

19. Plan closure

There is no set timeline for how long a Registered Disability Savings Plan (RDSP) can remain open; however, different events or reasons may lead to the closure of an RDSP. Issuers should follow the steps identified below for each closure reason:



Before closing a plan, it should first be confirmed as “registered” by the Canada Revenue Agency (CRA).



Reason “01” Death of the beneficiary

- Issue a disability assistance payment (DAP) to the beneficiary’s estate
- Repay any assistance holdback amount (AHA) to the Government of Canada
- Submit a Close contract transaction (102-10) with closure reason “01” to the Canada Disability Saving Program (CDSP) system

The RDSP must be closed no later than the end of the calendar year following the year of the beneficiary’s death

Reason “02” Loss of the Disability Tax Credit (DTC)

Budget 2019 (March 19, 2019) announced that effective immediately, issuers are **no longer required** to close an RDSP when a beneficiary becomes DTC-ineligible. However, the loss of DTC eligibility remains an acceptable reason to close a plan, should the holder request the closure. For a plan closure, the date of being no longer DTC eligible will serve as an indicator for the repayment period.

If the holder requests to close the RDSP:

- Issue a DAP to the beneficiary
- Repay any AHA to the Government of Canada
- Submit a 102-10 transaction with closure reason “02” to the CDSP system



Reason “03” Transfer

Relinquishing issuer:

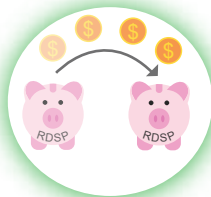
- Ensures that all pending transactions and errors have been resolved
- Stops all automated payments
- Sends all funds to the receiving issuer
- Submits a 102-10 transaction with closure reason “03” to the CDSP system

Receiving issuer:

- Submits the contract registration package with the transfer indicator set to “Yes”
- Consults the Transfer information extract file (RT 971) to confirm amount received and contacts the relinquishing issuer if any discrepancies

Receiving and relinquishing issuer:

- Consult the monthly Contract status file (RT 951) to confirm the registration status of the plan and the transfer status



Reason “04” Plan de-registered (non-compliant)

- Issue a DAP to the beneficiary
- Repay any AHA to the Government of Canada
- Submit a 102-10 transaction with closure reason “04” to the CDSP system



Reason “05” Other

A holder can only request a voluntary closure when the RDSP meets one of the following conditions:

- 1 There is no property left in the RDSP
- 2 There is only the AHA left
- 3 The holder requests a withdrawal of all remaining funds that is within the applicable payment rules and limits

- Ensure that one of the three conditions has been met
- Issue a DAP to the beneficiary
- Repay any AHA to the Government of Canada
- Submit a 102-10 transaction with closure reason “05” to the CDSP system



Opening a new plan at a later date will not reinstate any repaid entitlements as they are linked to the beneficiary’s Social Insurance Number.