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).
- CDSG CDSB 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.

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