



RDSP Provider User Guide

C H A P T E R

1-1

Registered Disability Savings Plan, Grant and Bond

The Registered Disability Savings Plan (RDSP) helps Canadians with disabilities and their families save for the future. Through the Canada Disability Savings Grant, the Government of Canada provides matching grants depending on the amount contributed and the beneficiary's family income. Through the Canada Disability Savings Bond, the Government of Canada deposits money into the RDSPs of low-income and modest-income Canadians. No contributions are required to receive the bond. This chapter provides an at-a-glance 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 as well as the legislation in place that guides the administration of these payments.

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1 Overview

The RDSP is a long-term savings plan to help Canadians with disabilities and their families **save for the future**.

The "**beneficiary**" of the Registered Disability Savings Plan (RDSP) is the person who will receive the money from the RDSP in the future.

Anyone can contribute to an RDSP if they get the written permission from the RDSP "**holder**" (the person or organization that opens and manages the RDSP). 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.

To help save, the Government of Canada will pay up to \$3,500 per year in matching **Canada Disability Savings Grant** (grant), depending on the amount contributed into the RDSP and the beneficiary's family income. Further details regarding the grant are found later in this guide.

The Government also pays up to \$1,000 a year in **Canada Disability Savings Bond** (bond) into the RDSPs of low-income and modest-income Canadians. Further details regarding the bond are 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* 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 The Grant at-a-Glance

The Canada Disability Savings Grant (grant) is a **matching grant** paid into an RDSP by the Government of Canada.

Depending on the beneficiary's family income* and the amount contributed to the RDSP, the Government of Canada may pay matching grants of **300%**, **200%**, or **100%**.

- **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. **See Chapters 3-1, Section 3 – Grant Limits and Carry Forward and Chapters 3-2, Section 3 – Bond Limits and Carry Forward** for more information on the carry forward provision.

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, only the minimum grant payment will be made into an RDSP as the Government of Canada will be unable to verify the beneficiary's family income for the higher matching rate. However, a beneficiary under the care of an organization that receives a payment under the *Children's Special Allowances Act* (for at least one month in the year) is entitled to receive a grant at a matching rate of 300% and 200% without having to file an income tax return.

To learn more about grant eligibility criteria, information requirements, Program-related rules and application processes, see **Chapter 3-1: The Canada Disability Savings Grant (grant)**.

**Income thresholds are indexed annually by the Canada Revenue Agency.*

1.2 The Bond At-a-Glance

The Canada Disability Savings Bond (bond) 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 on applications 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 *Children's Special Allowances Act*, no income tax return is required for the bond to be paid.

To learn more about bond eligibility criteria, information requirements, Program-related rules and application processes, see **Chapter 3-2: The Canada Disability Savings Bond (bond)**.

**Income thresholds are indexed annually by the Canada Revenue Agency.*

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** (going back no further than 2008,

the year that RDSPs became available). This applies for existing RDSPs and those opened in January 2011 and after.

To receive unused grant and bond entitlements, the beneficiary must be eligible to receive the grant and bond, and must have been eligible to receive the grant and bond in the years for which the carry forward is being requested. The contributions and the grant and bond request must be made no later than the end of the year in which the beneficiary turns **49 years old**.

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**.

2 Roles and Responsibilities of Partners

There are three main partners responsible for the administration of RDSPs:

- Financial institutions (FI), which includes issuers, agents and service providers
- Employment and Social Development Canada (ESDC); and
- the Canada Revenue Agency (CRA).

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

2.1 Financial Institutions

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

The issuer **may contract or delegate certain authorities** to an agent and/or a service provider. Generally, an agent provides administrative services to clients and a service provider provides electronic support services, both 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 and 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 – 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 ultimate responsibility for the specimen plan and the specimen plan trust remains with the issuer.

Generally, **service providers** provide support services regarding RDSPs as well as compile and forward electronic transactions to the Canada Disability Savings Program (CDSP) System.

For purposes of this guide, the term FI is used to refer to **the entity that is offering the RDSP product directly to clients**, whether it is an issuer, an agent or, rarely, a service provider. If one of the terms issuer, agent or service provider is used, the information is specific to that type of entity only.

To be able to offer RDSP contracts and/or enter into agreements with agents and/or service providers to enable them to offer RDSP contracts, an **issuer must first submit a copy of its specimen plan to RPD for written approval**. The terms of the plan must meet the requirements of section 146.4 of the *Income Tax Act*. In addition, the issuer must have **entered into an agreement with the Minister of ESDC** to administer the grant and the bond.

Specifically, FIs 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; and record and track funds on behalf of grant and bond holders and recipients.

2.2 Employment and Social Development Canada

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 *Canada Disability Savings Act* (CDSA) and the *Canada Disability Savings Regulations* (Regulations).

2.2.1 The Canada Education Savings Program

The Canada Education Savings Program (CESP) provides the delivery mechanism and necessary system supports for the effective administration of the grant and the bond.

The CESP offers:

- The Canada Disability Savings Grant (grant)
- The Canada Disability Savings Bond (bond)

For FIs, the CESP directorate of the Learning Branch serves as a **point of contact** for grant and bond issues. 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 the bond, provides **training sessions** to FIs, and establishes parameters and **tools** for consistency. For example, the Interface Transaction Standards (**ITS**) outline the data elements that a FI 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 FI, beneficiary, and holder **information** needed to register Disability Savings Plan (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 and the various financial transactions;
- facilitates the **correction of transactions** where grant/bond was denied in error;
- maintains the **CDSP System**; and
- conducts testing and monitoring of system-specific issues and **compliance** reviews.

2.2.2 The Office for Disability Issues

The Office for Disability Issues (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.

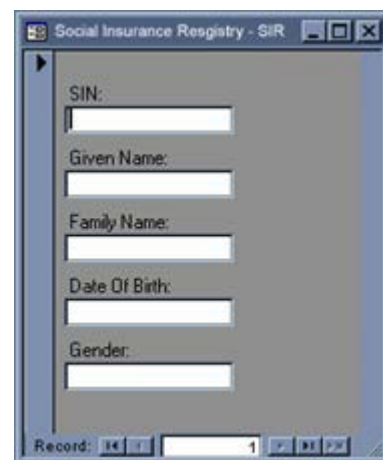
Specifically, ODI is responsible to:

- provide policy and program oversight through **interpretation** of the *Canada Disability Savings Act (CDSA)* and **Regulations** and **related instruments**, decisions about policy direction, and 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 CRA, concerning changes to the *Income Tax Act (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**; and
- manage and deliver all grant and bond **communications and outreach activities**.

2.2.3 The Social Insurance Registration Office

When an RDSP is opened, the SIN of the beneficiary and the holder is required. The Social Insurance Registration (SIR) Office is responsible for validating beneficiary and holder SINS. SIR validates the following five fields:

- Last name
- First name
- Social Insurance Number
- Date of birth
- Gender



The image shows a screenshot of a web-based form titled "Social Insurance Registry - SIR". The form contains several input fields for personal information: "SIN:", "Given Name:", "Family Name:", "Date Of Birth:", and "Gender:". At the bottom of the form, there is a "Record:" label followed by a small table with one row containing the number "1".

2.3 Canada Revenue Agency

CRA is responsible for the administration of the *Income Tax Act* and oversees:

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

2.3.1 The Registered Plans Directorate

The Registered Plans Directorate (RPD) is responsible for all program activities related to the provisions of the *Income Tax Act* for the **registering and monitoring** of disability savings plans.

Specifically, RPD:

- **approves specimen plans** which are comprised of the following documentation:
 - The declaration of trust which outlines the disability savings plan conditions, including appendices and other documentation related to the contract.
 - The disability savings plan 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;
- **de-registers** contracts if they are not compliant with the terms outlined in subsection 146.4(11) of the ITA;
- **provides support** to financial institutions 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; and
- **creates policies** for issues relating to section 146.4 of the ITA.

2.3.2 The Benefit Programs Directorate

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

Specifically, the BPD:

- provides the ESDC with **residency** and **income-related** information for adult beneficiaries and primary caregivers;
- provides support to financial institutions and the public with respect to the eligibility to the **Disability Tax Credit** (also known as the “disability amount”); and
- **determines eligibility** for the Canada Child Tax Benefit, Children’s special allowance and Child Disability Benefit.

3 Key Players in an RDSP

There are three key players involved in an RDSP:

- The financial institution
- The holder
- The beneficiary

3.1 The Financial Institution

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

- **offering** RDSPs to the public and strives 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 and/or the bond on behalf of the holder;
- **receiving** and **depositing** grant and/or bond to the proper RDSP account;
- informing the holder of the RDSP **account status** (if grant and/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 and/or bond, as required;
- **correcting errors** in a timely manner; and
- **keeping copies** of all documents, books of accounts, and records for CRA and ESDC compliance reviews. This material must be kept for a period of six (6) years following the year in which the RDSP is terminated.

3.2 The Holder

The holder **opens and manages the plan** and signs a contract with the FI for the benefit of a beneficiary. The plan must have at least one 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 or common-law partner)
- 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 two legal parents wish to enter into the contractual agreement with the FI. Alternatively, the holder can be a single entity.

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.

This temporary measure came into force on June 29, 2012 and will **expire after December 31, 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 2023. As of 2024, a qualifying family member will only be able to open a disability savings plan when he/she is transferring an existing plan for which he/she is the holder.

3.2.1 Eligibility Requirements

The holder must provide the FI with the following:

- If the holder is an individual:
 - his or her SIN; and
 - his or her full name, date of birth, and gender.

- If the holder is a public department, agency, or institution legally authorized to act for the beneficiary, its BN; and
- The beneficiary's name, address, date of birth, gender and SIN.

3.3 The Beneficiary

The beneficiary is named on 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 one RDSP** at any given time.

3.3.1 Eligibility Requirements

To open an RDSP, the beneficiary:

- must be a **Canadian resident**;
- must have been assessed as having a severe and prolonged impairment in physical or mental functions and be **eligible for the Disability Tax Credit** (DTC);
- must 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); and
- must have a **valid SIN**.

4 Privacy Requirements

4.1 The Protection of Information

Certain eligibility criteria associated with the RDSP and the bond and grant, require FIs to collect or verify information provided by the holder. Consequently, two federal privacy laws are applicable:

- The *Privacy Act* (PA)
- The *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.

FIs 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.

4.1.1 The *Privacy Act*

The *Privacy Act* (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; and
- Social Insurance Number.

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 Personal Information Banks (PIBs) are registered, approved, and identified in InfoSource.

For more information about the *Privacy Act*, visit the Web site for the Office of the Privacy Commissioner of Canada.

4.1.2 The *Personal Information Protection and Electronic Documents Act*

The *Personal Information Protection and Electronic Documents Act* (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, and other provincially regulated organizations

4.2 The Collection, Use and Sharing of Personal Information

FIs must collect and share information about the holder, the beneficiary and a child's parent(s), family members, legal guardian and/or primary caregiver for the purposes of registering an RDSP and applying for the grant and the bond.

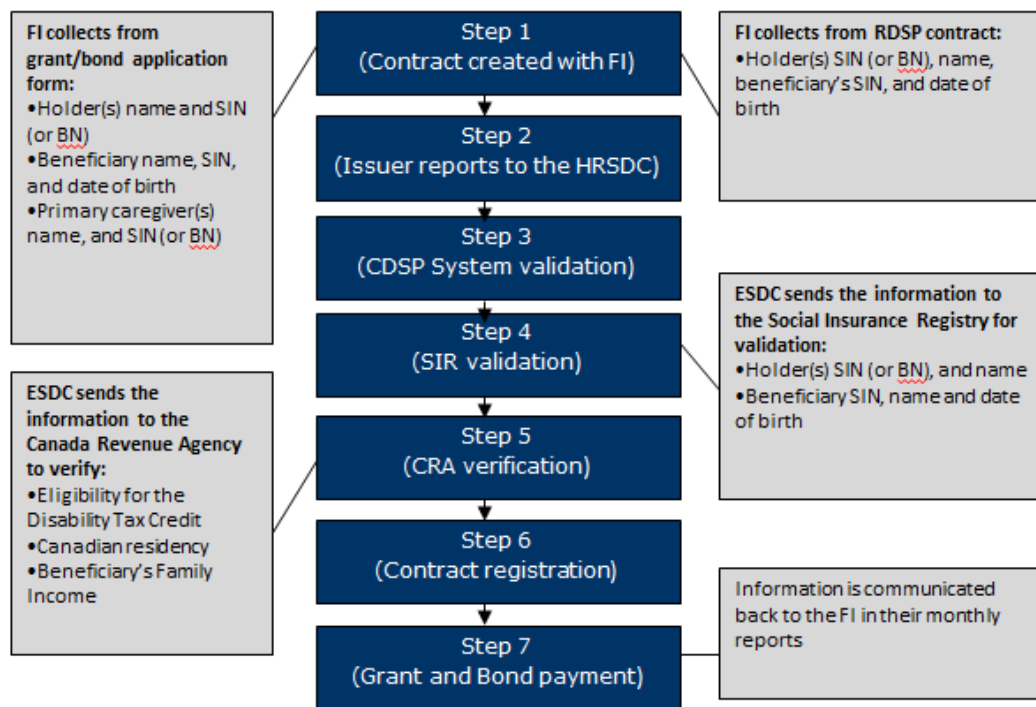
4.2.1 Sharing of Client Personal Information

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 and/or Canada Disability Savings Bond", for the purposes described on the form, is provided under the *Canada Disability Savings Act*, the *Department of Employment and Social Development Act* and the *Income Tax Act*.

Once under the control of ESDC, that information is administered in accordance with all applicable laws including the *Canada Disability Savings Act*, the *Privacy Act* 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 *Privacy Act* and the *Income Tax Act*.

The information included on this form and the information regarding the RDSP **may be used by and shared between ESDC, CRA, and the FI** for the administration (which may include policy analysis, research and evaluation) of the *Canada Disability Savings Act* and the *Income Tax Act*.

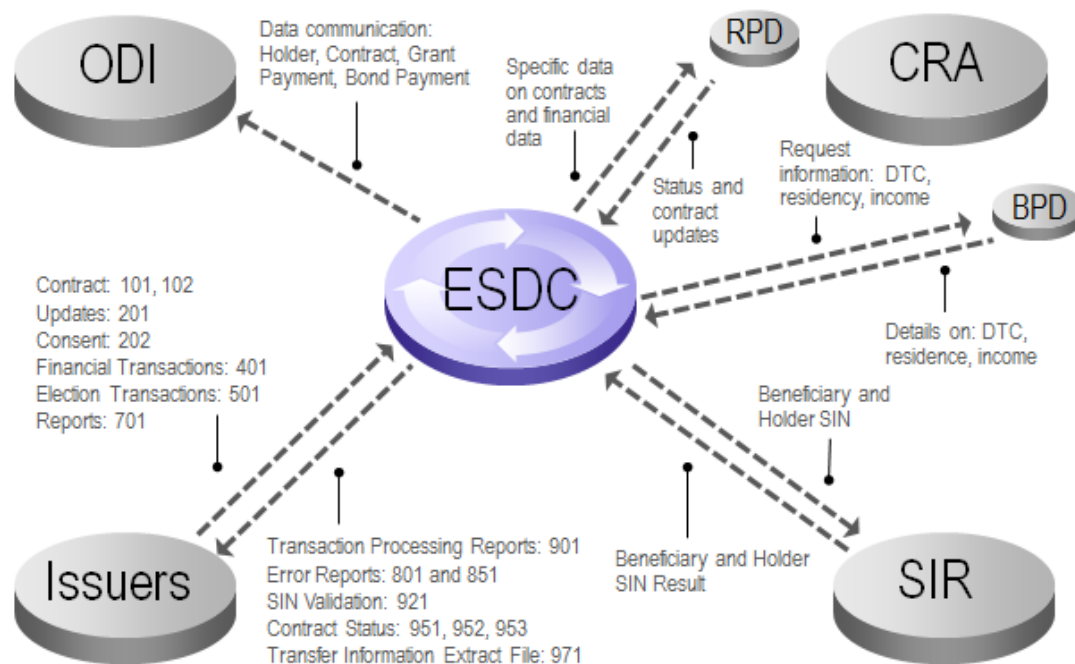
Collect, use and sharing of client personal information for RDSP contract registration and payment of grant and bond



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:

- Financial institutions
- The Canada Revenue Agency (CRA)
 - Registered Plans Directorate (RPD)
 - Benefit Programs Directorate (BPD)
- ESDC
 - The Social Insurance Registration Office (SIR)
 - The Canada Education Savings Program's CDSP System
 - The Office for Disability Issues (ODI)



The FI sends to the CDSP System:

- Contract registration transactions
- Non-financial RDSP updates and modifications
- Financial transactions
- Reporting transactions

The CDSP System sends to SIR, CRA or ODI:

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

SIR:

- Validates beneficiary and holder identity
- Sends result to the CDSP System
- Sends to the CDSP System updates on SIN Usability

CRA validates information received from the CDSP System with two directorates:

- RPD reviews contracts for registration purposes and verifies their status.
- BPD provides beneficiary's DTC eligibility, residency, and family income.

The Office for Disability Issues:

- Receives, for statistical purposes, information from the CDSP System regarding contracts, grant and bond payments and the fair market value of plans.

6 RDSP Process Overview

6.1 Opening an RDSP

There are three steps in opening an RDSP:

Step 1: Choosing the financial institution

A list of the financial institutions that offer RDSPs can be found on ESDC's website at: <http://www.esdc.gc.ca/eng/disability/savings/rdsp.shtml>

Step 2: Providing the Required Information

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

Step 3: Making a Contribution and/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

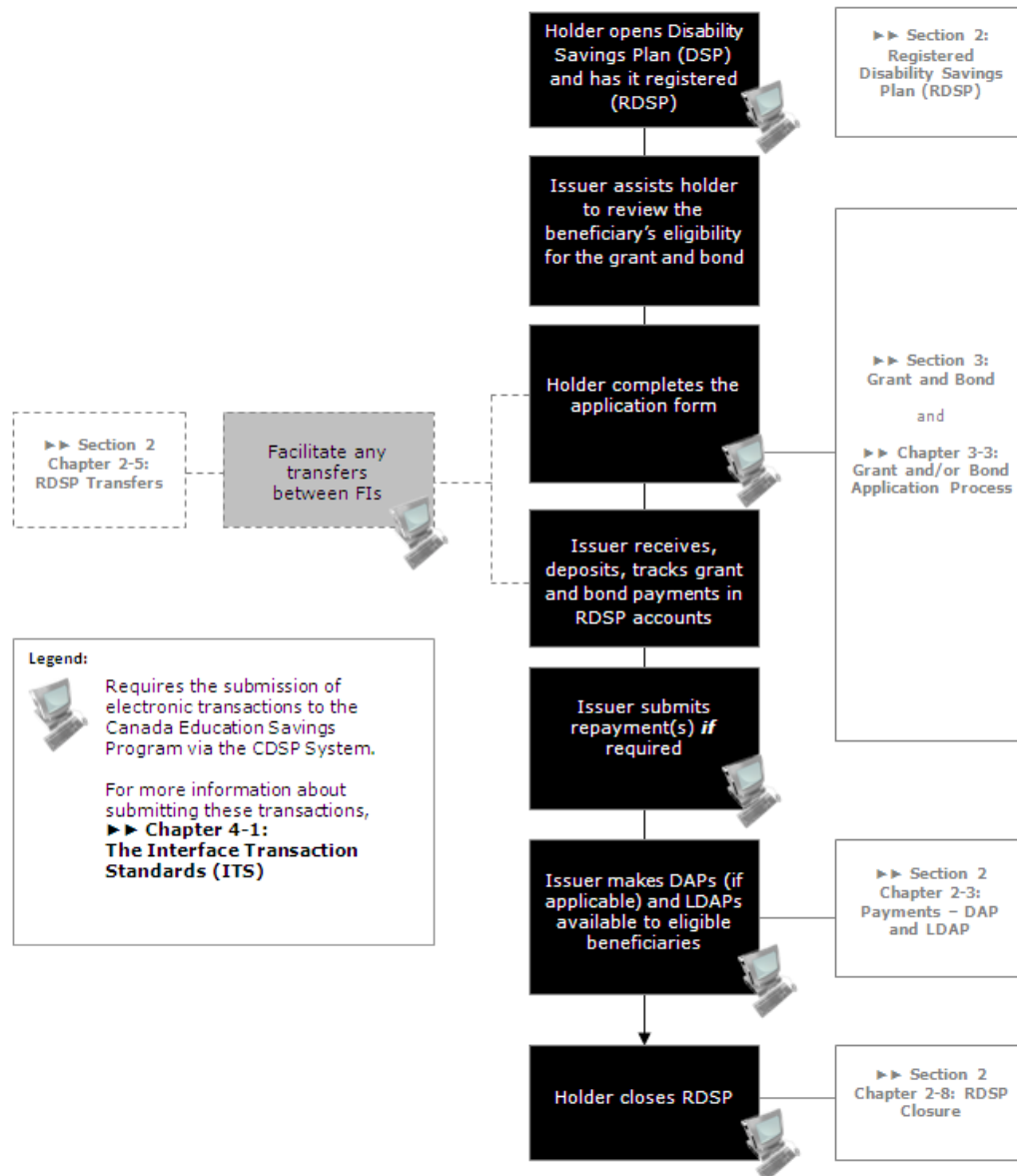
in trust to the FIs to be invested, used, or applied by the FI for the purpose of making payments to the beneficiary.

Contributions cannot be made if the beneficiary has died.

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

6.2 Application and Payment Process

The following illustration provides an at-a-glance snapshot of the RDSP application and payment process.





RDSP Provider User Guide

CHAPTER

1-2

Key Concepts

There are a number of legislative and program elements governing the delivery and administration of the Canada Disability Savings Grant (CDSG) and the Canada Disability Savings Bond (CDSB), which is administered by Employment and Social Development Canada (ESDC).

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.

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1 Legislative authorities – ESDC and CRA

Employment and Social Development Canada (ESDC) and the Canada Revenue Agency (CRA) work together in administering the CDSG and the CDSB under these legislative authorities:

- The **Canada Disability Savings Act** (CDSA), which authorizes payment of the CDSG and the CDSB.
- The **Canada Disability Savings Regulations** (Regulations) set out the requirements for the payment of the CDSG and the CDSB, the terms and conditions of the Issuer Agreement, and authorize the collection of information.
- The **Income Tax Act** (ITA) governs Registered Disability Savings Plans (RDSPs).

1.1 The **Canada Disability Savings Act**

The purpose of the CDSA is to encourage long term savings through RDSPs to help people with severe and prolonged disabilities and their families save for the future.

The CDSA **establishes the CDSG and the CDSB** and outlines some of the conditions and obligations with respect to the payment and re-payment of the CDSG and the CDSB.

The CDSA establishes the **amount of CDSG** that may be paid into a beneficiary's RDSP in respect of contributions made to the plan and establishes the **amount of CDSB** that may be paid. The CDSA also sets out the conditions and obligations related to the payment of CDSG and CDSB.

1.2 The **Canada Disability Savings 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, the terms and conditions that must be included in the agreements between ESDC and the issuer authorized to offer the RDSP, the circumstances under which the CDSG and the CDSB must be repaid, and the type of personal information that may be collected by ESDC which is disclosed to CRA.

1.3 The **Income Tax Act**

Section 146.4 of the ITA provides measures that allow for the **creation and the administration of the RDSP** – the vehicle used for depositing the CDSG and the CDSB. The ITA sets clear guidelines on the conditions required

in order for the Disability Savings Plan (DSP) of a beneficiary to become an RDSP.

The ITA describes the eligibility criteria for holders and beneficiaries, the types of payment that can be made from the plan, the contribution limits and the taxation of the Disability Assistance Payment (DAP) and the Lifetime Disability Assistance Payment (LDAP).

2 Registered Disability Savings Plan

As previously noted, an RDSP is a long-term savings plan designed to help people with severe and prolonged disabilities and their families **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 and/or bonds, and accumulated earnings. **See section 2: Registered Disability Savings Plan (RDSP)**.

The payment of the CDSG and the CDSB has specific requirements. These are addressed in the related chapters. **See section 3: Grant and bond**.

3 Specified Disability Savings Plan

A Specified Disability Savings Plan (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) (**see chapter 3-6**). To designate the RDSP as an SDSP, the holder needs to make an election (**see chapter 2-3**).

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 one of the SDSP conditions is broken.

4 RDSP contribution limits

For contributions, there is no annual limit, but there is a **lifetime limit of \$200,000**.

5 Social Insurance Number

The Social Insurance Number (SIN) is a key information element used by the Canada Disability Saving Program (CDSP) System. **See chapter 4-1: How to resolve common problems.**

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, see **section 3 – Grant and bond** for SIN requirements.

5.1 SIN – A unique identifier

A SIN is needed for the beneficiary in order **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; and
- pay CDSG or CDSB.

5.2 Importance of accurate information

The beneficiary's SIN is subject to rigorous validation checks. In order 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 against the ESDC Social Insurance Registry's (SIR) database in the following manner:

- Every beneficiary information transaction is initially **validated with the SIR** to ensure that the SIN, Given Name, Surname, Birth Date, and Gender reported on the transaction correspond with the information held on file at the SIR.
- 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**, resubmitted to the CDSP System, and successfully validated at the SIR.

5.3 The holder's SIN or business number

To establish and register a DSP, the holder must provide the issuer with his or her **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.

5.4 Applying for a Social Insurance Number

The SIN application form and instructions can be obtained from any Service Canada office or online at:

<http://www.servicecanada.gc.ca/eng/sc/sin/index.shtml>

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.

7 Key concepts specific to grant & bond

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 on within each related chapter of **section 3: Grant and bond**.