability Savings Grant (CDSG)
- Canada Disability Savings Bond (CDSB)

For general information, visit the RDSP page.

In this chapter

- Introduction
- A.1. Error codes

Introduction

Employment and Social Development Canada (ESDC) is responsible for the administration of the:

- Canada Disability Savings Grant (CDSG) (grant)
- Canada Disability Savings Bond (CDSB) (bond)

The Canada Disability Savings Program (CDSP) system provides the delivery mechanism and necessary system supports for the effective administration of the grant and bond.

A.1 Error codes

This section explains error codes generated in response to transactions rejected by the CDSP system and provides guidance on how to resolve them.

For additional technical information, consult the Interface Transaction Standards (ITS).

A.1.1 What is an error code

An error code is a 4-digit code indicating why the CDSP system has rejected a transaction.

A.1.1.1 How to report error codes

The CDSP system reports rejected transactions in the monthly error report file (. err).

Each rejected transaction generates one or more corresponding record type (RT) 801 transactions (error file). These transactions reference the original transaction identifier along with the name of the field in error.

A.1.1.2 How does an error code differ from a refusal reason

If the CDSP system cannot process a Registered Disability Savings Plan (RDSP) transaction due to an error(s) in the transaction information, the CDSP system will reject the transaction. In these cases, a corresponding RT 801 transaction with an error code indicating why the CDSP system did not process the transaction is provided. The error(s) must be investigated, and the transaction resubmitted with the corrected information if applicable.

A refusal reason is generated for a processed transaction that is requesting an incentive but has been refused grant or bond for a particular reason. Refusal reasons are reported in the RT 901 transaction (the transaction processing file).

A.1.1.3 Using this section

This section includes the following information:

- error codes
- ITS description for each error code
- detailed explanation for each error code
- how to resolve or better understand what caused the error
- a referral to an appropriate point of contact for situations where further investigation may be required to resolve the issue

The points of contact referred to in this section are:

- Client Services: 1-866-204-0357
- Canada Revenue Agency (CRA), Registered Plans Directorate (RPD):
  - 1-800-267-3100 English
  - 1-800-267-5565 French

A.1.2 Error code explanation

Table 1: Error codes

Error codes	Record type	Explanation	Resolution
Duplicate issuer transaction number	**1**	All transactions submitted to the CDSP must contain a unique issuer transaction number for a single issuer. This is because identical issuer transaction numbers cannot exist in the CDSP system, such transactions cannot be processed.	Provide a unique transaction number that was not previously submitted.
Invalid RT/transaction type (TT)	**2**	The RT or the TT is invalid.	Review the transaction file and ensure the RT or TT match those defined in the ITS.
Issuer transaction number not provided	**3**	The issuer transaction number has not been provided.	Verify that a unique issuer transaction number is provided in all submitted records.

Table 1: Error codes

Error codes	Record type	Explanation	Resolution
Issuer business number (BN) is not 15 characters	**4**	The issuer BN included in a transaction record is not 15 characters long.	Ensure that all BNs within submitted transaction records contain 15 alpha-numeric characters.
Physical file name does not correspond to file name in header record	**8000**	As part of the formatting guidelines provided in the ITS, the combination of authorized agent BN, date sent, and file number must match in both the: physical file name and the file's header record (001). Contact the CDSP for any system problem relating to the structure of files or records.	Ensure that both the physical file name and the file name found in the file's header are identical. Refer to section 6.8 of the ITS for information on file naming standards.
Incorrect format of physical file name	**8001**	The submitted physical file name is incorrectly formatted.	Ensure that the physical file name is correctly formatted and contains 36 characters. Refer to section 6.8 of the ITS for

Table 1: Error codes

Error codes	Record type	Explanation	Resolution
			information on file naming standards.
Duplicate record with same file name found in the CDSP system	**8002**	A file with the same BN, transactions latest month, date sent, and file number already exists in the CDSP system.	Review the file name and ensure the combination of BN, transactions latest month, date sent, and file number is unique.
Header record not the first record in the file	**8003**	There is another character or transaction found before the header record (RT 001).	The header record must be the first record in each file. Delete all additional spaces or characters that may appear before the header record and resubmit.
No header record	**8004**	The file does not contain a header record (RT 001).	Ensure that the file begins with a header record.

Table 1: Error codes

Error codes	Record type	Explanation	Resolution
Too many header records in the file	**8005**	Multiple header records (RT 001) are present in a transaction file.	All files processed by the CDSP must contain a single header record. Ensure that only one header record beginning with 001 exists in the transaction file.
This BN is not authorized to send files or is not associated to a specimen plan	**8006**	The BN included in the header record is not authorized to send files to the CDSP or is not associated to a specimen plan.	Ensure that the BN in the header record is the correct BN for the financial organization authorized to send files to the CDSP. If the BN that was originally submitted was correct, contact Issuer Support for further assistance.
The data version in the header does not match the current version of the ITS	**8007**	The data version information included in the header record (RT 001) does not match data versions compatible with the current version of the ITS.	Ensure that the data version included in the header record matches the current version of the ITS.

Table 1: Error codes

Error codes	Record type	Explanation	Resolution
Record count does not match the number of records in the file	**8008**	The record count indicated in the trailer record (RT 999) does not match the number of records in the transaction file.	Ensure that the record count indicated in the trailer record matches the actual record count. Refer to section 12 of the ITS for information about trailer record formatting standards.
Too many trailer records in file	**8009**	Multiple trailer records (RT 999) are present in a transaction file.	Ensure that only one record beginning with 999 is present in the file.
No trailer records in file	**8010**	The issuer submitted a transaction file that does not contain trailer record (RT 999).	Ensure that a trailer record is present within the transaction file and that it is the last record in the file.
Trailer record not last in file	**8011**	The issuer submitted a file with a trailer record (RT 999) that is not the last record within the transaction file.	Ensure that the trailer record is the last in the record sequence of the transaction file and that

Table 1: Error codes

Error codes	Record type	Explanation	Resolution
		The trailer record must make up the last line within the transaction file.	there are no other records beginning with 999 in the file.
Program identifier must be CDSP	**8012**	The program identifier in the header record (RT 001) is not CDSP.	Ensure that the program identifier is CDSP in the transaction file's header record.
The transactions latest month must be on or before the current month	**8013**	The transaction's latest month is not on or before the current reporting period set by the CDSP.	Ensure that the transaction's latest month component of the physical file name is on or before the month following the current reporting period set by the CDSP. For example, the transaction's latest month cannot be in a future reporting period. Refer to section 6.8 of the ITS for more information about

Table 1: Error codes

Error codes	Record type	Explanation	Resolution
			physical file name formatting standards.
Invalid date	**8100**	A date in the transaction file does not conform to the YYYYMMDD format.	Review the file and ensure that the format YYYYMMDD is used for all dates.
Invalid value	**8101**	An invalid value was detected in a record submitted to the CDSP. Example, the gender value must be ‘1', ‘2', ‘3' or ‘4' (as per the ITS) but the record contains the value ‘5' at the character position assigned to the gender field.	Ensure that all data provided conforms to formatting guidelines stated in the ITS.
Is not identified in the CDSP system	**8102**	A field in a record cannot be matched with existing data in the CDSP system. This error code applies to most transaction records that require	Review the transaction and ensure that the data corresponds to data previously validated by the CDSP for the

Table 1: Error codes

Error codes	Record type	Explanation	Resolution
		matching with data associated to an existing RDSP contract. This error code may affect the following fields: • issuer's BN • specimen plan • social insurance number (SIN) information for holders and beneficiaries • contract number	concerned RDSP. If unsure about the data registered in the system, contact Issuer Support.
Data is missing from field	**8104**	Data is missing in a mandatory field.	Ensure that the mandatory fields were completed for each transaction and that the data complies with the formatting guidelines provided in the ITS for the transaction.

Table 1: Error codes

Error codes	Record type	Explanation	Resolution
Invalid SIN	**8105**	The SIN information submitted did not pass validation requirements.	Ensure that the SIN is corrected and matches the SIN provided by the client(s). In addition to the SIN itself, the following information associated with the submitted SIN must match the records held by the social insurance registry (SIR): • given name • surname • date of birth • gender Refer to the error report RT 801 for information on which SIN field has caused the error. If necessary, contact the client(s) to validate the information that

Table 1: Error codes

Error codes	Record type	Explanation	Resolution
			they provided. If the data originally submitted appears to be correct, refer the client(s) to the SIR so they can verify what information they hold.
Amount must be greater than $0	**8106**	A dollar amount is not greater than zero within the following TT: • contribution or grant request (RT 401-01) • retirement savings rollover (RT 401-08) • education savings rollover (RT 401-30)	Ensure that fields containing dollar amounts are greater than zero.

Table 1: Error codes

Error codes	Record type	Explanation	Resolution
Amount must be greater than or equal to $0	**8108**	A dollar amount is negative on the following TT: • correction of contribution or grant request (RT 401-02) • repayment of grant or bond (RT 401-10) • Disability Assistance Payment (DAP) (RT 401-20) • Lifetime Disability Assistance Payment (LDAP) (RT 401-21) • monthly reporting (RT 701-01), applies to fair market value (FMV) amount field only • transfer reporting (RT 701-02), applies to FMV Amount field only	Ensure that fields containing dollar amounts are equal to or greater than zero.

Table 1: Error codes

Error codes	Record type	Explanation	Resolution
Amount must be greater than or equal to $1	**8109**	The total LDAP amount on the LDAP TT (RT 401-21) is less than one dollar.	Ensure that the total LDAP amount field includes a value that is greater than or equal to one dollar.
Sum of reported amounts must be greater than $0	**8110**	The sum of all amounts reported on the repayment of grant or bond TT (RT 401-10) is not greater than zero. This sum may include: • grant repayment amount • bond repayment amount • grant termination adjustment amount • bond termination adjustment amount	Ensure that the sum is greater than zero.

Table 1: Error codes

Error codes	Record type	Explanation	Resolution
Grant must have been previously paid	**8111**	No grant was previously paid to a beneficiary. Also, a repayment of grant or a grant termination adjustment is being reported on the repayment of grant or bond TT (RT 401-10).	Repayment of grant and grant termination adjustment transactions can only be processed if they correspond to amounts of grant that were previously paid into an RDSP. Determine if grant was previously paid to the beneficiary. If not, no further action is required as there is no grant to repay or adjust. If grant does appear to have been previously paid, contact Issuer Support
Bond must have been previously paid	**8112**	A repayment of bond or a bond termination adjustment is being reported on a repayment of grant or bond transaction (RT 401-10).	Repayment of bond and bond termination adjustment transactions can only be processed if they correspond to

Table 1: Error codes

Error codes	Record type	Explanation	Resolution
		However, no bond was previously paid to the beneficiary.	amounts of bond that was previously paid into an RDSP. Determine if bond was previously paid for the concerned RDSP. If not, no further action is required as there is no bond to repay or adjust. If bond does appear to have been previously paid, contact Issuer Support.
Date must be on or after July 1, 2011	**8113**	The LDAP and DAP or retirement savings rollover date is before July 1, 2011. This code applies to the following TT: • retirement savings rollover (RT 401-08)	For the above transactions ensure the date reported is on or after July 1, 2011.

Table 1: Error codes

Error codes	Record type	Explanation	Resolution
		• DAP (RT 401-20) • LDAP (RT 401-21)	
Date must be on or after December 1, 2008	**8200**	The date on the following transactions must be on or after December 1, 2008: • RDSP contract registration (RT 101-01), applies to the contract signature date field only • contribution or grant request as well as bond payment request (RT 401-01 and 401-05), applies to the contribution date and bond request date fields • repayment of grant or bond as well as reverse repayment of grant or bond (RT 401-10 and RT 401-11),	Ensure that the date(s) are on or after December 1, 2008.

Table 1: Error codes

Error codes	Record type	Explanation	Resolution
		applies to the repayment date and reverse repayment date fields • DAP as well as LDAP (RT 401-20 and 401-21), applies to the DAP date and LDAP date fields • DAP reversal as well as LDAP reversal (RT 401-22 and 401-23), applies to the DAP reversal date and LDAP reversal date fields • monthly reporting and transfer reporting (RT 701-01 and 701-02), applies to the reporting date field	
Date is of a future reporting period	**8201**	The date reported in a transaction is for a future reporting period.	Ensure that date provided is on or before the current reporting period end date set by the CDSP.

Table 1: Error codes

Error codes	Record type	Explanation	Resolution
Date must be on or after beneficiary's date of birth	**8203**	The date information submitted in a transaction is before the beneficiary's date of birth.	Ensure that the dates provided on the applicable transaction are on or after the beneficiary's date of birth.
Date must be on or before December 31 of the year in which the beneficiary turns 49	**8204**	The bond request date field of a bond payment request (RT 401-05) includes a date that is after December 31 of the year in which the beneficiary turns 49 years of age. For example, if the beneficiary turns 49 on June 12, 2012, the date submitted must be on or prior to December 31, 2012.	Ensure that the bond request date provided is on or prior to December 31 of the year in which the beneficiary turns 49.
Date must be on or after contract signature date	**8206**	The transaction contains a date that is before the RDSP's contract signature date. Refer to the ITS for a complete list of applicable fields.	Ensure that the date provided is on or after the contract signature date. If clarification is needed regarding the contract signature date reported to the CDSP,

Table 1: Error codes

Error codes	Record type	Explanation	Resolution
			contact Issuer Support. If there is reason to believe, the submitted date does not precede the contract signature date, contact Issuer Support for assistance.
Date must be within issuer approval dates	**8207**	The date information submitted to the CDSP does not occur within the Issuer Agreement and Issuer Cessation dates. Refer to the ITS for a complete list of applicable fields. The CDSP cannot process transactions dated before the issuer's approval start date. This ensures the issuer was authorized to report at that time. In some cases, issuers have also been assigned a cessation date which	Ensure that transaction dates occur within the issuer agreement and cessation dates. Contact Issuer Support for further clarification on an issuer's authorized date range.

Table 1: Error codes

Error codes	Record type	Explanation	Resolution
		indicates when they are no longer authorized to submit transactions.	
Must be on or after the bond request date	**8208**	The stop request date of a stop bond request (RT 401-06) precedes the original bond request date.	A request to stop bond payments must occur after a bond request is successfully processed by the CDSP. Review prior RDSP bond activity dates. Ensure that the date included in stop request date field for the stop bond request transaction(s) (RT 401-06) is on or after the original bond request date.
Specimen plan must be valid	**8220**	A specimen plan identified in a record is not valid.	Ensure that the specimen plan data submitted matches the specimen plan identifier for that RDSP. If there are no errors in

Table 1: Error codes

Error codes	Record type	Explanation	Resolution
			the specimen plan identifier, contact Issuer Support.
Authorized agent not authorized to send data for the specimen plan	**8221**	The authorized agent is not authorized to send data for the indicated Specimen Plan.	Examine the header record for the transaction and ensure that the authorized agent number indicated is without errors and matches the relevant authorized agent. If the authorized agent number appears to be correct, contact Issuer Support to clarify the authorized agent's status.
Specimen plan must be associated with the issuer	**8222**	The specimen plan identifiers submitted to the CDSP are not associated with the issuer BN indicated in the transaction. Consult	Ensure that the specimen plan or BN submitted match the specimen plan identifier for that applicable RDSP. If both specimen plan and issuer BN

Table 1: Error codes

Error codes	Record type	Explanation	Resolution
		the ITS for the applicable transactions and fields.	data appear to be correct, contact Issuer Support.
Contracts must not already be a contract that is registered, closed, de-registered or nullified	**8230**	A contract registration transaction package (RT 101-01, RT 102-02 and RT 101-03) is submitted for a contract that already exists.	Ensure that the contract registration records refer to the correct contract number for the concerned RDSP. If the contract number/specimen plan combination appears to be correct and there is no knowledge of prior activity for the affected contract, contact Issuer Support.
The beneficiary must not already have a pending, registered or de-registered contract	**8231**	This error applies when a contract registration transaction package (RT 101-01, RT102-02, and RT 101-03) is submitted for a beneficiary. The beneficiary must already be associated	Only one RDSP contract can exist for each eligible beneficiary. Review the transaction and ensure that the contract registration transactions

Table 1: Error codes

Error codes	Record type	Explanation	Resolution
		with an existing RDSP that has a status of pending, registered, or de-registered. It also applies to an attempt to initiate a transfer of an existing RDSP. However, the transfer indicator is not set to "Y" (Yes) in the contract registration transaction package.	refer to the correct contract number for the concerned RDSP. If the intent were to initiate a transfer, ensure that the transfer indicator is set to "Y". If the contract-related data is correct, contact the holder to find out whether RDSP activity has occurred for the affected beneficiary with another financial organization. Any other existing contract must be closed to register a new contract.
The contract signature date cannot change once a contract status is pending	**8233**	A contract registration transaction package (RT 101-01, RT 101-02 and RT 101-03) has been received for a contract which currently has a status of "pending". Also, the contract signature	Ensure that the "contract signature date" field is correct. If the contract signature date has been changed intentionally due to a new contract being signed

Table 1: Error codes

Error codes	Record type	Explanation	Resolution
		date is different than the one indicated in the original contract registration transaction package.	by the holder(s), close the existing pending contract. Submit a new contract registration transaction package with a new contract number in the subsequent CDSP processing period.
The other contract must be associated with the beneficiary and other specimen plan and must be pending, registered, de-registered or closed	**8234**	The transfer indicator is set to "Y" on a contract information component of a contract registration transaction (RT 101-01) and one of the following is true: • the other contract is not associated with the beneficiary reported in this contract registration transaction package	Ensure the other contract and other specimen plan match each other and are associated to the beneficiary of the contract.

Table 1: Error codes

Error codes	Record type	Explanation	Resolution
		• the other contract is not associated with the other specimen plan • the other contract has a status other than pending, registered, de-registered or closed	
Contract is not currently associated with the specimen plan	**8235**	The contract number is not associated with the specimen plan identified within that record and is applicable to the following: • another transaction was submitted before a contract registration package for a beneficiary • the contract registration transaction was rejected due to errors	Ensure there are no errors in the specimen plan submitted to the CDSP. Check that the contract was not already submitted and the error report (RT 801) to determine whether it was rejected in error. If the specimen plan appears to be correct for that contract, contact Issuer Support.

Table 1: Error codes

Error codes	Record type	Explanation	Resolution
		• the contract and specimen plan reported on a transaction do not match Refer to the ITS for applicable transactions.	
Contract is not currently associated to the beneficiary	**8236**	The RDSP contract on a transaction is not associated to the beneficiary SIN reported on the same transaction. Refer to the ITS for applicable transactions.	Verify the contract number and beneficiary SIN data submitted to the CDSP. If there are no errors, contact Issuer Support.
Contract must be currently associated to the holder	**8237**	The holder information in the transaction does not match the holder information for that contract. This error applies to the update holder information (RT 201-03) and remove	Correct any mismatches for the contract number and holder SIN data and ensure that the contract number field was not blank in the original transaction record(s).

Table 1: Error codes

Error codes	Record type	Explanation	Resolution
		holder from contract (RT 201-23) transactions.	
Contract registration transaction is missing a component	**8238**	The contract registration transaction package does not include a contract component (RT 101-01), or a beneficiary component (RT 101-02) or a holder component (RT 101-03).	Ensure that the contract registration transaction package contains all 3 RTs and resubmit if required.
Duplicate contract registration in the same period	**8239**	Multiple contract information transactions (RT 101-01) indicating duplicate specimen plan and contract number data are received in the same processing period. Only one contract registration transaction for a contract and specimen plan can be submitted in a single processing period. If duplicate contract registration transactions are submitted in the same	Check the error report (RT 801) or the contract status report (RT 951) to determine the status of the processed transaction. Contact Issuer Support to investigate further or for assistance.

Table 1: Error codes

Error codes	Record type	Explanation	Resolution
		period, one will receive this error and the other will be processed. Note, if both contract registration transaction packages indicated identical beneficiary SIN data, error code 8240 would be generated.	
Only one contract registration request for the beneficiary in a given period is permitted	**8240**	2 contract registration transaction packages (RT 101-01, RT 101-02, and RT 101-03) that contain the same beneficiary SIN data are received during the same processing period. Since only one RDSP can exist for each eligible beneficiary, this creates a conflict. If duplicate contract registration transactions are submitted in the same period, one will receive	Check the error report (RT 801) or the contract status report (RT 951) to determine the status of the processed transaction. Ensure that the beneficiary does not have an RDSP with another financial organization.

Table 1: Error codes

Error codes	Record type	Explanation	Resolution
		this error and the other will be processed.	
Contract must currently have a status of registered	**8241**	One of the following transactions has been received for a contract that is not registered: • update beneficiary (RT 201-02) • update holder (RT 201-03) • add holder (RT 201-13) • remove holder (RT 201-23) • monthly reporting (RT 701-01)	If the contract status is pending submit a new contract registration transaction package (RT 101-01, RT 101-02, and RT 101-03) with updated information. To clarify the current status of the contract, contact Issuer Support.
Must be the same as reported on the original contribution	**8242**	The contribution date in the correction of contribution/grant request transaction (RT 401-02) does not match the original contribution date previously submitted. For example, a	Review any correction of contribution/grant request transactions and make

Table 1: Error codes

Error codes	Record type	Explanation	Resolution
		July 10, 2010, contribution date is indicated in the RT 401-02 transaction and the original contribution date reported on the contribution is July 1, 2010.	corrections to the correction date field as needed.
Grant requested may only change from "No" to "Yes"	**8243**	The grant requested field in the correction of contribution or grant request transaction (RT 401-02) is set to "N". This occurs when the original contribution had the grant requested field set to "Y".	Review the current RT 401-02 record and correct the grant requested field (transaction position 88) to "Y" so that it is consistent with the original contribution data. If the intention were to reverse (wholly or partially) a prior contribution and grant payment by changing the grant requested field to "N" in the correction transaction. Submit a RT 401-02 record with the new contribution information

Table 1: Error codes

Error codes	Record type	Explanation	Resolution
			along with a repayment transaction (RT 401-10) indicating the amount of grant to repay to the CDSP.
Must be on or after the original contribution date	**8244**	The date indicated in the correction date field of the correction of contribution or grant request transaction (RT 401-02) is prior to the date of the original contribution being corrected.	Corrections must be dated after the original contribution. Ensure that the date indicated in the correction date field of the correction of contribution or grant request transaction (RT 401-02) is on or after that of the original transaction. Contact Issuer Support for clarification of original transaction dates.

Table 1: Error codes

Error codes	Record type	Explanation	Resolution
Contract already exists in CDSP system	**8245**	The contract number being submitted via the RT 102-11 already exists for that specimen plan.	Can't have 2 contracts in the CDSP database associated to the same contract number/specimen plan combination. Ensure that a unique contract number is chosen when submitting an RT 102-11 transaction.
Contract must already be a contract that is registered, de-registered or pending	**8246**	The FI submits a close contract transaction (RT 102-10) for a contract that is not currently “registered”, “de-registered” or “pending”.	Verify if the close contract transaction was submitted in error or contact Issuer Support to clarify the status of the contract.
Contract must already be a contract that is	**8247**	A rename contract transaction (RT 102-11) has been received for a	Verify if the rename contract transaction was submitted in error or contact Issuer Support

Table 1: Error codes

Error codes	Record type	Explanation	Resolution
“registered”, “closed”, or “pending”.		contract that has a status other than registered, closed or pending.	to clarify the status of the contract.
Contract is already associated to the holder	**8248**	An add holder to contract transaction (RT 201-13) has been received for a contract to which the holder is already associated.	Verify that the SIN and name fields are for a new holder and are not already associated to the applicable contract.
Cannot remove the last holder on the contract	**8249**	A transaction includes a request to remove the only holder (RT 201-23) associated to an RDSP.	An RDSP must have at least one active holder. Verify that all holders that have requested to be associated to the RDSP have been reported to the CDSP. If a holder were not previously associated to the RDSP due to an error, they would need to be added before a request to

Table 1: Error codes

Error codes	Record type	Explanation	Resolution
			remove another holder can be processed.
The SIN or BN is not numerically valid	**8250**	A SIN reported for either a beneficiary, a holder, or the BN reported for an agency is not numerically valid.	Check the SIN against the RDSP application or validate the SIN with the applicable individual. Make the correction and then re-submit the transaction.
Beneficiary year of birth cannot be modified	**8251**	The beneficiary component of contract registration package (RT 101-02) or an update beneficiary transaction (RT 201-02) was received. The year of birth provided is different from the year originally submitted for the beneficiary.	Confirm the year of birth and correct the transaction if required. Note, that the original year of birth submitted would have been validated by the SIR. If the birth year already submitted is inaccurate, contact Issuer Support.

Table 1: Error codes

Error codes	Record type	Explanation	Resolution
Contract already associated to another beneficiary SIN	**8252**	The beneficiary component of a contract registration transaction package (RT 101-02) has been received. The SIN provided does not match the beneficiary SIN already associated with this contract.	Only one contract can exist per beneficiary. Verify the beneficiary SIN and correct the error(s) if needed. If there has been a change to the beneficiary's SIN, ensure that the new SIN is being reported.
There must not already be a contract awaiting transfer in the CDSP system for the beneficiary	**8253**	A contract registration transaction package (RT 101-01, 101-02 and 101-03) has been received with a "Y" in the transfer indicator field of the RT 101-01. A contract already exists with a status of registered, pending or de-registered and a transfer indicator of "Y" for the same beneficiary.	Only one transfer request can be processed at a time for a beneficiary. Enquire about other potential RDSP transfers with the applicable holder(s) or beneficiary. If a transfer is no longer required, advise the holder(s) to communicate with the other financial organization. This will allow a close contract transaction (RT 102-10) to be

Table 1: Error codes

Error codes	Record type	Explanation	Resolution
			submitted in lieu of the original transfer request.
Conflicting contract transactions pertaining to the same contract received in the period	**8254**	Multiple, conflicting contract transactions are submitted in the same period creating duplicate contract names: • 2 unique rename contract transactions (RT 102-11) in the same processing period and for the same contract present in the CDSP database • 2 unique rename contract transactions (RT 102-11) requesting to rename 2 separate contracts to the same new contract name	For the two scenarios involving conflicting rename contract transactions, ensure that the contract name being used in the transaction is accurate and make corrections if needed. If two rename contract transactions were submitted, resubmitting one will suffice to successfully complete the renaming. For the scenarios involving a close contract or rename contract transaction received during the same period as a contract registration transaction, verify whether the

Table 1: Error codes

Error codes	Record type	Explanation	Resolution
		• a contract registration transaction package (RT 101-01, 101-02 and101-03) and a close contract transaction (RT 102-10) for the same contract in the same period • a contract registration transaction package (RT 101-01, 101-02 and 101-03) and a rename contract transaction (102-11) for the same contract in the same period	close contract or rename contract transactions were submitted in error. If so, no further action is needed. If the intent was to close or rename the contract, resubmit the close contract or rename contract transactions for the following processing period.
Contract must not be nullified	**8255**	A transaction cannot be processed because the contract status is nullified.	Register a new contract or contact Issuer Support for assistance.
Contract is not associated to the specimen plan	**8256**	Transactions were received for a contract that is not associated to the RDSP's specimen plan.	Verify and confirm whether the specimen plan provided in the original transaction was accurate

Table 1: Error codes

Error codes	Record type	Explanation	Resolution
			and make corrections if needed. If there is reason to think that the specimen plan reported in the original transaction(s) was incorrect, contact Issuer Support.
The original transaction must not have been reversed	**8258**	The CDSP received a reversal transaction referring to a transaction that has already been reversed in a prior processing period.	Once a transaction is reversed, it is not possible to reverse it a second time. If the intention were to undo a prior reversal, submit a new transaction that matches the original transaction that was reversed.
There must not be more than one reversal for the same transaction within the	**8259**	More than one reversal transaction was received in the same processing period for the same transaction.	No action is required as one reversal will be processed and the other will receive this error.

Table 1: Error codes

Error codes	Record type	Explanation	Resolution
current processing period			
Contract must have a status of “closed” or “registered”	**8260**	A transfer reporting transaction (RT 701-02) has been received for a contract that does not currently have the status of either closed or registered. Transfer reporting transactions are sent by the relinquishing issuer involved in a transfer. For example, the financial organization that sends the funds to another organization so that the CDSP can have a record of assets being moved to another issuer. This type of transaction can only be processed for contracts that are registered but are awaiting closure pending on the new issuer completing a transfer request. It	The transfer reporting transaction is only applicable to plans that are either currently registered or are now closed but were at one point registered. Contact Issuer Support to clarify the current status of a contract.

Table 1: Error codes

Error codes	Record type	Explanation	Resolution
		can also be for contracts that are closed as a result of a successfully completed RDSP transfer.	
The other contract and specimen plan cannot change once a transfer has been successfully resolved	**8261**	The CDSP received a contract registration transaction package (RT 101-01, 101-02 and 101-03) and the following conditions exist: • the transfer indicator is set to "Y" • a transfer has been resolved (for example, the relinquishing contract has been closed after a transfer request was received and processed) for the same contract indicated in the contact registration package	It is not possible for relinquishing contract information to change once a transfer has been resolved. Determine whether the new contract registration transaction with a transfer indicator set to "Y" is needed or was sent in error. As the transfer has already been resolved, it is likely that no further action is necessary.

Table 1: Error codes

Error codes	Record type	Explanation	Resolution
		• other contract and other specimens plan information in the contract registration package is different than what was indicated in the previous transfer request that was resolved	
Specimen plan must be designated by the CRA to accept rollovers	**8262**	A rollover transaction has been received that includes a specimen plan identifier that has not been designated by the CRA as eligible to accept rollovers.	The issuer must update the specimen plan with the CRA RPD to accept rollovers. Once this is done, contact CDSP to undergo industry testing to allow submission of this transaction.
Must be within the date range the specimen plan is designated by the CRA to accept rollovers	**8263**	A rollover transaction has been received with a date that either precedes or exceeds the period for which the designated specimen plan is eligible to accept these requests.	Contact Issuer Support to clarify the parameters for this transaction.

Table 1: Error codes

Error codes	Record type	Explanation	Resolution
Must be greater than the last consent transaction date submitted	**8264**	An add consent transaction (RT 202-01) has been received with a consent date that is earlier than the date provided for a previous add consent transaction.	Ensure that add consent date provided is later than the date of the latest add consent activity for that beneficiary.
Must not exist as a holder on any contract of the reported beneficiary	**8265**	An add consent transaction (RT 202-01) has been received for a holder or BN that is already associated to an open or closed contract.	No further action is necessary.
Must already be recorded as a consent for the beneficiary	**8266**	A revoke consent transaction (RT 202-02) has been received that refers to a SIN or BN that does not match an existing consent for the beneficiary. In addition, this code can be generated if both a revoke consent and add consent transaction are submitted for	Review the contract to determine who should have consent status and adjust accordingly.

Table 1: Error codes

Error codes	Record type	Explanation	Resolution
		the same period and for the same beneficiary.	
Must not be an active holder on the current beneficiary contract	**8267**	A revoke consent transaction (RT 202-02) has been received with a SIN or BN for an active holder for which an add consent transaction (RT 202-01) has been previously submitted.	An active holder of a contract cannot have his previously submitted consent transaction revoked. To revoke consent status in such a scenario, submit a remove holder transaction (RT 201-23) for the current RDSP contract. This would only be possible for RDSPs with multiple holders, refer to error code 8249). Once the individual or Agency is no longer an active holder, submit a revoke consent transaction.

Table 1: Error codes

Error codes	Record type	Explanation	Resolution
Beneficiary consent cannot be revoked	**8268**	A revoke consent transaction (RT 202-02) has been received with the SIN that matches the contract's beneficiary.	Consent status cannot be revoked for beneficiaries of RDSPs. No further action is required.
Date is earlier than the original transaction date	**8300**	A reversal request, contribution correction or stop bond request is dated before the date of the original transaction. This applies to the following RT: • stop bond payment request (RT 401-06) • LDAP/DAP reversal (RT 401-22, 401-23) • reverse repayment of grant or bond (RT 401-11)	Ensure that the reversal/correction/stop bond is not dated earlier than the original transaction associated to this transaction.

Table 1: Error codes

Error codes	Record type	Explanation	Resolution
		• retirement savings rollover reversal (RT 401-09) • education savings rollover reversal (RT 401-31) • correction of contribution/grant request (RT 401-02)	
Error in original transaction, current transaction cannot be processed	**8301**	A reversal request, contribution correction or stop bond request has been received for a transaction that was rejected in error. This applies to the following TT: • stop bond payment request (RT 401-06) • LDAP/DAP reversal (RT 401-22, 401-23)	The original transaction would not have generated financial activity; therefore, reversals or corrections of these transactions cannot be processed. Verify the original transaction number and determine if action is required or contact Issuer Support to clarify.

Table 1: Error codes

Error codes	Record type	Explanation	Resolution
		• reverse repayment of grant or bond (RT 401-11) • retirement savings rollover reversal (RT 401-09) • education savings rollover reversal (RT 401-31) • correction of contribution/grant request (RT 401-02) • Specified Disability Savings Plan (SDSP) election reversal (RT 501-04)	
Unable to locate the original transaction	**8303**	The original transaction number contained in one of the following refers to a transaction not previously reported:	Verify the original issuer transaction number and ensure the original transaction was submitted and processed successfully.

Table 1: Error codes

Error codes	Record type	Explanation	Resolution
		• stop bond payment request (RT 401-06) • LDAP/DAP reversal (RT 401-22, RT 401-23) • reverse repayment of grant or bond (RT 401-11) • retirement savings rollover reversal (RT 401-09) • education savings rollover reversal (RT 401-31) • correction of contribution/grant request (RT 401-02) • SDSP election reversal (RT 501-04)	
Original transaction must have been	**8305**	The original transaction number on the stop bond payment request transaction	Replace the information provided in the original

Table 1: Error codes

Error codes	Record type	Explanation	Resolution
designated as the active request		(RT 401-06) refers to an inactive bond payment request.	transaction number field with the transaction number of the current active bond payment request. The active bond payment request will be the latest request for which the bond was paid.
Another stop bond payment has already been requested for the original transaction	**8306**	A stop bond payment request transaction (RT 401-06) has already been successfully processed by the CDSP for the original bond request indicated.	If the intention is to stop the original bond payment request, no further action is needed as the original request was processed. If the intention is to reactivate a bond payment request. For example, by stopping the previous stop bond payment request), submit a new

Table 1: Error codes

Error codes	Record type	Explanation	Resolution
			bond payment request (RT 401-05).
A more recent correction transaction is already associated to the contribution	**8307**	A correction of contribution/grant request transaction (RT 401-02) has been received with a correction date that is before the correction date of another contribution correction transaction already processed for that transaction.	Corrections to RDSP contributions must be applied in chronological order. Ensure the correction date provided reflects the date that the correction was requested and resubmit the transaction if required.
Original transaction and its reversal were found in the same processing period	**8308**	An original transaction and its corresponding reversal transaction have been received in the same processing period.	Verify the intent of the submission and resubmit if required.

Table 1: Error codes

Error codes	Record type	Explanation	Resolution
Must be on or after January 1, 2014	**8312**	An education savings rollover (RT 401-30) has been received with a date prior to January 1, 2014.	Ensure the date reported in the education savings rollover is on or after January 1, 2014.

Appendix B. Understanding RDSP refusal reasons

From: Employment and Social Development Canada

Disclaimer: RDSP issuers

The information contained in this appendix is technical in nature. The target audience are issuers of the:

- Registered Disability Savings Plan (RDSP)
- Canada Disability Savings Grant (CDSG)
- Canada Disability Savings Bond (CDSB)

For general information, visit the RDSP page.

In this chapter

- Introduction
- B.1.Refusal reasons

Introduction

Employment and Social Development Canada (ESDC) is responsible for the administration of the:

- Canada Disability Savings Grant, also known as the grant
- Canada Disability Savings Bond, also known as the bond

The Canada Disability Savings Program (CDSP) system provides the delivery mechanism and necessary system supports for the effective administration of the grant and bond.

This section explains the Refusal Reasons received in response to financial requests for the grant or bond when the CDSP system processes a financial transaction but does not award full benefits. The section also describes means to resolve/reprocess transactions that have been allocated a refusal reason by the CDSP system.

For additional technical information, consult the Interface Transaction Standards (ITS).

B.1 Refusal reasons

This section provides information to assist in understanding refusal reasons. For additional technical information, consult the ITS.

B.1.1 What is a refusal reason

Refusal reasons indicate why transactions requesting grants or bonds, which met all formatting rules and were processed by the system, did not receive a full grant or bond payment.

B.1.1.1 How are refusal reasons reported to financial institutions

The CDSP system reports refusal reasons in the 66-67 position of the 901-record type (RT) provided at the end of each reporting period. This is applicable to the:

- grant request submitted through an RT 401-01
- bond request submitted through an RT 401-05

B.1.1.2 Refusal reasons differ from error codes

If the CDSP system cannot process a Registered Disability Savings Plan (RDSP) transaction sent by a financial institution, due to an error in the transaction information, the transaction is rejected. In these cases, an RT 801 transaction with an error code indicating why the transaction was not processed is provided. This information is available in the error file report, which references the original

transaction identifier along with the name of the field in error. These error codes should be investigated and new transactions with the corrected information resubmitted.

Transactions successfully processed by the CDSP system will not generate error codes. If a transaction is processed but the full amount of grant or bond is not paid, a refusal reason will be generated and reflected in the RT 901.

B.1.1.3 Using this section

B.1.2 Refusal reasons explanation

Table 1: Refusal reasons

Refusal reason	RT	Explanation	Resolution
Maximum current entitlement of grant/bond paid	**01**	All the beneficiary's grant/bond entitlement, including any carry-forward entitlement, has been paid out for the calendar year in which the contribution or bond request was made. This refusal reason is also generated when a bond request is processed with zero bond payment because the income level of the beneficiary/primary caregiver (PCG) exceeds the maximum.	Generally, no action is required. If the grant or bond paid does not match the expected amount, investigate, and contact issuer support for more information if required.

Lifetime contribution limit exceeded	**02**	The total number of contributions (including rollovers) for a beneficiary has exceeded the $200,000 contribution limit. Any subsequent contributions made after this limit is reached are refused the grant.	Investigate what caused the total contribution amount to exceed $200,000 and determine if any contributions were reported incorrectly. If there is a discrepancy in the contribution amount(s), submit a contribution correction with the correct amount. If a discrepancy exists in the beneficiary's lifetime contribution amount, contact issuer support for more information.
Lifetime limit exceeded	**03**	The beneficiary has received the maximum lifetime grant of $70,000 or for the bond, $20,000.	No action is required.
Age of beneficiary	**04**	The transaction date of the contribution is later than December 31st of the year in which the beneficiary turned 49.	No further action is required as grants will not be paid after the end of the year in which the beneficiary turned 49.

Specimen plan not valid	**05**	The specimen plan reported on the bond request no longer has a valid status in the CDSP system. To be valid, a specimen plan must have a status of “registered,” “under review,” “ceased” or “revoked.” This refusal reason only occurs during the annual resubmission of an active bond request.	Contact issuer support to verify the status of the specimen plan reported on the bond request.
No grant requested	**06**	Grant was not requested on a contribution as the grant requested flag was set to “No.”	Confirm that grant was to be requested for the contribution and if yes, submit a contribution correction transaction for the same amount as the original contribution, and ensure the flag is set to “Yes.”

Social insurance number (SIN) not usable	**08**	The SIN reported on the contribution requesting grant or bond has been flagged as “not usable” by the social insurance registry (SIR).	A SIN can be flagged for a number of reasons, and if the contract holder has questions about the reason, they should contact SIR. If the beneficiary’s SIN is unusable because they have a new SIN, resubmit the bond request or submit a contribution correction using the new SIN.
Invalid beneficiary SIN	**10**	The SIN used on the annual resubmission of a bond request is no longer valid as it has been linked to a new SIN.	Contact the contract holder to validate the SIN and if required obtain the beneficiary’s new SIN and resubmit a bond request using the updated SIN if applicable.
Contract not registered	**19**	A grant or bond request has been submitted for a contract that does not have a status of registered.	Use the contract status report to determine why the contract is not registered and resubmit the contract registration package if applicable. If it is not clear why the contract was not registered, contact issuer support.

Last bond payment under this application, new 18 or over, bond request required	**21**	This is a warning message to submit a new bond application request because the beneficiary is in his or her 18th year. If no, 18 or over application is submitted bond will no longer be paid.	Request that the holder complete a new 18 or over bond application and resubmit the request.
Bond request is not/no longer designated to attract bond for the beneficiary	**22**	The original bond request submitted is no longer active.	Notify the holder and ask if they would like to continue receiving bond. If yes, submit a new bond request to reactivate the bond.
Contract status conditions for adjustment of payment not met	**24**	A correction has been submitted on a contract that has a status of closed or deregistered.	Determine if the contract has the correct status and takes corrective action. Contact issuer support if required.

Bond resubmission date is not within issuer approval dates	**26**	The annual resubmission of an active bond request occurred after the cessation date of the specimen plan.	Verify the specimen plan eligibility with CDSP issuer support and then resubmit the bond request with a date which is within the specimen plans approved period. No action is required as the contract is closed or transferred when the specimen plan is no longer approved.
Beneficiary is a non-resident	**29**	The beneficiary is not a Canadian resident as of the day the transaction occurred.	Refer the holder to the CRA to confirm the beneficiary's residency status as of the transaction date.
Beneficiary Disability Tax Credit (DTC) eligibility not confirmed	**30**	DTC eligibility has not been confirmed by CRA for the beneficiary in the year in which the transaction occurred.	Refer the holder to the CRA to confirm DTC.
Other	**99**	Used only in special cases.	Information provided as these cases occur.

List of acronyms

Acronym	Definition
AHA	Assistance holdback amount
AIP	Accumulated Income Payment
BN	Business number
BPD	Benefit Programs Directorate
CCB	Canada Child Benefit
CDB	Child Disability Benefit
CDSA	*Canada Disability Savings Act*
CDSB	Canada Disability Savings Bond
CDSG	Canada Disability Savings Grant
CDSP	Canada Disability Savings Program
CESG	Canada Education Saving Grant
CESP	Canada Education Savings Program
CRA	Canada Revenue Agency
CSAA	*Children's Special Allowances Act*
DAP	Disability Assistance Payments
DOB	Date of birth
DSP	Disability Savings Plan
DTC	Disability Tax Credit
ESDC	Employment and Social Development Canada
FCAC	Financial Consumer Agency of Canada
FMV	Fair market value
ITA	*Income Tax Act*
ITS	Interface Transaction Standards
LDAP	Lifetime Disability Assistance Payments
MSFT	Managed secure file transfer
Non-PGAP	Non-primarily government assisted plan
ODI	Office for Disability Issues

PA	*Privacy Act*
PCG	Primary caregiver
PGAP	Primarily Government Assisted Plan
PIB	Personal Information Bank
PIPEDA	*Personal Information Protection and Electronic Documents Act*
PRPP	Pooled Registered Pension Plan
PSE	Post secondary education
QFM	Qualifying family member
RDSP	Registered Disability Savings Plan
RESP	Registered Education Savings Plan
RPD	Registered Plans Directorate
RPP	Registered Pension Plan
RRIF	Registered Retirement Income Fund
RRSP	Registered Retirement Savings Plan
RT	Record type
SDSP	Specified Disability Savings Plan
SIN	Social insurance number
SIR	Social Insurance Registration
SPP	Specified Pension Plan
TT	Transaction type

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