Registered Disability Savings Plan (RDSP)
InfoCapsules

January 1, 2020

Ce document est disponible en français

Table of content

InfoCapsules are one page quick reference, cheat sheet type documents that illustrate the basic concepts of RDSPs and education savings incentives administered by Employment and Social Development Canada (ESDC).

Disclaimer

The following legislation takes precedence over information contained in the InfoCapsules in the event of discrepancies:

- *Income Tax Act;*
- *Canada Disability Savings Regulations;*
- *Canada Disability Savings Act;*
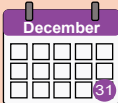
1. Overview of a Registered Disability Savings Plan (RDSP)

RDSP were introduced in 2008 and are long-term savings plans intended to help Canadians with severe and prolonged disabilities and their families save for the future. To help savings grow, the Government of Canada will deposit the Canada Disability Savings Grant (CDSG) and the Canada Disability Savings Bond (CDSB) into the RDSP of eligible beneficiaries.

Only one RDSP per beneficiary

! All funds in the plan are intended to be used solely for the beneficiary

	Opening an RDSP	**Contributions**	**CDSG**	**CDSB**
Residency criteria	Beneficiary	Beneficiary	Beneficiary	Beneficiary
Valid Social Insurance Number (SIN) required	✓	✓	✓	✓
The beneficiary must be eligible for the Disability Tax Credit (DTC)	✓	✓	✓	✓
Last day of eligibility	December 31 — 59 Beneficiary	December 31 — 59 Beneficiary	December 31 — 49 Beneficiary	December 31 — 49 Beneficiary
Based on the family income	🚫	🚫	✓	✓
Based on contributions	🚫	🚫	✓	🚫
Amounts paid	🚫	🚫	If the family income is < $97,069*: a 300% matching rate is paid on the first $500 or less of annual contributions made to the RDSP; and a 200% matching rate is paid on the next $1,000. If the family income is > $97,069* or if no income information is available: a 100% matching rate is paid on the first $1,000 or less of annual contributions made to the RDSP.	If the family income is < $31,711*: $1,000. If the family income is > $31,711* but < $48,535*: the *Canada Disability Savings Act* formula result.
Maximum lifetime limit	🚫	$200,000	$70,000	$20,000

* The family income threshold for 2020 (the Canada Revenue Agency (CRA) indexes this threshold annually)

Employment and
Social Development Canada

Emploi et
Développement social Canada

InfoCapsules
Registered Disability Savings Plan

2. Administrative responsibilities - Who does what

A joint effort between each following organization is necessary to administer Registered Disability Savings Plans (RDSP); the lists below are in alphabetical order, and reflect each organization's responsibilities, based on governing legislation.

CRA
Canada Revenue Agency

Administers RDSP rules under section 146.4 and Part XI.01 of the *Income Tax Act* (ITA).

Registered Plans Directorate (RPD)

✔ compliance reviews
✔ contribution, rollover and transfer rules
✔ Disability Tax Credit (DTC) election
✔ payment rules for the disability assistance payment (DAP) and the lifetime disability assistance payment (LDAP)
✔ plan registration and closure rules
✔ program policy development and amendment proposals
✔ RDSP eligibility criteria for holders and beneficiaries
✔ qualified investments for an RDSP
✔ Specified Disability Savings Plan (SDSP) election
✔ specimen plan conditions

☎ 1-800-267-3100

Benefit Program Directorate (BPD)

✔ DTC eligibility
✔ family income levels
✔ residency

ESDC
Employment and Social Development Canada

Administers the Canada Disability Savings Grant (CDSG) and the Canada Disability Savings Bond (CDSB) rules under the *Canada Disability Savings Act* (CDSA) and the *Canada Disability Savings Regulations* (Regulations).

Canada Education Savings Program (CESP)

✔ annual statement of grant entitlement
✔ assistance holdback amount (AHA) and repayment rules
✔ beneficiary eligibility for the CDSG and the CDSB
✔ carry forward rules and calculation for CDSG and CDSB entitlements
✔ compliance reviews, system testing and monitoring
✔ issuer and agent enrolment
✔ payment of the CDSG and CDSB
✔ processing of transactions
✔ provide historical data to receiving issuer after a successful transfer
✔ training and reference material

☎ 1-866-204-0357

Office for Disability Issues (ODI)

✔ interpretation of the CDSA and the Regulations; amendment proposals
✔ issuer agreement
✔ outreach strategies (promotional and communication activities)
✔ program policy and forms

Social Insurance Registration Office (SIR)

✔ validation of the beneficairy and holder Social Insurance Number (SIN) information

Financial organizations

Offer and administer RDSP. They are the first point of contact for Canadians regarding their plan.

Issuer

✔ administer contributions, rollovers and transfers
✔ certify accuracy of information
✔ complete the application form for the CDSG and the CDSB
✔ ensure system compliance with the Interface Transaction Standards (ITS)
✔ make payments from RDSP to eligible beneficiaries
✔ provide RDSP statement of accounts
✔ receive and deposit the CDSG and the CDSB into the RDSP
✔ sign the issuer agreement with ESDC
✔ submit electronic transactions to ESDC
✔ submit the specimen plan to the CRA for approval
✔ **ultimately responsible for the administration of the RDSP**
✔ verify the plan regsitration status

Agent

✔ sign an agreement with the issuer
✔ administer the RDSP on behalf of the issuer

Service provider

✔ sign an agreement with the issuer to provide support services

Employment and
Social Development Canada

Emploi et
Développement social Canada

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

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

1

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.
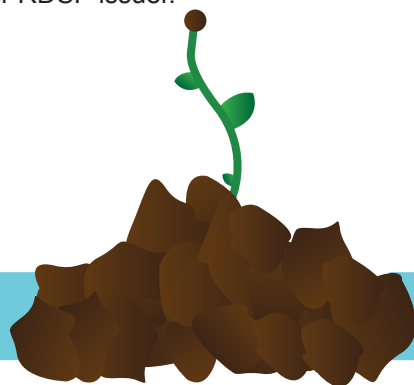
2

3

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.

Canada

Employment and
Social Development Canada

Emploi et
Développement social Canada

InfoCapsules
Registered Disability Savings Plan

4. Holder

The holder is the entity that opens the Registered Disability Savings Plan (RDSP), names a beneficiary and makes decisions concerning the plan. There must be at least one holder at all times.

Who can be the holder when opening a plan for a beneficiary who is:

minor

under the age of majority

Legal parent(s)

Legal representative

adult

contractually competent

Contract ✓ — Beneficiary

not contractually competent

Contract 🚫 — Legal representative

contractual competency is in doubt

Contract ? — QFM

Legal representative (including a guardian, a curator, an agency, an institution or public a department)

An individual or institution legally authorized to act on behalf of the beneficiary through the provincial or territorial laws in which the beneficiary resides.

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 opened **for the first time** for an adult beneficiary whose capacity to enter into a contract is in doubt, **and for whom no legal representative was appointed.**

This temporary measure is effective until December 31, 2023.

! Once a QFM is named as a holder, they can remain as the holder even if this measure expires or if the plan is transferred to another issuer.

Who can be the holder, once the beneficiary reaches the age of majority, for a plan that was initially opened when the beneficiary was a minor:

minor

adult

= if the beneficiary is contractually competent

Contract ✓ — Beneficiary

or

if the legal parent(s) was the plan holder before the beneficiary reached the age of majority, the legal parent may remain as sole holder(s) or become joint holder(s) with the beneficiary.

or

if the beneficiary is **not** contractually competent

Contract 🚫 — Legal representative

5. Primary caregiver (PCG)

The PCG is the person primarily responsible for the care and upbringing of a child. A PCG can be an individual or a public entity. Information on the PCG is required to request the Canada Disability Savings Grant (CDSG) and the Canada Disability Savings Bond (CDSB) for a beneficiary that is or was 18 years of age or under within the last ten years.

Individual PCG
The person eligible to receive the Canada child benefit (CCB) payment for the child as defined under the *Income Tax Act.*

Shared custody
When parents share custody of a child, the Canada Disability Savings Program (CDSP) system will use the available income level that is most advantageous for the beneficiary to determine the CDSG and CDSB entitlements.
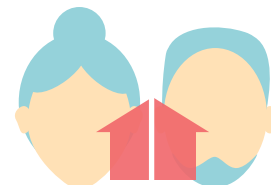
! To request the CDSG and CDSB, the individual PCG must provide their:

first name and last name
Social Insurance Number (SIN)
consent to the sharing of their personal information

Public PCG
A department, agency or institution that has care of the child and receives a payment under the allowance payable under the *Children's Special Allowances Act* (CSAA) for that child.

! To request the CDSG and CDSB, the public PCG must provide the:

agency name
name of agency representative
Business Number (BN)

The public PCG must also attest that they received a payment under the CSAA in respect of the beneficiary in at least one month of the calendar year. The agency is required to identify the calendar year(s) for which they received a payment.

Employment and Social Development Canada (ESDC) validates the PCG information with the Canada Revenue Agency (CRA) to

verify the beneficiary's:

✔ eligibility for the Disability Tax Credit (DTC)

✔ residency status

✔ family income level

The PCG information is required for **each** CDSG and CDSB request submitted until the end of the calendar year in which the beneficiary turns 18 years of age.

December

31

18

Beneficiary
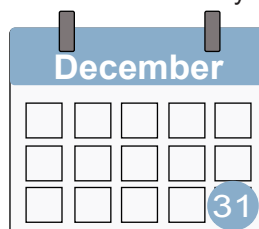
6. Application form for the CDSG and the CDSB

To request the Canada Disability Savings Grant (CDSG) and the Canada Disability Savings Bond (CDSB), the holder must complete and sign the application form and its annexes if applicable.

Application for CDSG and/or CDSB (ESDC EMP 5608E)

Section 1 — Information about the beneficiary

Provide the required information about the beneficiary of the Registered Disability Savings Plan (RDSP).

Section 2 — Information about the holder

Complete this section only if the holder is not the beneficiary of the RDSP.

Section 3 — Declaration of refusal

Complete this section only if the holder does not wish to receive the CDSG or the CDSB for the beneficiary.

Section 4 — Declaration and consent of the holder

The holder must read and sign this section for the application to be processed and to receive the CESG and CDSB payments.

Names must be entered exactly as they appear at the Social Insurance Register.

Section 5 — Declaration and consent of the beneficiary

- The beneficiary must sign this section of the form by December 31 of the year they turn 18 years of age. For an existing plan, the issuer may use this section to obtain the beneficiary's consent to use and share their personal information.

- When there is doubt about an adult beneficiary's contractual competency, a qualifying family member, legal representative or agency should sign this section on behalf of the beneficiary.

- Starting the year the beneficiary turns 19, their own family income is used to establish the CDSG and CDSB entitlements.

And if applicable, complete and sign the required annexes and attach them to the application form.

Annex A - Joint Holder (ESDC EMP 5609E)

- A separate Annex A must be completed for each additional holder of the RDSP not identified on the application form.

- For an existing plan, when the beneficiary reaches the age of majority, Annex A may also be used to add the beneficiary as a plan holder.

Annex B - Primary Caregiver (ESDC EMP 5610E)

- A primary caregiver is the person eligible to receive the Canada child benefit (CCB) payment for the child as defined under the *Income Tax Act*. A PCG can be an individual or a public entity.

- Complete this annex if the beneficiary was under the age of 18 at any time in the previous 10 years, and was eligible to receive the Disability Tax Credit (DTC) for any of those years; the beneficiary may be entitled to receive the CDSG and the CDSB from those previous years (carry forward).

- The personal information of the PCG is used to determine the family income level, as well as to validate the beneficiary's residency status and DTC eligibility.

- If there is more than one PCG, each will need to complete a separate Annex B.

! Electronic signatures are not accepted.
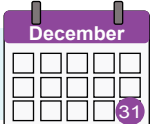
7 - Plan registration

When opening a Registered Disability Savings Plan (RDSP), issuers should first ensure that the holder and the beneficiary of the plan meet the eligibility requirements before submitting the contract registration request.

1 Eligibility

To open an RDSP, a beneficiary must:

be a resident in 🇨🇦 + be eligible for the Disability Tax Credit **DTC** + have a valid Social Insurance Number (SIN) ✓

+ be 59 years old or less on December 31 of the calendar year in which the RDSP is opened (unless the plan is opened as a result of a transfer)

December 31 / 59 / Beneficiary

2 Submission

For a plan to be registered by the Canada Revenue Agency (CRA), the following three transactions must be sent together as a registration package and each must be successfully processed by the Canada Disability Savings Program (CDSP) system:

Contract information — 101-01

Beneficiary information — 101-02

Holder information — 101-03

3 Validation

SIN

The CDSP system validates the SIN information of the beneficiary and the holder with the Social Insurance Register (SIR).

If the SIN information fails validation, the contract status will be set to "pending".

DTC / residency

Once the SIN information passed SIR validation, the CDSP system will validate the beneficiary's DTC eligibility and residency status with the CRA.

If the residency or DTC eligibility fails validation, the contract status will be set to "pending".

When the contract status is "**pending**", this means that the contract is **not** registered; therefore, no Canada Disability Saving Grant (CDSG) and Canada Disability Savings Bond (CDSB) will be paid.

4 Corrections (if applicable)

SIN

Issuers may need to take action in order to bring the contract status from "pending" to "registration confirmed" by consulting their Error file (RT 801) to identify which transaction(s) is in error, apply corrective measures and **resubmit all three transactions of the contract registration pakage**, at the same time, including the ones that were successfully processed.

DTC / residency

No action can be taken on the issuer's part other than relaying the information to the holder, and reffering them to the CRA.

! The monthly **Contract status file** (RT 951) sent by the CDSP system should be consulted to confirm the status of each contract, as well as any updates to the contract status.

8. Canada Disability Savings Bond (CDSB)

The CDSB is money paid by the Government of Canada into the Registered Disability Savings Plan (RDSP) of eligible beneficiaries with a low- or modest-income.

No contributions are required

Based on income

Eligibility criteria
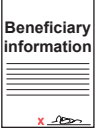
For the CDSB to be paid, the beneficiary must:

be a resident in 🇨🇦

be eligible for the Disability Tax Credit **DTC**

have a valid Social Insurance Number (SIN) ✔

CDSB is paid until **December 31** | **49** Beneficiary

Which income is used to determine CDSB entitlements:

Until the end of the calendar year **18**	Beginning the calendar year **19**	For a beneficiary in care, the **public PCG** must receive a payment under the *Children's Special Allowances Act* (for at least one month of the calendar year).
The individual primary caregiver's (PCG) family income.	The beneficiary's family income. ❗ Beneficiaries should file their income taxes as of age 17	

CDSB payments

2020 family income threshold	Annual limit	Annual limit with carry forward	Lifetime limit
Less than or equal to $31,711* (Or public PCG)	$1,000	$11,000	$20,000
Greater than $31,711* but less than or equal to $48,535*	Up to $1,000 based on a formula as identified in the *Canada Disability Savings Act (CDSA)*: $1,000 - [$1,000 x (A-B) / (C-B)] Where: A = Family Income B = $31,711 C = $48,535		
If the Canada Revenue Agency (CRA) does not have information on the income the CDSB will <u>not</u> be paid			

*Family income thresholds are indexed annually by the CRA.

9. Contributions and rollovers

Contributions

Amounts deposited into a Registered Disability Savings Plan (RDSP) by the plan holder(s), or by anyone with the written authorization of the holder(s).

Can attract the Canada Disability Savings Grant (CDSG)

Lifetime limit: $200,000

The contribution portion of a withdrawal is **not** taxable

Belong to the beneficiary or the beneficiary's estate once deposited into the RDSP

Not tax deductible

Rollovers

Moving funds from a qualified retirement or education savings product into an RDSP.

Conditions
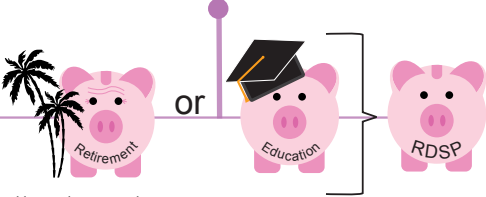
Do not attract grant

Count towards the $200,000 lifetime contribution limit

The rollover portion of a withdrawal **is** taxable

Count as a contribution when determining if an RDSP is a primarily government assisted plan (PGAP) or not

Issuers must use a rollover form that includes the Canada Revenue Agency (CRA) prescribed information

Applies to both

Beneficiary residency

Beneficiary Disability Tax Credit eligibility **DTC**

Allowed until

Not allowed if the beneficiary is deceased

Specific to education savings rollover

The relinquishing RESP must allow accumulated income payments and **one** of the following three conditions must be met:

1 The beneficiary has a severe and prolonged mental impairment that can reasonably be expected to prevent them from pursuing post-secondary education.

2 The RESP account has been in existence for at least 10 years and each RESP beneficiary is at least 21 years old and not eligible to receive an educational assistance payment.

3 The RESP has been in existence for more than 35 years (or 40 years in the case of a specified plan).

🚫 Education savings rollover is **not** permitted during a **DTC election** period and in a **Specified Disability Savings Plan (SDSP)**

The following proceeds can be rolled over into an RDSP:

The acumulated income (earnings) from a Registered Education Savings Plan (RESP)

CRA rollover form: RC435

Specific to retirement savings rollover

The following condition must be met:

1 The beneficiary must be considered as financially dependent of their parent or grandparent immediately before that person's death.

✅ Retirement savings rollover **is** permitted during a **DTC election** period and in an **SDSP**

Eligible proceeds can be rolled over into an RDSP from :

Registered Retirement Savings Plan (RRSP)
Registered Retirement Income Funds (RRIF)
Registered Pension Plan (RPP)
Pooled Registered Pension Plan (PRPP)
Specified Pension Plan (SPP)

CRA rollover form: RC4625

10. Canada Disability Savings Grant (CDSG)

The CDSG is a matching grant paid into a Registered Disability Savings Plan (RDSP) by the Government of Canada. Depending on the beneficiary's family income, the CDSG is paid based on the amount contributed to the plan.

Eligibility criteria

For the CDSG to be paid, the beneficiary must:

be a resident in 🇨🇦

be eligible for the Disability Tax Credit **DTC**

have a valid Social Insurance Number (SIN) ✓

Contributions must be made by December 31 / 49 Beneficiary
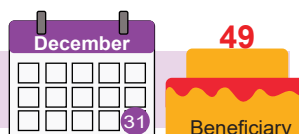
Which income is used to determine CDSG entitlements:

Until the end of the calendar year **18**	Begging the calendar year **19**	
The individual primary caregiver's (PCG) family income.	The beneficiary's family income. ❗ Beneficiaries should file their income taxes as of age 17	For a beneficiary in care, the **public PCG** must receive a payment under the *Children's Special Allowances Act* (for at least one month of the calendar year).

CDSG matching rates

2020 family income threshold	Matching rates	Annual limit	Annual limit with carry forward	Lifetime limit
Less than or equal to $97,069* Or public PCG	300% on the first $500 or less	$1,500	$10,500	$70,000
	200% on the next $1,000 or less	$2,000		
Greater than $97,069* Or no income information available at the Canada Revenue Agency (CRA)	100% on the first $1,000 or less	$1,000		

*Family income thresholds are indexed annually by the CRA.

Employment and
Social Development Canada

Emploi et
Développement social Canada

InfoCapsules
Registered Disability Savings Plan

11. Carry forward

Registered Disability Savings Plan (RDSP) holders can access unused Canada Disability Savings Grant (CDSG) and Canada Disability Savings Bond (CDSB) entitlements from the previous 10 years.

To access unused entitlements, the beneficiary must:

be a resident in Canada at the time an eligible contribution is made and for each year of entitlement

+

be Disability Tax Credit (DTC) eligible **DTC**

+

have a valid Social Insurance Number (SIN)

The CDSB and CDSG is paid until:

December 31 — **49** Beneficiary
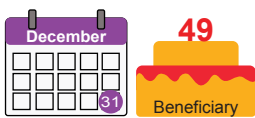
Limits:

CDSG
Annual limit of $10,500 with carry forward

- The matching rate for unused CDSG entitlements is the same as the one that would have applied if the contribution had been made in the year in which the CDSG entitlement is being carried forward.
- Amounts are paid based on the entitlements available, using the highest matching rate first, from the oldest year to the newest, followed by those at the lower rates.

Annual statement of grant entitlement
Sent annually by Employment and Social Development Canada (ESDC) to all RDSP holders to inform them of the amount of CDSG entitlements available for the beneficiary, as well as the amount of contributions required to maximize the amount of CDSG that can be paid for that calendar year.

CDSB
Annual limit of $11,000 with carry forward

- The CDSB entitlements are the same as the one that would have applied if the request had been made in the year that is being carried forward.
- Amounts are paid based on the entitlements available, from the oldest year to the newest. The first payment is upon request and subsequent payments are automated in February of each eligible year.

Example for a CDSG carry forward :

In 2010, Peter opens an RDSP and is eligible for a CDSG matching rate of 300% and 200%; and continues to be eligible at the same rates onward. In 2008 and 2009, he was eligible for a matching rate of 100%.

- In 2013, Peter made a contribution of $4,000. The first $2,000 of the contribution received the unused entitlements at 300%, from 2010 to 2013; the next $2,000 received the oldest unused entitlements at a rate of 200% (2010 and 2011). Peter's $4,000 contribution received a total of $10,000 in CDSG.

- In 2014, Peter made a contribution of $4,500. The first $500 of the contribution received the unused entitlements at 300% for 2014; the next $3,000 received the oldest unused entitlements at a rate of 200%, from 2012 to 2014; finally, the last $1,000 received the oldest unused entitlement at 100% (2008).

Year	Contribution	300%	200%	100%	Paid
2008				★ $1,000	
2009				$1,000	
2010		● $1,500	● $2,000		
2011		● $1,500	● $2,000		
2012		● $1,500	★ $2,000		
2013	● $4,000	● $1,500	★ $2,000		● $10,000
2014	★ $4,500	★ $1,500	★ $2,000		★ $8,500

Employment and
Social Development Canada

Emploi et
Développement social Canada

12. Withdrawals (DAP and LDAP)

A disability assistance payment (DAP) is a withdrawal made from a Registered Disability Savings Plan (RDSP) at the request of the holder(s). It is a payment made from an RDSP to the beneficiary or their estate.

A lifetime disability assistance payment (LDAP) is a recurring withdrawal made from an RDSP, payable to the beneficiary. It is a payment that once started, cannot stop, and must be paid at least once a year until either the beneficiary is deceased or the plan is terminated.

A withdrawal includes a **proportion of each of the following amounts available** for payment:

Contributions + Earnings (including rollovers) + Canada Disability Savings Grant (CDSG) + Canada Disability Savings Bond (CDSB) + Designated provincial programs = DAP or LDAP

! Proportions of the CDSG and CDSB can only be included as part of a withdrawal if these amounts have been in the plan for more than 10 years.

Rules related to withdrawals

- Can be requested at any time
- Must respect payment rules and limits
- A DAP and an LDAP can be paid at the same time
- Repayment rules may apply
- The beneficiary does not have to be a resident in Canada to receive a payment
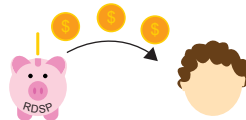
- A withdrawal cannot be made if the fair market value (FMV) of the plan, after the withdrawal, is less than the assistance holdback amount (AHA):

$$\text{If FMV} < \text{AHA} =$$

Repayment rule
If it has not been 10 years since the last CDSG and CDSB was deposited into the RDSP, a withdrawal will result in the repayment. Issuers must calculate and repay the lesser of the two following amounts:

The proportional amount (3 to 1)

The assistance holdback amount before the payment

PGAP **Primarily Government Assisted Plan (PGAP)**
In a year when the RDSP is a PGAP, which is a plan that contains more CDSG and CDSB than contributions, a beneficiary aged 27 to 58 can request a withdrawal without the consent of the holder(s).

LDAP **LDAP specific rule**
Payments may begin at any time, but no later than

December
60
Beneficiary
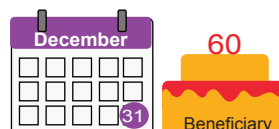
TAX **Taxable and non-taxable portions**
All portions of a withdrawal, **EXCEPT** for contributions, are taxable.

13. Shortened life expectancy

A beneficiary is considered as having a shortened life expectancy when a medical doctor or a nurse practitioner can certify, in writing, that the beneficiary is not likely to survive more than five years.

Specified year

A specified year begins when the issuer receives the medical certificate and continues for:

each of the **5** years after the year of certification.
(Note that these five years are reduced if the medical certificate is not given to the issuer in the first year).

each year after the plan is designated as a Specified Disability Savings Plan (SDSP), or until the designation is removed.

When a beneficiary has a shortened life expectancy, the holder has two options:

Keep as an RDSP

The repayment rule **applies**; the assistance holdback amount (AHA) or the proportional amount is repaid.
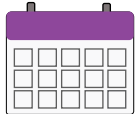
Payments may be made at any time.

There is no annual maximum payment limit.

The legislated formula used for the calculation of the minimum annual payment does **NOT** apply when the beneficiary is 59 years of age or less.

5+ If the beneficiary survives more than five years, the plan automatically reverts back to an RDSP in a regular year and will be subject to the regular payment rules and limits.

Designate an RDSP as an SDSP

The repayment rule **does not apply**; the AHA or the proportional amount is not repaid.

Payments **must start** before December 31 of the calendar year following the year the plan was designated as an SDSP.

The minimum annual withdrawal must be at least equal to the legislated formula result (This measure does not apply to the first year the plan is designated as an SDSP).

$10,000 The sum of the taxable portions of all withdrawals made in the year cannot exceed $10,000 (unless the legislative formula requires a greater amount to be paid).

5+ If the beneficiary survives more than five years, the plan remains as an SDSP until the holder requests that the designation be removed or one of the SDSP conditions is broken.

Reversal of an SDSP election

The holder can request to reverse the designation at any time by providing a written notice to the issuer, who must then inform the Canada Education Savings Program (CESP).

1yr When an election is reversed, the RDSP rules apply and CDSG and CDSB cannot be paid until the year following the election reversal.

24 months The holder must wait 24 months after the previous election ceases before making a new election.

SDSP rules

✓ • Retirement savings rollover is allowed

🚫
• No contribution is allowed
• No CDSG and CDSB is paid
• No payment from designated provincial program
• No carry forward (except for the year in which the plan is designated as an SDSP)
• No education savings rollover is allowed

If any of the SDSP rules are not respected or the holder requests to remove the SDSP designation, the plan becomes subject to the rules that apply to either an RDSP in a specified year or an RDSP in a regular year.

Employment and
Social Development Canada

Emploi et
Développement social Canada

InfoCapsules
Registered Disability Savings Plan

14. Payment rules and limits

Outlined below are the payment rules and limits established to determine the amount of disability assistance payment (DAP) or lifetime disability assistance payment (LDAP) that can or must be withdrawn from a Registered Disability Savings Plan (RDSP) in a calendar year.

For an RDSP in a regular year:

Primarily government assisted plan (PGAP)

Beneficiary aged 59 or less

DAP
Minimum: none
Maximum: greater of the formula result and 10% of the RDSP FMV

LDAP
Minimum: $1
Maximum: formula result

DAP and LDAP
Minimum: $1
Maximum: greater of the formula result and 10% of the RDSP FMV

Beneficiary aged 60 and over

LDAP
Minimum: formula result
Maximum: formula result

DAP and LDAP
Minimum: formula result
Maximum: greater of the formula result and 10% of the RDSP FMV

Non-PGAP

Beneficiary aged 59 or less

DAP
Minimum: none
Maximum: none

LDAP
Minimum: $1
Maximum: formula result

DAP and LDAP
Minimum: $1
Maximum: none

Beneficiary aged 60 and over

LDAP
Minimum: formula result
Maximum: formula result

DAP and LDAP
Minimum: formula result
Maximum: none

For a beneficiary with a shortened life expectancy:

RDSP in a specified year

Beneficiary aged 59 or less

DAP
Minimum: none
Maximum: none

LDAP
Minimum: $1
Maximum: none

DAP and LDAP
Minimum: $1
Maximum: none

Beneficiary aged 60 and over

LDAP
Minimum: formula result
Maximum: none

DAP and LDAP
Minimum: formula result
Maximum: none

Specified Disability Savings Plan (SDSP)

DAP or LDAP or DAP+LDAP
Minimum: formula result
Maximum: $10,000 in taxable amount or no maximum if formula results in taxable amount greater than $10,000
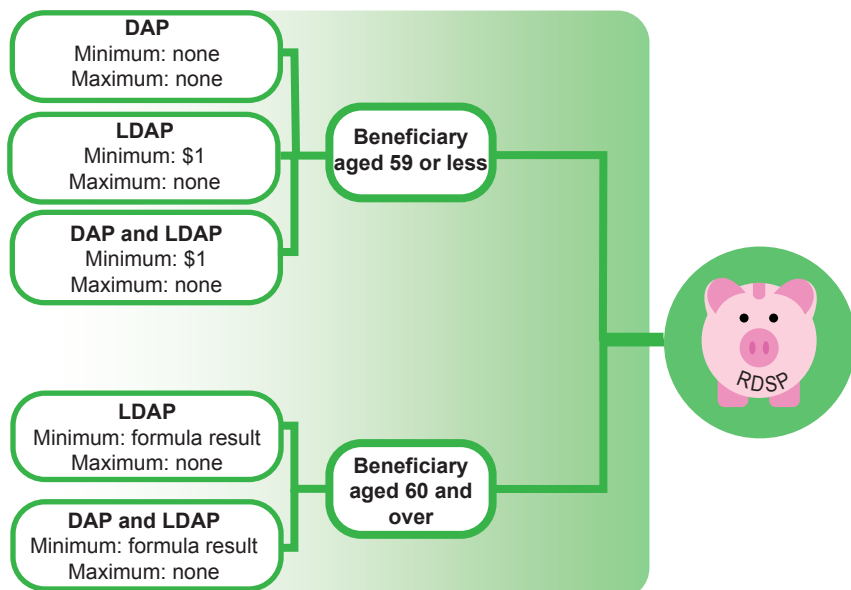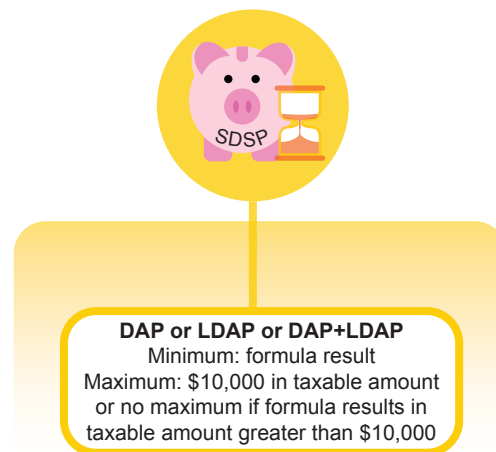
Formula = from section 146.4 of the *Income Tax Act* (ITA)
10% of the RDSP FMV = Specified maximum amount, as defined in subsection 146.4 (1) of the ITA

Employment and
Social Development Canada

Emploi et
Développement social Canada

InfoCapsules
Registered Disability Savings Plan

15. Understanding error codes and refusal reasons

Issuers send monthly transactions to Employment and Social Development Canada (ESDC). The Canada Disability Savings Program (CDSP) system will either process or reject these transactions based on format and validation rules.

RDSP Provider User Guide

APPENDIX A — **Understanding Error Codes**

RDSP Provider User Guide

APPENDIX B — **Understanding Refusal Reasons**

Issuer system

CDSP system

Rejected

Processed

The issuer will be advised through either the error file **(RT 801)** or the severe error file **(RT 851)**

The issuer will be advised through the transaction processing file **(RT 901)**

A 4 digit error code will be generated

Although a transaction is successfully processed, full or partial payment of the Canada Disability Savings Grant (CDSG) or the Canada Disability Savings Bond (CDSB) may be denied; in which case, a refusal reason (2 digit code) will be generated

Common error codes:

| 8102 | 8105 | 8201 |
| 8235 | 8236 |

Common refusal reasons:

| 01 | 04 | 06 | 19 | 30 |

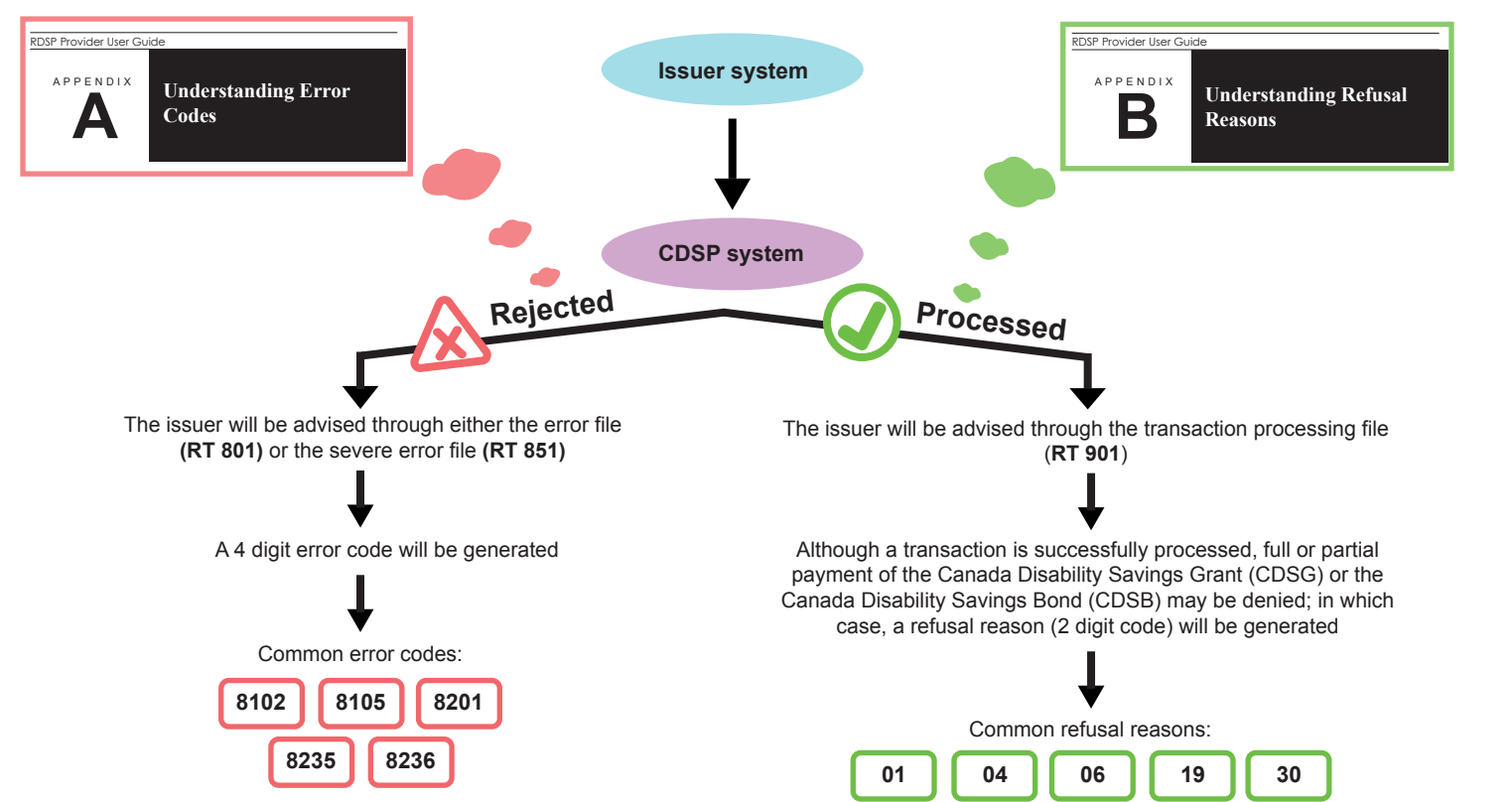|	DESCRIPTION	RESOLUTION (see Appendix A of the RDSP provider user guide)
8102	Is not identified in the CDSP system	Review the transaction and ensure that the data corresponds to data previously validated by the CDSP system for the concerned RDSP. The following data fields should be verified for accuracy: issuer business number (BN), specimen plan, holder and beneficiary Social Insurance Number (SIN) information and contract number.
8105	Invalid SIN	Ensure that the SIN data is correct and matches the information provided by the client. If so, refer the client to the Social Insurance Register to verify what information they have on file.
8201	Date is of a future reporting period	Ensure the date provided is on or before the current reporting period end date set by the CDSP system.
8235	Contract is not currently associated to the specimen plan	Ensure there are no errors in the specimen plan submitted to the CDSP system, and that the contract was not already submitted.
8236	Contract is not currently associated to the beneficiary	Verify the contract number and beneficiary SIN data submitted to the CDSP system.

	DESCRIPTION	RESOLUTION (see Appendix B of the RDSP provider user guide)
01	Maximum current entitlement of CDSG/CDSB paid	Generally no action is required.
04	Age of beneficiary	No action is required as the CDSG and the CDSB will not be paid after the end of the year in which the beneficiary turned 49 years of age.
06	No grant requested	If the CDSG was to be requested for the contribution, submit a contribution correction transaction for the same amount as the original contribution, and ensure the flag is set to Yes.
19	Contract not registered	Consult the contract status file to determine why the contract is not registered and re-submit all three 101 transactions. Once all three transactions of the contract registration package are processed successfully, re-submit any rejected CDSG/CDSB request transaction(s).
30	Beneficiary DTC eligibility not confirmed	Refer the holder to the CRA to confirm DTC.

Employment and
Social Development Canada

Emploi et
Développement social Canada

InfoCapsules
Registered Disability Savings Plan

16. Repayment rule

Certain events will require the issuer to repay, to the Government of Canada, all or a portion of the Canada Disability Savings Grant (CDSG) and the Canada Disability Savings Bond (CDSB) previously paid into a Registered Disability Savings Plan (RDSP).

An event can be:

1	2	3	4	5
Loss of Disability Tax Credit (DTC) eligibility of the beneficiary	Death of the beneficiary	Closure of the RDSP	Non-compliance of the RDSP	Withdrawal Disability assistance payment (DAP) / Lifetime disability assistance payment (LDAP)

Depending on the trigger event, the repayment amount will either be:

Assistance holdback amount (AHA)

Total amount of CDSG and CDSB paid into an RDSP within a 10-year period before an event, less any amount of CDSG and CDSB paid into the RDSP during the same 10-year period that has previously been repaid to the Government of Canada.
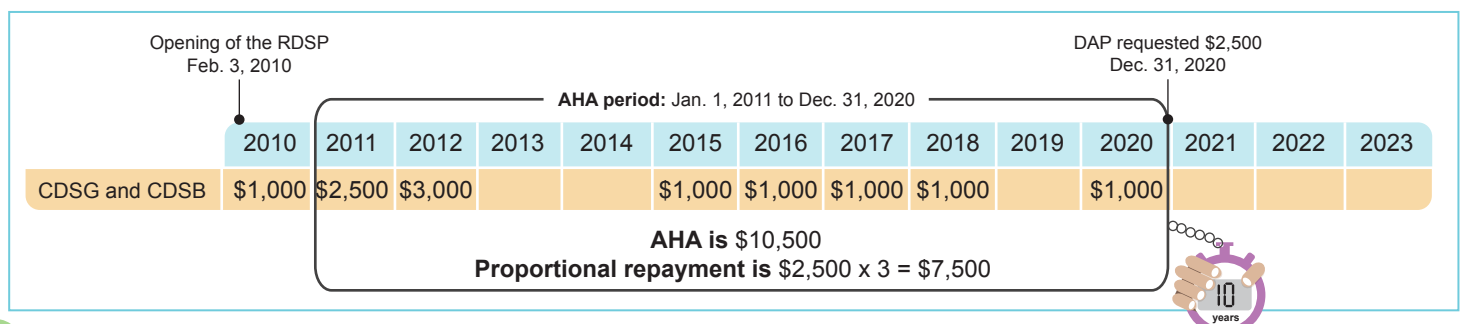
OR

Proportional amount (3 to 1)

The proportional repayment rule requires that $3 in CDSG and CDSB be repaid, for every $1 withdrawn from an RDSP up to a maximum of the total AHA.

> **!** A withdrawal is the only event that can result in the repayment of the proportional (3 to 1) amount.

What to do when an event occurs:

1 Identify the repayment period, which includes the AHA period up until the current date.

2 Identify the amount of the AHA. In the case of a withdrawal, the issuer must also calculate the proportional amount and repay the lesser of the two. In order to determine the CDSG and the CDSB included in the repayment period, the issuer must use the **date it was paid into the RDSP.** This date is provided by Employment and Social Development Canada (ESDC) in the monthly Transaction Processing File.

Opening of the RDSP
Feb. 3, 2010

DAP requested $2,500
Dec. 31, 2020

AHA period: Jan. 1, 2011 to Dec. 31, 2020

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
CDSG and CDSB	$1,000	$2,500	$3,000			$1,000	$1,000	$1,000	$1,000		$1,000			

AHA is $10,500
Proportional repayment is $2,500 x 3 = $7,500

3 Repay the CDSG and the CDSB in the same order in which they were initially paid into the plan, from the oldest to the newest.

> **!** Any amount of CDSG and CDSB repaid to the Government of Canada cannot be reinstated.

17. Assistance holdback amount (AHA)

The AHA is the total amount of Canada Disability Savings Grant (CDSG) and Canada Disability Savings Bond (CDSB) paid into a Registered Disability Savings Plan (RDSP) within a 10-year period before an event; less any amount of CDSG and CDSB paid into the RDSP during the same 10-year period that has been previously repaid to the Government of Canada.

CDSG and CDSB paid in a 10-year period **−** **CDSG and CDSB already repaid** within the same 10-year period **=** **AHA**

When an event occurs, the AHA is subject to repayment. An event can be:

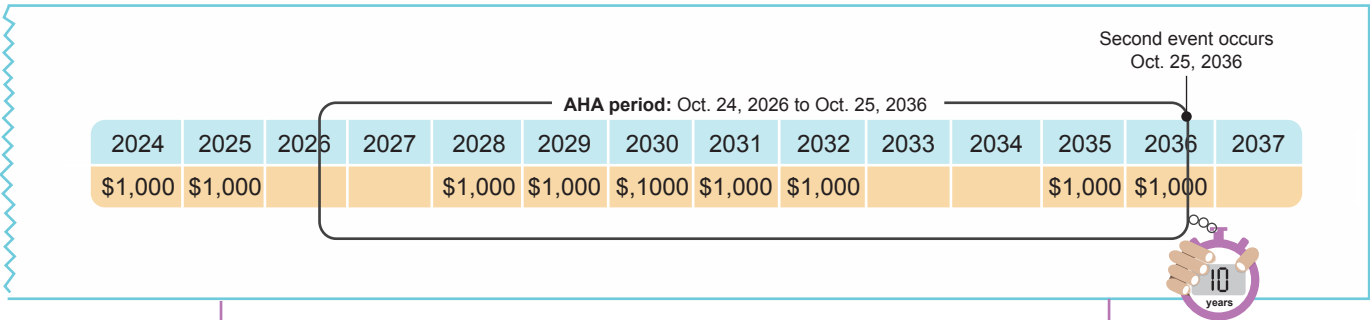| **1**	**2**	**3**	**4**	**5**
Loss of Disability Tax Credit (DTC) eligibility of the beneficiary	Death of the beneficiary	Closure of the RDSP	Non-compliance of the RDSP	Withdrawal Disability assistance payment (DAP) / lifetime disability assistance payment (LDAP)

! Exception
In the event of a withdrawal, there is no repayment of the AHA if an RDSP is designated as a Specified Disability Savings Plan (SDSP).

The AHA period moves forward in time with the RDSP:

Opening of the RDSP
Feb. 3, 2010

First event occurs
Dec. 31, 2020

AHA period: Jan. 1, 2011 to Dec. 31, 2020

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
CDSB	$1,000	$1,000	$1,000			$1,000	$1,000	$1,000	$1,000		$1,000			

Second event occurs
Oct. 25, 2036

AHA period: Oct. 24, 2026 to Oct. 25, 2036

2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037
$1,000	$1,000			$1,000	$1,000	$,1000	$1,000	$1,000			$1,000	$1,000	

AHA reminder!

It is **not** possible to access the CDSG and the CDSB available outside the AHA period, without triggering a repayment; the AHA period will **always** apply.

Employment and
Social Development Canada

Emploi et
Développement social Canada

18. Transfers

A transfer occurs when all the funds are moved from one Registered Disability Savings Plan (RDSP) to another. It is initiated and authorized by the RDSP plan holder(s), but requires the collaboration of the receiving and relinquishing issuers.

To facilitate the transfer process, issuers are encouraged to use the following two forms: the RDSP transfer form (EMP5611) and the Holder consent to an RDSP transfer form (EMP5612). They should:

- provide the information required into all designated fields
- ensure that the contract and specimen plan numbers are accurate

Relinquishing
(old) plan

Receiving
(new) plan
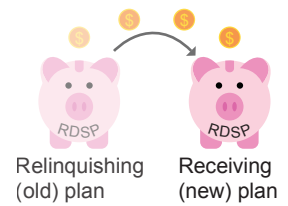
Conditions

all funds must be transferred
(no partial transfers allowed)

must be for the same beneficiary

the relinquishing plan should be registered by the Canada Revenue Agency (CRA)

Contract Registered

the beneficiary must be Disability Tax Credit (DTC) eligible

DTC

! A transfer can occur:
- regardless of the age of the beneficiary
- even if the beneficiary is not a resident in Canada

Responsibilities

Relinquishing issuer

1 Have the holder(s) complete and sign the Holder consent to a RDSP transfer form

2 Complete sections 4 and 5 of the RDSP transfer form

3 Ensure all pending Canada Disability Savings Grant (CDSG) and Canada Disability Savings Bond (CDSB) requests have been received

4 Stop all pre-authorized contributions

5 Submit a 401-06 transaction (Stop bond request) to the Canada Disability Savings Program (CDSP) system

6 Send all the funds to the receiving issuer

7 Send all supporting documents to the receiving issuer (i.e. medical attestation, rollover form etc.)

8 Submit a 102-10 transaction (Close a contract) with closure reason "03" (Transfer) to the CDSP system

9 Submit a 701-02 transaction (Transfer reporting of FMV and earnings) to the CDSP system

Receiving issuer

1 Complete sections 1, 2 and 3 of the RDSP transfer form

2 Open a new RDSP

3 Complete a new application form for the CDSG and CDSB with the holder(s)

4 Submit a 101-01 transaction (Contract information) with the transfer indicator set to "Yes", a 101-02 transaction (Beneficiary information) and a 101-03 transaction (Holder information) to the CDSP system

5 Submit a 401-05 transaction (Bond request) to the CDSP system

6 Ensure to continue to process any lifetime disability assistance payments (LDAP) if they started in the relinquishing plan

! If the relinquishing plan contains a **rollover** amount, the receiving plan must be able to support and administer the rollover amount being transferred

Transfer confirmation

⊘ A transfer is complete once the relinquishing issuer has sent all the funds to the receiving issuer. Then, the relinquishing RDSP is closed and the receiving RDSP is registered.

⊘ The CDSP system will then generate and send a Transfer information extract file to the receiving issuer. Upon receipt of this file, the issuer must ensure the amount received from the relinquishing issuer coincides with the data provided in the file.

⊘ In the case of a discrepancy, the receiving issuer must contact the relinquishing issuer to consolidate the information.

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
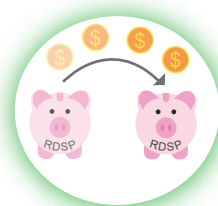
Reason "03" Transfer

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.