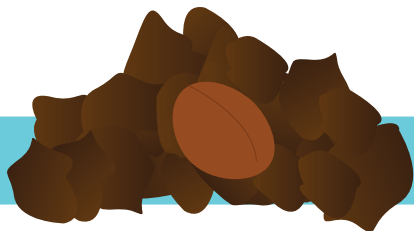




3. Life cycle of a Registered Disability Savings Plan (RDSP)

The life cycle of an RDSP can be broken down into three phases:



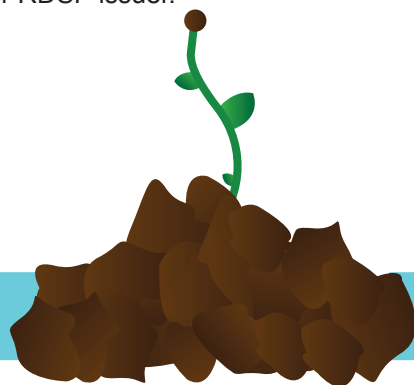
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Setting it up

- The holder selects an RDSP issuer and opens a plan in respect of a beneficiary.
- The issuer gathers information on the beneficiary, the holder and the primary caregiver, and assesses eligibility criteria.
- The holder signs a contract with the issuer and chooses how to invest their funds.
- The holder, with the issuer, completes the application form to request the Canada Disability Savings Grant (CDSG) and the Canada Disability Savings Bond (CDSB).
- The issuer submits the contract information to Employment and Social Development Canada (ESDC) who then forwards it to the Canada Revenue Agency (CRA).
- The CRA confirms plan registration once the RDSP eligibility criteria have been met.

Making it grow

- The holder may contribute to the RDSP of an eligible beneficiary.
- The holder may rollover an eligible amount into the RDSP.
- The issuer submits RDSP transactions to the Canada Disability Savings Program (CDSP) system.
- The RDSP may receive the CDSG and the CDSB.
- The RDSP may receive a provincial payment from a designated provincial program or a similar program.
- Contributions, rollovers, the CDSG, the CDSB and provincial payments may generate earnings.
- The holder may make a Disability Tax Credit (DTC) election to keep the plan open for up to five years after a loss of DTC eligibility.
- ESDC sends an annual statement of grant entitlement to holders.
- The holder may request a transfer to another RDSP issuer.



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Taking out the funds

- The holder may request a disability assistance payment (DAP) or a lifetime disability assistance payment (LDAP).
- The issuer submits the repayment of any assistance holdback amount (AHA) or any proportional amount to ESDC.
- The issuer reports the taxable portion of a DAP and LDAP on a T4A slip.

Closing an RDSP

- Any AHA is repaid to the Government of Canada.
- The remaining funds in the plan (contributions, earnings and any CDSG and CDSB that have been in the plan for more than 10 years) are paid out to the beneficiary or the beneficiary's estate.
- The issuer submits a plan closure transaction to ESDC.