



RDSP Provider User Guide

CHAPTER 3-1

The Canada Disability Savings Grant

The Canada Disability Savings Grant (grant) is a payment made by the Government of Canada to help Canadians with severe and prolonged disabilities and their families save for the future.

Before offering the grant, Registered Disability Savings Plan (RDSP) providers must be authorized by Employment and Social Development Canada (ESDC).

The grant is based on contributions made to an RDSP for an eligible beneficiary as well as the beneficiary's family income.

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1. The Grant – An Overview

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

Depending on the amount contributed and the beneficiary's family income, the Government may contribute funds equivalent to **300%**, **200%**, or **100%** of contributions made into an RDSP for a year.

An RDSP may receive up to a maximum of **\$3,500** in grants per year. The maximum lifetime grant that may be paid on behalf of a beneficiary shall not exceed **\$70,000**.

The grant may be paid on contributions made into an RDSP on or before December 31 of the calendar year in which the beneficiary turns 49 years of age.

1.1. How it works

The payment of the grant is based on the following requirements.

- An **RDSP**: A qualified holder must open an RDSP for an eligible beneficiary.
- **RDSP Contributions**: The holder makes and authorizes eligible contributions to the RDSP.
- **Eligibility Criteria**: The holder and RDSP provider must ensure that all eligibility criteria for the grant have been met. Otherwise the grant will not be paid.
- **Application Process**: The holder submits the completed application form to the financial institution who transmits the request through an automated system to ESDC.

2. Grant Eligibility

To determine if a beneficiary is eligible for the grant, the following criteria and conditions must be met:

The **contribution**:

- must be made on or before December 31 of the year the beneficiary turns 49 years of age; and
- must not be a rollover.

The **beneficiary** must:

- be a resident of Canada at the time the contribution is made;
- be eligible for the Disability Tax Credit (DTC);
- have a valid Social Insurance Number (SIN); and
- be alive.

The **holder** must:

- open an RDSP;
- complete a grant and bond application form and check off the appropriate boxes;
- provide the signed application form directly to the financial institution on or before December 31 of the year the beneficiary turns 49 years of age;
- deposit or authorize a contribution into the RDSP;
- receive a children's special allowance for at least one month in the year in order to maximize grant when the holder is an organization and the beneficiary is under the age of 18;
- have a valid SIN or Business Number (BN); and
- ensure that the lifetime limit of \$200,000 of contributions is not exceeded.

The **financial institution** must:

- have received approval and authorization from CRA and ESDC to offer the RDSP, the grant and the bond;
- ensure the information on the application form is accurate and complete;
- submit the information electronically for processing to ESDC;
- complete any required action as a result of processing with ESDC such as correct SIN numbers, add missing information;
- receive and distribute grant payments to the RDSP; and
- provide statements of account to the holder.

2.1. Grant Annual Matching Rates

The *Canada Disability Savings Act* (CDSA) sets out the amount of grant that may be paid into an RDSP.

Depending on the beneficiary's family income and the amount contributed in the year, the Government of Canada will contribute grants of **300%**, **200%**, or **100%**.

The Canada Revenue Agency (CRA) indexes the income thresholds annually. Income threshold amounts are used to determine the grant amount a beneficiary could receive each year. Generally speaking, January is used to set the grant matching rate for all contributions made in a given year. The amount of matching grant paid is determined as follows:

Beneficiary's Family Income	Matching Grant	Maximum Grant Payable per Year
Less than or equal to \$95,259*	On first \$500 Grant equivalent to 300% (\$3 for every \$1 of eligible contributions)	\$1,500
	On the next \$1,000 Grant equivalent to 200% (\$2 for every \$1 of eligible contributions)	\$2,000
Greater than \$95,259* OR If no income information is available from CRA	On the first \$1,000 Grant equivalent to 100% (\$1 for every \$1 of eligible contributions)	\$1,000

*2019 Income Levels

2.2. Family Income

Family income is validated with information held by CRA based on filed income tax returns.

The **income data of the second preceding tax year** is used to establish the grant match rate given CRA will not have finished processing the immediately preceding year's tax data until the second half of the year. The only assessed income data available will be of the second preceding taxation year. For example, the tax data used in January 2012 will be from 2010. It is also important to note that the determination of a beneficiary's family income will differ, depending on his or her age.

The holder should ensure the beneficiary's family income information is on file at CRA in order to maximize grant payments. The grant matching rate at 300% or 200% can only be determined once the family income is verified.

2.2.1. Beneficiary at the Age of Majority

Beginning in the calendar year the beneficiary turns 19 until the end of the calendar year the beneficiary turns 49, the beneficiary's family income is based on **his or her income plus his or her spouse's income**. This remains true whether or not the adult beneficiary is a dependant of a parent/guardian.

In order to ensure the beneficiary's eligibility for the maximum grant amount can be verified, beneficiaries must file personal income tax returns from the year in which they turn 17, and continue to file for all future taxation years, regardless as to whether or not they have income to report. The parent's or guardian's family income will be used when the beneficiary is 18 years of age or under.

2.2.2. Beneficiary under the Age of Majority

From birth to December 31 of the year a beneficiary turns 18, a beneficiary's family income is based on the income information used to determine the Canada Child Benefit (CCB) for that beneficiary. To determine the amount of the grant to be paid in that year, **income information from the primary caregiver** is used – normally the person who receives the CCB closest to January. See Chapter 2-1, section 1.11 for more information. Generally speaking, January is usually used to set the grant matching rate for all contributions made in a given calendar year.

The CDSA provides that if there was no determination of eligibility for a Child Benefit for January, the income to be used is that for the first month of the calendar year in which eligibility for the CCB is established.

A child born in December would not receive the CCB until January 1 of the next calendar year. To allow families to be eligible for grant payments on contributions made in the birth year, the CDSA uses the family income that is used by the CCB determination made in January of the following year and applies it retroactively to the birth year.

2.2.3. Family Income Table

			Who can be the holder	Family Income (is based on the income from the second preceding tax year)
RDSP is opened	Any year before the beneficiary turns 18		<ul style="list-style-type: none"> • Parent • Guardian • Organization <p>Note: the beneficiary can be added as a joint holder or replace the holder (with the holder's consent and if allowed by the specimen plan text) after the beneficiary reaches the age of majority. The issuer can choose to allow a beneficiary that is 18 years old to be added as a holder if the age of majority in a province is 19. Also, the issuer can choose to contract with a beneficiary no matter what their age.</p>	<ul style="list-style-type: none"> • Parent / guardian – the income used to determine the CCB up to the year that the beneficiary turns 17. • Organization – The income level is not applicable for an organization.
	In the year the beneficiary turns 18	Before birthday	<ul style="list-style-type: none"> • Parent • Guardian • Organization <p>Note: the beneficiary can be added as a joint holder or replace the holder (with the holder's consent if allowed by the specimen plan text) after the beneficiary reaches the age of majority. The issuer can choose to allow a beneficiary that is 18 years old to be added as a holder if the age of majority in a province is 19. Also, the issuer can choose to contract with a beneficiary no matter what their age.</p>	<ul style="list-style-type: none"> • Parent / guardian – the income used to determine the CCB up to the year that the beneficiary turns 17. • Organization – N/A. Beneficiary is eligible for maximum grant and bond if the organization receives a children's special allowance at least one month in the calendar year.

	In the year the beneficiary turns 18	On or after birthday	<ul style="list-style-type: none"> Beneficiary (the financial institution has discretion as to whether they wish to enter into a contract if the age of majority for the province in which the contract is being opened is 19 years of age). Legal representative appointed under provincial law¹ Qualifying family member² 	<ul style="list-style-type: none"> Parent / guardian – the income used to determine the CCB up to the year that the beneficiary turns 17 Organization – N/A. Beneficiary is eligible for maximum grant and bond if the organization receives a children's special allowance at least one month in the calendar year.
	Any year after the beneficiary turns 18		<ul style="list-style-type: none"> Beneficiary (the financial institution has discretion as to whether they wish to enter into a contract if the age of majority for the province in which the contract is being opened is 19 years of age). Legal representative appointed under provincial law³ Qualifying family member⁴ 	<ul style="list-style-type: none"> Beneficiary - income used starting for the year the beneficiary turned 17.

2.2.4. Grant Income Thresholds

CRA indexes the income thresholds annually. The income thresholds used to determine the grant matching rates for the current and previous years are:

Year	Beneficiary's Family Income Threshold
2008	\$75,769
2009	\$81,452
2010	\$81,941
2011	\$83,088
2012	\$85,414
2013	\$87,123
2014	\$87,907
2015	\$89,401

¹ If beneficiary is age of majority and not contractually competent.

² If beneficiary is age of majority and the issuer believes that they are not contractually competent.

³ If beneficiary is age of majority and not contractually competent.

⁴ If beneficiary is age of majority and the issuer believes that they are not contractually competent.

Year	Beneficiary's Family Income Threshold
2016	\$90,563
2017	\$91,831
2018	\$93,208
2019	\$95,259

2.3. Grant Payments and Income Thresholds

2.3.1. Family Income is Under the Threshold

Example 1

The total eligible contribution amount deposited into an RDSP is \$4,000. If the beneficiary's family income is \$45,000, the grant deposited into the account is **\$3,500** (assuming there is no carry forward).

The grant amount is calculated as follows given the income is below the threshold amount:

- the first \$500 in contributions at a matching rate of 300% will attract \$1,500;
- the next \$1,000 in contributions at a matching rate of 200% will attract \$2,000; and
- the next \$2,500 in contributions will not attract any grant given the annual limit of \$3,500 has already been reached.

2.3.2. Family Income is Over the Threshold

Example 2

In 2013, the beneficiary's family income is over \$87,123. An eligible contribution of \$5,000 is deposited into the RDSP. The grant deposited into the RDSP is **\$1,000** (assuming there is no carry forward).

The grant amount is calculated as follows given the income is over the threshold amount:

- the first \$1,000 in contributions at a matching rate of 100% would attract \$1,000; and
- the next \$4,000 in contributions would not attract any grant as the annual limit of \$1,000 has already been reached.

2.3.3. If No Income Information is Available at CRA

Example 3

Paul opens an RDSP and deposits \$5,000, a gift he received from his grandmother. Paul is not only the holder, but also the beneficiary of the account. He has just turned 18 years of age prior to opening the plan. Paul has not filed any personal income tax returns for the last years as he had no income to report. When no income information is available (no tax return filed) and a \$5,000 contribution is made to the RDSP, the grant deposited is **\$1,000** (assuming there is no carry forward).

The grant amount is calculated as follows given that no income is available at CRA:

- the first \$1,000 in contributions at a matching rate of 100% would attract \$1,000; and
- the next \$4,000 in contributions would not attract any grant as the annual limit of \$1,000 has already been reached.

2.4. Shared Custody

Since July 2011, divorced or separated parents who share the custody of a child or children are able to receive and share CCB and credits for those children throughout the year.

As a result, there could be two different income levels used for a beneficiary under the age of 18 (one for each primary caregiver) during the calendar year. The Canada Disability Savings Program (CDSP) system **will use the income level that is the most advantageous for the beneficiary** to determine the grant entitlements.

2.4.1. Two key players

In the context of shared custody, there are two key players:

- the primary caregiver
- the qualified dependant

2.4.1.1. Primary Caregiver

In respect of a qualified dependant, a primary caregiver:

- resides with the qualified dependant in the year in question; and
- is a parent of the qualified dependant who:

- is the parent who primarily fulfils the responsibility for the care and upbringing of the qualified dependant and is not a shared custody parent in respect of the qualified dependant, or
- is a shared-custody parent* in respect of the qualified dependant.

*A shared-custody parent is an individual who is one of the two parents of the qualified dependant who:

- is not a cohabitating spouse or common-law partner of the other;
- resides with the qualified dependant on an equal or near equal basis; and
- primarily fulfils the responsibility for the care and upbringing of the qualified dependant when residing with the qualified dependant.

2.4.1.2. Qualified dependant

A qualified dependant is a person who:

- has not attained the age of majority;
- is the child of a primary caregiver or is under his/her care or the care of his/her spouse; and
- resides with the primary caregiver.

2.5. Beneficiary's Residency

A beneficiary who moves out of Canada may not be considered a Canadian resident for the time they are out of the country. In this case, the holder will not be eligible to make contributions in the years the beneficiary did not meet residency requirements.

CRA is responsible for determining residency status for a particular year. Information on the primary caregiver is used to determine residency of a beneficiary under the age of 18.

It is the holder's responsibility to inform the financial institution of any changes in the beneficiary's residency status.

Note: A holder, who is not the beneficiary, does not have to be a resident of Canada. The beneficiary does not have to be a resident of Canada at the time of the grant payment, only when opening the RDSP or when a contribution is made.

If the beneficiary's parents are with a diplomatic mission or in the Canadian Forces, the family members are still considered to be Canadian residents. The children are, therefore, eligible for the grant.

2.6. The CCB

For a beneficiary who has not yet reached the age of majority (and for beneficiaries celebrating their 18th birthday in a calendar year), ESDC validates the beneficiary's information against the Canada Revenue Agency's CCB database. This includes verifying that the primary caregiver has applied for the CCB at the time they filed their last tax return.

The CCB is a tax-free monthly payment made to eligible families to help them with the cost of raising children under the age of 18. The CCB may include the Child Disability Benefit (CDB), a monthly benefit for families who care for a child who is eligible for the Disability Tax Credit (DTC).

2.7. Beneficiary Under Care

If a beneficiary under the age of majority (including beneficiaries celebrating their 18th birthday in a calendar year) is under the care of a department, agency, or institution which is eligible for payments under the *Children's Special Allowances Act* (CSAA) for at least one month in the calendar year, the grant entitlement for that year will be at the highest matching rate of 300% on the first \$500 and 200% on the next \$1,000.

A payment made under the CSAA is tax-free monthly payment, made to an organization for a child who is under the age of 18 and under their care. These payments may include the CDB, a monthly benefit for organizations who care for a child who is eligible for the DTC.

2.8. Consent from Primary Caregivers

Beneficiaries who are over the age of 18 when they open an RDSP will need to obtain the consent from primary caregivers in order to obtain the data used to determine DTC eligibility, Canadian residency and family income for when they were 18 years of age and under.

For example, a 21 year old beneficiary who opens an RDSP may be able to access unused grant entitlements from previous years if he or she obtains the consent from the primary caregiver for each of those years, thus making it possible to verify DTC eligibility, Canadian residency and family income for the previous 10 years.

In order for ESDC to pay grants, primary caregivers **must consent to the sharing of their personal information** between ESDC, CRA, and the financial institution for the administration (which may include policy analysis, research and evaluation) of the CDSA, the *Canada Disability Savings Regulations* and the *Income Tax Act*.

If there are different primary caregivers (or organizations), ESDC will use the primary caregiver(s) information that is most beneficial for the beneficiary.

3. Grant Room and Carry Forward

As holders may not be able to contribute regularly to their RDSPs, the carry forward provision allows individuals to **access unused grant entitlements from the past 10 years**, starting from 2008 (the year RDSPs became available).

The carry forward is applied to all RDSPs regardless of when the plan is initially opened and registered.

The entitlements do not accrue during any period a beneficiary is not eligible for the DTC or not a resident of Canada.

The maximum annual amount of unused grant entitlement that can be carried forward and paid out in a calendar year is \$10,500. This amount includes any grant entitlement for the current year.

Since January 1, 2011, balances of available unused grant entitlements are determined and maintained by ESDC. The matching rate on unused grant entitlements is the same as that which would have applied had the contribution been made in the calendar year in which the entitlement was earned. Matching rates on RDSP contributions will be paid in **descending order**, with contributions using up any grant entitlements at the **highest available matching rate first from oldest to newest**, followed by any grant entitlements at lower rates.

During 2008, 2009 and 2010 it was impossible to access unused grant entitlements for previous years since the provision did not come into effect until 2011. However, starting in 2011, any unused grant entitlements from 2008, 2009 and 2010 can be accessed.

No separate application is required to access unused grant. Grant entitlements are calculated automatically. To help plan contribution amounts, annual statements of available grant entitlements are sent to holders to show how much unused grant entitlement is available.

3.1. Accessing Grant Entitlements

The carry forward provision of grant entitlements came into effect on January 1, 2011, with payments beginning in 2012. Grants are generally paid at the end of the month following the month in which an eligible contribution is made.

The beneficiary cannot access unused grant entitlements after December 31 of the year they turn 49 given an eligible contribution

must be made in order to access this unused grant entitlement. No eligible contribution can be made after December 31 of the year the beneficiary turns 49.

3.1.1. Beneficiary Eligibility Criteria

In order to receive a grant for unused entitlements, the beneficiary must meet the following eligibility criteria:

- is a Canadian resident at the time the eligible contribution is made and for each year of entitlement;
- has a valid Social Insurance Number (SIN);
- is eligible for the DTC in each year of entitlement;
- the contribution is made on or before December 31 of the year the beneficiary turns 49;
- does not have more than \$200,000 in contributions in the plan; and
- is alive at the time of the contribution.

3.1.2. Statement of Entitlement

Every year, RDSP holders will receive a statement showing the amount of unused grant entitlements available as well as the amount of contributions required to maximize grants that could be paid each calendar year.

Total grant available	Maximum grant available in 2013	Contribution required to maximize grant in 2013
\$XXXXXX	\$XXXX	\$XXXXXX

The statement describes briefly the eligibility criteria to receive grant and bond as well as the rules governing the carry forward of grant and bond entitlements.

3.2. Grant and Carry Forward Calculations

The maximum lifetime grant limit is **\$70,000** per beneficiary.

Once a beneficiary has received the maximum lifetime grant limit, contributions will no longer be eligible to receive grant. By qualifying for and receiving the 300% and 200% grant matching rates, a beneficiary will reach the lifetime grant limit of \$70,000 sooner with fewer and smaller contributions.

The maximum annual amount of grant entitlement that can be carried forward and paid into an RDSP is **\$10,500**. This amount includes any grant entitlement for the current year.

3.2.1. Grant Calculations Without Carry Forward

Example 1

Mary has a beneficiary's family income of \$37,000 in 2010. She made two eligible contributions to her RDSP in 2010.

She contributed \$500 to her RDSP in March 2010.

She contributed an additional \$400 in August 2010, for a total amount of \$900 in contributions.

Since Mary's beneficiary's family income is under the threshold of \$81,941 for 2010:

- the first \$500 in contributions at a matching rate of 300% will attract \$1,500; and
- the second \$400 in contributions at a matching rate of 200% will attract \$800.

Therefore, \$900 in contributions will attract **\$2,300** in grant for 2010.

Mary will have **\$1,200** of unused grant entitlement available after January 1, 2011 (\$600 at a matching rate of 200%).

Example 2

An eligible contribution of \$2,500 is made into an RDSP in 2011. The family income reported was \$84,000 in 2011. The 2011 income level threshold was \$83,088. (No unused grant entitlement is carried forward.)

Given the family income is above the threshold for 2011, the 100% matching rate applies.

- The first \$1000 in contributions at a matching rate of 100% will attract \$1,000.
- The next \$1,500 in contributions will not attract grant.

Therefore, \$2,500 in contributions will attract **\$1,000** in grant.

Example 3

An eligible contribution of \$5,000 is made into the RDSP in 2011. The family income level reported is \$60,000 in 2011. The 2011 income level threshold is \$83,088. (No unused grant entitlement is carried forward.)

Given the family income is below the \$83,088 threshold for 2011:

- the first \$500 in contributions at a matching rate of 300% will

- attract \$1,500;
- the next \$1,000 in contributions at matching rate of 200% will attract \$2,000; and
- the next \$3,500 in contributions will not attract grant.

Therefore, for the contribution of \$5,000, the grant payment would be **\$3,500**.

3.2.2. Grant Calculations With Carry Forward

Example 1

Caroline was born in 1973. Contractually competent, she opened a plan in 2010 at the age of 37. Her family income was below the grant income thresholds from 2008 to 2011. She is entitled to a matching rate of 300% on the first \$500 contributed and 200% on the next \$1,000 for each of these years. The following shows how much Caroline needs to contribute in order to maximize the amount of grant she is entitled to receive in 2011.

Year	Contributions	Grants at 300%	Carry Forward at 300%	Grants at 200%	Carry Forward at 200%	Grant Paid
2008	\$0	\$1,500	\$0	\$2,000	\$0	
2009	\$0	\$1,500	\$0	\$2,000	\$0	
The RDSP is opened in 2010.						
2010	\$0	\$1,500	\$0	\$2,000	\$0	
Carry Forward begins in 2011 and applies back to 2008.						
2011	\$4,250 (\$2,000 at 300%) (\$2,250 at 200%)	\$1,500	\$4,500 (3 X \$1,500 not including current year)	\$2,000	\$6,000 (3 X \$2,000 not including current year)	\$10,500

Given that the highest and oldest rates must be applied first, and given that there is \$6,000 at the 300% rate (\$1,500 per year from 2008 to 2010 + \$1,500 in 2011) available in unused grant entitlement in 2011:

- the first \$2,000 in contributions will be used to attract all the grants available at 300% for the years 2008 to 2011 inclusively; consequently, attracting **\$6,000** in grant;
- then, since all the grants at the 300% have been used up, the matching rate to apply will be the 200% rate. Therefore, the remaining \$2,250 in contributions (\$4,250 - \$2,000) will be used to attract the grants available at 200%; consequently attracting **\$4,500**

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(in grant).

Therefore, with a contribution of **\$4,250**, the maximum yearly amount of **\$10,500** would be paid out in grant. This will use up all the grant entitlements for 2008 and 2009 at 200% (\$4,000), as well as a portion of the grant available at 200% for 2010 (\$500 of the \$2000 available), leaving an outstanding amount of \$3,500 of grant entitlements at the 200% rate available for the future.

Caroline will need to make additional contributions to maximize the amount of grant she is entitled to receive for the following year.

Year	Contributions	Grants at 300%	Carry Forward at 300%	Grants at 200%	Carry Forward at 200%	Grant Paid
2012	\$3,250 (\$500 at 300%) (\$2,750 at 200%)	\$1,500	\$0	\$2,000	\$3,500	\$7,000

In 2012, Caroline would need to contribute \$3,250 to access the remaining available grant of \$7,000 (\$3,500 for 2012 based on her income being below the threshold and \$3,500 in carry forward from previous years at the 200% rate).

Example 2

Mark was born in 1990. Contractually competent, he opened an RDSP in 2013. Mark's family income has been below the grant income thresholds since 2008. He is entitled to a matching rate of 300% for the first \$500 contributed and 200% on the next \$1,000, for each year from 2008 to 2013. The following shows how much Mark needs to contribute in 2013 in order to maximize the amount of grant he is entitled to receive.

Year	Contributions	Grants at 300%	Carry Forward at 300%	Grants at 200%	Carry Forward at 200%	Grant Paid
2008	\$0	\$1,500	\$0	\$2,000	\$0	\$0
2009	\$0	\$1,500	\$0	\$2,000	\$0	\$0
2010	\$0	\$1,500	\$0	\$2,000	\$0	\$0
Starting 2011, carry forward of grant entitlements is available and applies from 2008.						
2011	\$0	\$1,500	\$4,500	\$2,000	\$6,000	\$0
2012	\$0	\$1,500	\$6,000	\$2,000	\$8,000	\$0

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The RDSP is opened in 2013.						
2013	\$3,750 (\$3,000 at 300%) (\$750 at 200%)	\$1,500	\$7,500 (5 X \$1,500)	\$2000	\$10,000 (5 X \$2,000)	\$10,500

Given that the highest and oldest rates must be applied first, and given that there is \$9,000 in unused grant entitlement available at the 300% matching rate:

- the first \$3,000 in contributions will be used to attract all the grants available at 300% for the years 2008 to 2013 inclusively; consequently, attracting **\$9,000** in grant.

Then, since all the grants at the 300% have been used up, we move to the 200% rate. Given the maximum annual grant amount that can be paid is \$10,500, \$1,500 of grant can still be paid on eligible contributions in 2013.

- A contribution of \$750 at the rate of 200% will draw a grant of **\$1,500**, using up part of the grant entitlements at 200% for 2008.

Therefore, in 2013, a contribution of **\$3,750** will attract the maximum grant available in a year of **\$10,500**.

Mark will need to make additional contributions to maximize the amount of grant he is entitled to receive for 2014.

Year	Contributions	Grants at 300%	Carry Forward at 300%	Grants at 200%	Carry Forward at 200%	Grant Paid
2014	\$5,000 (\$500 at 300%) (\$4500 at 200%)	\$1,500	\$0	\$2,000	\$10,500	\$10,500

There remains \$0 at 300% and \$3,500 at 200% of available grant entitlement that will carry forward to 2015.

- The first \$500 in contributions at the rate of 300% would attract a grant of **\$1,500**.
- Then, the next \$4,500 in contributions at the rate of 200% would attract a grant of **\$9,000**, using up the available grant at 200% for 2008 to 2012 as well as a part of the grant available for 2013.

In 2014, a contribution of **\$5,000** attracts a grant of **\$10,500**.

Example 3

The parents of 10-year-old Steve opened an RDSP for him in 2008. Their family income has been and continues to be below the grant income thresholds. Therefore, Steve is entitled to a matching rate of 300% on the first \$500 of eligible contributions and 200% on the next \$1,000.

In 2008, 2009 and 2010, his parents are able to contribute \$500, \$300 and \$1,500 respectively. In 2011, Steve's parents want to access unused grant entitlements and thereby maximize the amount of grant that Steve is entitled to receive. To do so, they make a contribution of \$3,000.

Year	Contributions	Grants at 300%	Carry Forward at 300%	Grants at 200%	Carry Forward at 200%	Grant Paid
2008	\$500	\$1,500	\$0	\$2,000	\$0	\$1,500
2009	\$300	\$1,500	\$0	\$2,000	\$0	\$900
2010	\$1,500 (\$500 at 300%) (\$1,000 at 200%)	\$1,500	\$0	\$2,000	\$0	\$3,500
Starting 2011, carry forward of grant entitlements is available and applies from 2008.						
2011	\$3000 (\$700 at 300%) (\$2,300 at 200%)	\$1,500	\$600 (from 2009)	\$2,000	\$4,000 (remaining balance from 2008 to 2010)	\$6,700
2012	\$2,200 (\$500 at 300%) (\$1,700 at 200%)	\$1,500		\$2,000	\$1,400 (from 2011)	\$4,900
Total	\$7,500					\$17,500

No carry forward of entitlements was available until 2011:

- in 2008, a contribution of \$500 at 300% attracted \$1,500;
- in 2009, a contribution of \$300 at 300% attracted \$900; and
- in 2010, a contribution of \$1,500 attracted \$3,500 (\$500 at 300% and \$1,000 at 200%).

With the introduction of the carry forward provision in 2011, contributions would now be able to attract unused grants from previous years. Starting with the highest rate of return, here is the breakdown of the \$3,000 contribution.

- \$200 at 300% attracted \$600 from 2009
- \$500 at 300% attracted \$1,500 from 2011
- \$1,000 at 200% attracted \$2,000 from 2008
- \$1,000 at 200% attracted \$2,000 from 2009
- \$300 at 200% attracted \$600 from 2011

A **\$3,000** contribution will attract **\$6,700** in grants.

However, not all unused grant entitlements have been paid. There is still grant available to be claimed for 2011.

In order to access unused grant entitlements additional contributions of **\$2,200** in 2012 would attract **\$4,900** in grant:

- \$500 at 300% attracted \$1,500 from 2012
- \$700 at 200% attracted \$1,400 from 2011
- \$1,000 at 200% attracted \$2,000 from 2012



RDSP Provider User Guide

CHAPTER 3-2

The Canada Disability Savings Bond

The Canada Disability Savings Bond (bond) is a payment made by the Government of Canada to help low to modest income Canadians with severe and prolonged disabilities and their families save for the future.

Before offering the bond, Registered Disability Savings Plan (RDSP) providers must be authorized by Employment and Social Development Canada (ESDC).

The bond is a payment of up to \$1,000 each year depending upon a beneficiary's family net income.

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1. The Bond – An Overview

No RDSP contributions are required to receive the bond. The Government of Canada pays the bond into the beneficiary's RDSP.

Depending on his/her family income, a beneficiary may be eligible to receive **up to \$1,000 annually** in bond, with a lifetime limit of **\$20,000**.

The bond may be paid into an RDSP providing the holder applies for the bond on or before December 31 of the calendar year in which the beneficiary turns 49 years of age.

1.1. How It Works

The payment of the bond is based on the following requirements.

- An **RDSP**: A qualified holder must open an RDSP for an eligible beneficiary.
- **Eligibility criteria**: The beneficiary must meet all eligibility criteria for the bond. Otherwise, the bond will not be paid.
- **Application Process**: The holder applies for the bond on the beneficiary's behalf through the RDSP provider.

1.2. Current Matching Rates

The *Canada Disability Savings Act* (CDSA) sets out the amount of bond that may be paid into an RDSP. The bond is a payment of up to \$1,000 each calendar year, depending on a beneficiary's family income.

The Canada Revenue Agency (CRA) indexes the family income thresholds annually. Generally speaking, January is used to set the bond rate in a given calendar year. For a child born other than in December or a new immigrant, the CDSA provides that if there was no determination of eligibility for a Child Benefit for January, the income to be used is that for the first month of the calendar year in which eligibility for the CCB is established. The amount of bond paid is determined as follows:

Beneficiary's Family Income	Bond Entitlement
Less than or equal to \$31,120*	\$1,000
Greater than \$31,120* But less than \$47,630*	<p>A portion of the \$1,000, based on a formula as identified in the CDSA:</p> $\$1,000 - [\$1,000 \times (A-B)/(C-B)]$ <p>Where A = Family Income B = \$31,120* C = \$47,630*</p>
\$46,605* or more or if no income information is available from CRA	None

*2019 Income Levels – Indexed Annually

1.3. Bond Income Thresholds

CRA indexes the income thresholds annually. Here are the thresholds:

Year	Beneficiary's Family Net Income Between	
2008	\$21,287	\$37,885
2009	\$23,710	\$40,726
2010	\$23,855	\$40,970
2011	\$24,183	\$41,544
2012	\$24,863	\$42,707
2013	\$25,356	\$43,561
2014	\$25,584	\$43,953
2015	\$26,021	\$44,701
2016	\$26,364	\$45,282
2017	\$30,000	\$45,916
2018	\$30,450	\$46,605
2019	\$31,120	\$47,630

1.3.1. Under the minimum threshold

Example 1

In 2013, Marc becomes Disability Tax Credit (DTC) eligible and opens an RDSP for himself. He has a family income of \$19,000. As his income is below \$25,356, the Government deposits **\$1,000** to his RDSP.

1.3.2. Between the minimum and maximum thresholds

Example 2

In 2013, the beneficiary's family income is \$35,000. A bond of \$470.26 will be deposited into the account (assuming there is no carry forward).

In this example, the bond formula is applied.

$$\$1,000 - [\$1,000 \times (A-B)/(C-B)]$$

Where A = \$35,000, B = \$25,356, C = \$43,561

$$\begin{aligned} & \$1,000 - [\$1,000 \times (\$35,000 - \$25,356) / (\$43,561 - \$25,356)] \\ &= \$1,000 - [\$1,000 \times \$9,644 / \$18,205] \\ &= \$1,000 - [\$1,000 \times 0.52974457] \\ &= \$1,000 - \$529.74 \\ &= \$470.26 \end{aligned}$$

1.3.3. No income information available

Example 3

Paul has just turned 18 and is both the holder and the beneficiary of his newly opened RDSP. Paul has never filed income tax returns as he had no income to report. No bond will be paid if there is no income tax return filed since there is no way to verify if the family income is within the required minimum and maximum amounts.

2. Bond Eligibility

2.1. Criteria

The **beneficiary** must:

- apply for the bond on or before December 31 of the year he or she turns 49;
- be a resident of Canada at the time of the initial application and immediately before the bond is paid;
- be eligible for the DTC the year for which the bond is paid;
- have a valid Social Insurance Number (SIN); and
- not be deceased.

2.2. Conditions

The **holder** must:

- open an RDSP;
- ensure a grant and bond application form is completed and check the appropriate boxes;
- provide the signed form directly to the financial institution on or before December 31 of the year the beneficiary turns 49 years of age; and
- have a valid SIN or Business Number (BN).

The **beneficiary** must:

- if over 18 years of age: have filed his/her personal income tax returns for the past two years and continue to file for all future taxation years; or
- if up to 18 years of age: have parents or guardians who have filed their taxes and applied for the Canada Child Benefit (CCB) for the past two years and up to the year the beneficiary turns 18.

The **financial institution** must:

- ensure information in the application form is complete;
- submit the information electronically for processing to ESDC;
- complete any required action as a result of processing with ESDC; example: correct SIN numbers, add missing information;
- receive and distribute bond payments to the appropriate RDSP; and
- provide a statement of account to the holder.

2.3. Beneficiary – Family Income

Family income is validated with information held by CRA based on filed income tax returns.

The **income data of the second preceding tax year** is used to establish the bond amount. This is because CRA will not have finished processing the immediately preceding year's tax data until the second half of the year. Therefore, the only assessed income data available will be of the second preceding taxation year. For example, the tax data used in January 2012 will be from 2010. It is also important to note that the determination of a beneficiary's family income will differ, depending on his or her age.

Eligibility for the bond can only be verified for beneficiaries where the personal income tax returns for the past two years have been filed for everyone whose income is used to determine "family income".

2.3.1. For a beneficiary at the age of majority

Beginning in the calendar year the beneficiary turns 19 until the end of the calendar year the beneficiary turns 49, the beneficiary's family income is based on **his or her income plus his or her spouse's income**. This remains true whether or not the adult beneficiary is a dependant of a parent/guardian.

In order to ensure the beneficiary's eligibility for the maximum bond amount can be verified, beneficiaries must file personal income tax returns from the year in which they turn 17, and continue to file for all future taxation years, regardless as to whether or not they have income to report. The parent's or guardian's family income will be used for when the beneficiary was 18 years of age or under.

2.3.2. For a beneficiary under the age of majority

From birth to December 31 of the year a beneficiary turns 18, a beneficiary's family income is based on the income information used to determine the CCB for that beneficiary. To determine the amount of the bond to be paid in that year, **income information from the primary caregiver** is used – normally the person who receives the CCB closest to January. Generally speaking, January is usually used to set the bond amount in a given calendar year.

For a child born during a specific year (but not in December) or a new immigrant, the CDSA provides that if there was no determination of eligibility for a CCB for January, the income to be used is that for the first month of the calendar year in which eligibility for the CCB is established.

A child born in December would not receive the CCB until January 1 of the next calendar year. To allow eligible families to receive bond for the birth year, the CDSA uses the family income that is used by the CCB determination made in January of the following year and applies this retroactively to the birth year.

2.3.3. Family Income Table

Who can be the holder		Family Income (is based on the income from the second preceding tax year)
RDSP is opened	In a year before the beneficiary turns 18	<ul style="list-style-type: none"> • Parent • Guardian • Organization <p>Note: the beneficiary can be added as a joint holder or replace the holder (with the holder's consent if allowed by the specimen plan text) after the beneficiary reaches the age of majority. The financial institution can choose to allow a beneficiary that is 18 years old to be added as a holder if the age of majority in a province is 19. Also, the financial institution can choose to contract with a beneficiary no matter what their age.</p>
	In the year the beneficiary turns 18 Before birthday	<ul style="list-style-type: none"> • Parent • Guardian • Organization <p>Note: the beneficiary can be added as a joint holder or replace the holder (with the holder's consent if allowed by the specimen plan text) after the beneficiary reaches the age of majority. The financial institution can choose to allow a beneficiary that is 18 years old to be added as a holder if the age of majority in a province is 19. Also, the financial institution can choose to contract with a beneficiary no matter what their age.</p>

Who can be the holder			Family Income (is based on the income from the second preceding tax year)
	On or after birthday	<ul style="list-style-type: none"> Beneficiary (the financial institution has discretion as to whether they wish to enter into a contract if the age of majority for the province in which the contract is being opened is 19 years of age). Legal representative appointed under provincial law¹ Qualifying family member² 	<ul style="list-style-type: none"> Parent / guardian – the income used to determine the CCB up to the year that the beneficiary turns 17. Organization – N/A. Beneficiary is eligible for maximum grant and bond if the organization receives a children's special allowance at least one month in the calendar year.
	In a year after the beneficiary turns 18	<ul style="list-style-type: none"> Beneficiary (the financial institution has discretion as to whether they wish to enter into a contract if the age of majority for the province in which the contract is being opened is 19 years of age). Legal representative appointed under provincial law³ Qualifying family member⁴ 	<ul style="list-style-type: none"> Beneficiary's income starting for the year the beneficiary turned 17.

2.4. Shared Custody

Since July 2011, divorced or separated parents that share the custody of a child or children would both be able to receive and share the CCB and credits for those children throughout the year.

There could be two different income levels for a beneficiary under the age of 18 (one for each primary caregiver) during the calendar year. Canada Disability Savings Program (CDSP) system **will use the income level that is the most advantageous for the beneficiary** to determine the bond entitlements.

¹ If beneficiary is age of majority and not contractually competent.

² If beneficiary is age of majority and the issuer believes that they are not contractually competent.

³ If beneficiary is age of majority and not contractually competent.

⁴ If beneficiary is age of majority and the issuer believes that they are not contractually competent.

2.4.1. Two key players

In the context of shared custody, there are two key players:

- the primary caregiver
- the qualified dependant

2.4.1.1. Primary Caregiver

In respect of a qualified dependant, a primary caregiver:

- resides with the qualified dependant; and
- is a parent of the qualified dependant who:
 - is the parent who primarily fulfils the responsibility for the care and upbringing of the qualified dependant and is not a shared custody parent in respect of the qualified dependant, or
 - is a shared-custody parent in respect of the qualified dependant*.

*A shared custody parent is an individual who is one of the two parents of the qualified dependant who:

- is not a cohabitating spouse or common-law partner of the other;
- resides with the qualified dependant on an equal or near equal basis; and
- primarily fulfils the responsibility for the care and upbringing of the qualified dependant when residing with the qualified dependant.

2.4.1.2. Qualified dependant

A qualified dependant is a person who:

- has not attained the age of majority;
- is the child of a primary caregiver or is under his/her care or the care of his/her spouse; and
- resides with the primary caregiver.

2.5. Beneficiary's Residency

A beneficiary who moves out of Canada may not be considered a Canadian resident for the time they are out of the country. In this case, the beneficiary will not be eligible for bond for the years he or she did not meet residency requirements.

CRA is responsible for determining the residency status for a particular year. Information on the primary caregiver is used to determine the residency of a beneficiary under the age of 18.

It is the holder's responsibility to inform the financial institution of any changes in the beneficiary's residency status.

Note: A holder, who is not the beneficiary, does not have to be a resident of Canada. The beneficiary must be a resident at the time the application for bond is made as well as the period immediately preceding the payment of the bond.

If the beneficiary's parents are with a diplomatic mission or in the Canadian Forces, the family members are still considered to be Canadian residents. The children are, therefore, eligible for the bond.

2.6. The Canada Child Benefit

For a beneficiary who has not yet reached the age of majority (and for beneficiaries celebrating their 18th birthday in a calendar year), ESDC validates the beneficiary's information against the CRA CCB database. This includes verifying that the primary caregiver has applied for the CCB at the time they filed their last tax return.

The CCB is a tax-free monthly payment made to eligible families to help them with the cost of raising children under the age of 18. The CCB may include the Child Disability Benefit, a monthly benefit for families who care for a child who is eligible for the Disability Tax Credit.

2.7. Beneficiary Under Care - Income

If a beneficiary under the age of majority (including beneficiaries celebrating their 18th birthday) is under the care of a department, agency, or institution which is eligible for payments under the *Children's Special Allowances Act* for at least one month in the calendar year, the bond entitlement for that year will be \$1,000.

A payment made under the *Children's Special Allowances Act* is tax-free monthly payment, made to an organization for a child who is under the age of 18 and under their care. These payments may include the Child Disability Benefit, a monthly benefit for agencies who care for a child who is eligible for the DTC.

2.8. Consent from Primary Caregivers

Beneficiaries who are over the age of 18 when they open an RDSP will need to obtain the consent from primary caregivers in order to obtain the data used to determine DTC eligibility, Canadian residency and family income for when they were 18 years of age and under.

For example, a 21 year old beneficiary who opens an RDSP may carry forward bond from previous years if he or she obtains the consent

from the primary caregivers for each of those years, thus making it possible to verify DTC eligibility, Canadian residency and family income for the previous 10 years.

In order for ESDC to pay bonds, primary caregivers must consent to the sharing of their personal information between ESDC, CRA, and the financial institution for the administration (which may include policy analysis, research and evaluation) of the *Canada Disability Savings Act*, the *Canada Disability Savings Regulations* and the *Income Tax Act*.

Specifically, the information collected from the primary caregiver is used to verify the beneficiary's eligibility for the DTC, residency status and family income.

If there are different primary caregivers (or organizations), ESDC will use the primary caregiver(s) information that is most beneficial to the beneficiary.

3. Bond Limits and Carry Forward

The carry forward provision allows individuals to **access unused bond entitlements from the past 10 years**, starting from 2008 (the year the RDSP became available). This applies to all RDSPs, regardless of when the plan is registered.

The entitlements do not accrue during any period a beneficiary is not eligible for the DTC or not a resident of Canada.

The annual bond entitlement is based on the beneficiary's family income; by qualifying for and receiving the annual maximum bond payment of \$1,000 each year, a beneficiary will reach the lifetime bond limit within twenty years. A beneficiary has the potential of receiving annual bond payments up to the calendar year in which they turn 49 years old but must apply for the bond on or before December 31 of the year that they turn 49.

The maximum annual amount of unused bond that can be carried forward and paid into an RDSP in a calendar year is **\$11,000**. This includes any bond entitlement for the current year.

Beginning January 1, 2011, balances of available unused bond entitlements will be determined and maintained by ESDC, based on the beneficiary's family net income in the year of entitlement.

Starting in 2011, the unused bond entitlements from 2008, 2009 and 2010 will be paid out using the carry forward provision.

No bond can be applied to a previous year in which the beneficiary was not a Canadian resident or eligible for the DTC.

No separate application is required to access unused bond entitlements. Bond entitlements are calculated automatically.

3.1. Timetable

The carry forward provision of bond entitlements came into effect on January 1, 2011, with payments beginning in 2012. Bonds are generally paid in February of the same calendar year as entitlement or when the bond is applied for (whichever comes first).

3.1.1. Eligibility

In order to access unused bond entitlements, the beneficiary must meet the following eligibility criteria:

- is a Canadian resident and was a Canadian resident in the year of entitlement;
- has a valid SIN;
- is eligible for the DTC and was eligible for the DTC in the year of entitlement; and
- applies for the bond on or before December 31 of the year the beneficiary turns 49.

3.1.2. Bond entitlements and limits

The bond amount will be the same as the one that would have applied if the request had been made in the year in which the bond was earned.

3.2. Bond and Carry Forward Calculations

The maximum lifetime bond limit is **\$20,000** per beneficiary.

The maximum annual amount that can be carried forward and paid into an RDSP is **\$11,000**.

Example 1 (without carry forward)

A beneficiary's family income is \$17,000 in 2010. Since the beneficiary's family income is under the threshold of \$23,855 for 2010, he will receive a bond of **\$1,000**.

Example 2 (with carry forward)

Caroline was born in 1973. Contractually competent, she opened a plan in 2013 at the age of 40 and applied for grant and bond. Her income was below \$15,000 from 2008 to 2013. Caroline would attract **\$6,000** in bond.

Year	Bond	Carry Forward	Bond Paid Out
2008	\$1,000	\$0	\$0
2009	\$1,000	\$0	\$0
The RDSP is opened in 2010.			
2010	\$1,000	\$0	\$0
Carry Forward begins in 2011.			
2011	\$1,000	\$0	\$0
2012	\$1,000	\$0	\$0
The RDSP is opened in 2013.			
2013	\$1,000	\$5,000	\$6,000

All the bond entitlements for 2008 to 2013 will be paid to Caroline.



RDSP Provider User Guide

CHAPTER 3-3

Grant and/or Bond Application Process

The following pages provide an overview and step-by-step instructions for completing the application form and its associated annexes where applicable.

Failure to supply accurate and complete information on the application form may lead to non-payment of the Canada Disability Savings Grant (grant) and/or the Canada Disability Savings Bond (bond).

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1 The Application Process

Who is involved?

The process of applying for the grant and/or the bond includes the participation of the following:

- the financial institution;
- the holder;
- the beneficiary or the legal representative; and
- the Primary Caregiver (PCG)
 - for years the beneficiary is under the age of 18; and/or
 - if the carry forward period includes a time when the beneficiary was under the age of 18.

The following provides an overview of the application process. For detailed information, see Chapter 4-3: Request for Grant and Bond.

The holder:

Step 1:	Contacts a participating financial institution that offers Registered Disability Savings Plan (RDSP) and opens an RDSP.
Step 2:	Names the beneficiary of the RDSP.
Step 3:	Completes the Application for the grant and/or the bond and related annex(es), where applicable.

The financial institution:

Step 1:	Verifies the accuracy of the information.
Step 2:	Ensures all applicable sections are completed and holder and/or beneficiary consent is provided.
Step 3:	Transmits the information to Employment and Social Development Canada (ESDC) through the Canada Disability Savings Program system (CDSP system).

To apply for the grant and/or the bond, the holder must complete and sign the following:

1. **APPLICATION FOR Canada Disability Savings Grant and/or Canada Disability Savings Bond** [ESDC EMP 5608]
2. **ANNEX A – Joint Holder** (if applicable) [ESDC EMP 5609]
3. **ANNEX B – Primary Caregiver** (if applicable) [ESDC EMP 5610]

For the application to be processed, it is important to complete all parts of the forms correctly and sign the applicable declaration and consent(s). Failure to do so could result in the non-payment of the grant and/or the bond.

If at the time of application the beneficiary is under the age of majority¹ or was under the age of majority at any time in the previous 10 years (starting in 2008); Annex B should be completed as the beneficiary may be eligible to claim unused grant and/or bond entitlements under the carry forward provision. (See section 4 of this document for more information.)

The financial institution will process the application and submit the request to ESDC.

Consent for Sharing of Personal Information

The information included on the form(s) and the information regarding the RDSP **may be used by and shared** between ESDC, the Canada Revenue Agency (CRA), and the financial institution for the administration of the *Canada Disability Savings Act*, the *Canada Disability Savings Regulations* and the *Income Tax Act*. This may include policy analysis, research and evaluation.

Providing consent is entirely voluntary. However, **if consent is not given**, the Government of Canada will not be able to process the application and therefore no grant and/or bond payments will be made.

¹ The age of majority differs from province to province. Issuers should have policies in place to guide their staff in this regard.

1.1 Downloading the Forms

To download the application form, Annex A and/or Annex B, visit the following Web address:

<http://www.esdc.gc.ca/eng/disability/savings/issuers/index.shtml>

2 The Application Form

To apply for the grant and/or the bond for a beneficiary, the application form must be completed, signed, and returned to the RDSP issuer. The form has five sections to be filled as required:

- Section 1: Information about the beneficiary
- Section 2: Information about the holder
- Section 3: Declaration of refusal
- Section 4: Declaration and consent of the holder
- Section 5: Declaration and consent of the beneficiary

Sections 6 through 9 provide information on the conditions for payment of grant and bond as well as privacy requirements.

For the application to be processed, the proper consent to use, share and disclose personal information must be obtained.

	Employment and Social Development Canada	Emploi et Développement social Canada	PROTECTED WHEN COMPLETED - B (Personal Information bank: PPU 038)
APPLICATION FOR: Canada Disability Savings Grant and/or Canada Disability Savings Bond			
Instructions:			
<ol style="list-style-type: none">1. This form is to be completed by the holder of the Registered Disability Savings Plan (RDSP).2. Read this document carefully. If you have any questions, do not hesitate to ask the RDSP issuer.3. This form is valid only if completed, signed, dated and given to the RDSP issuer. Do NOT send directly to Employment and Social Development Canada (ESDC).4. Keep a copy for your records.			
RDSP Issuer		RDSP Contract No.	
<input type="text"/>		<input type="text"/>	

2.1 Information About the Beneficiary (Section 1)

The following beneficiary information is required:

- last name and first name;
- middle name (if applicable);
- date of birth (YYYY-MM-DD); and
- Social Insurance Number (SIN).

The name must be entered **exactly** as it appears on the SIN documentation. Otherwise, it may be rejected.

1 Information About the Beneficiary			
Complete the following information about the beneficiary of the RDSP.			
• The name must be entered exactly as it appears on Social Insurance Number documentation			
Beneficiary The beneficiary is the person who will receive the funds in the RDSP in the future.	Beneficiary's Last Name	Beneficiary's First Name	Beneficiary's Middle Name
	<input type="text"/>	<input type="text"/>	<input type="text"/>
	Date of Birth	Social Insurance Number	
	<input type="text"/>	<input type="text"/>	

2.2 Information About the Holder (Section 2)

This section must be completed only if the holder is different from the beneficiary of the RDSP. The holder also completes and submits the signed form to the financial institution.

If the holder is also a primary caregiver, Annex B must be completed and submitted along with the main application. (See section 4 of this document for more information).

If there is more than one holder, each additional holder must complete a separate Annex A. (See section 3 of this document for more information).

For more information on holders, see chapter 1-1, section 3.2 (The Holder) of this guide.

2 Information About the Holder			
Complete the following information only if the holder is different from the beneficiary of the RDSP.			
• The name must be entered exactly as it appears on Social Insurance Number documentation.			
• If there is more than one holder, please complete Annex A for each of the other holders.			
Holder You are the holder if you opened the RDSP. or The agency is a holder in the case where the beneficiary is a "child in care".	Holder's Last Name	Holder's First Name	Holder's Middle Name
	<input type="text"/>	<input type="text"/>	<input type="text"/>
	Name of Agency	Name of Agency Representative	
	<input type="text"/>	<input type="text"/>	
	Social Insurance Number / Business Number (if an Agency)	Total Number of Holders	
	<input type="text"/>	<input type="text"/>	

2.2.1 If the holder is an individual

The holder (if different than beneficiary), must provide the following information:

- last name and first name;
- middle name (if applicable);
- social insurance number (SIN); and
- total number of holders for this plan.

Names must be entered exactly as they appear on the SIN documentation. Otherwise, the application may be rejected.

Example: A woman makes use of her married name for all identification purposes except for the SIN documentation, which contains her maiden name. If the name used on the application form differs from the SIN documentation, the transaction will be rejected. This is one of the most common errors encountered.

2.2.2 If the holder is a department, agency or institution

The following information must be provided:

- name of agency ;
- name of agency representative;
- business number; and
- total number of holders to the plan.

Information must be entered exactly as they appear on business number documentation. Otherwise, the application may be rejected.

2.3 Declaration of Refusal (Section 3)

By filling out the application form, the applicant is automatically requesting payment for both the grant and the bond.

If the applicant **DOES NOT** wish to request payment for the grant or the bond, he/she must check the box for the payment he/she does not wish to apply for. Otherwise, this section is to be left blank.

3 Declaration of Refusal	
Complete this section only if you DO NOT want to apply for either the grant or bond.	
You are not required to receive grants or bonds as part of the RDSP.	• Check the box for the payment you DO NOT wish to apply for.
	I DO NOT wish to request payment of the:
	<input type="checkbox"/> Canada Disability Savings Grant (grant) <input type="checkbox"/> Canada Disability Savings Bond (bond)

2.4 Declaration and Consent of the Holder (Section 4)

The signature of the holder in this section is required. Holder consent allows ESDC to process the application form, and pay the grant and/or the bond, where applicable.

Note: Whether or not the holder is the beneficiary, consent must be provided in section 4 of the application.

The holder should be advised to carefully read sections 6 through 9 of the application to understand the terms and conditions under which he/she is providing consent before signing this section.

4 Declaration and Consent of the Holder	
<p>The holder must read this section and sign to receive grants and bonds in the RDSP.</p> <p>If the holder is also a primary caregiver, complete Annex B.</p>	I authorize the RDSP issuer to apply for the grant and/or bond.
	I confirm that the beneficiary meets all eligibility criteria identified in Section 6.1.
	I understand that the provision of the information on this form is voluntary and that I am not required to give my consent; however, if I do not give my consent, the Government of Canada cannot pay the grant and/or bond.
	I confirm that I have read, understood, and received a copy of this document, including the privacy rights found in Section 7, and I consent to the use and sharing of my personal information as outlined.
	<div> <div>Date (yyyy-mm-dd)</div> <div>Holder's Signature</div> </div>

2.5 Declaration and Consent of the Beneficiary (Section 5)

- **If the beneficiary is under 18 years of age**, beneficiary consent is not required. Consent is obtained from the holder of the plan under section 4 of the application.
- **If the beneficiary was under 18 years of age at the time of application but has since reached 18 years of age**, he/she is required to provide consent in section 5 of the application form to authorize the sharing and use of personal information for the purposes of paying grant and/or bond. Failure to do so could result in the non-payment of the grant and/or the bond.

- In order to pay the bond, which occurs in February of the year the beneficiary turns 19 years of age, ESDC must be able to determine the family income. To do so, ESDC requires the beneficiary's consent to access their personal information.
- **If the beneficiary is 18 years of age or older at the time of application, is contractually competent and is also the RDSP holder**, he/she is not required to provide his/her consent in section 5 as it will be obtained in section 4 of the application.
- **If the beneficiary is 18 or over at the time of application; however, contractual competency is in doubt**, a Qualifying Family Member (QFM), legal representative or agency can sign on behalf of the beneficiary.

5 Declaration and Consent of the Beneficiary	
Complete this section if the beneficiary is of the age of majority.	
<i>This section must also be completed and added to the issuer's records once the beneficiary turns 18 years of age if the beneficiary has not previously provided consent.</i>	
The beneficiary must read this section and sign to receive grants and bonds in the RDSP.	I confirm that I meet all eligibility criteria identified in Section 6.1.
	I understand that the provision of the information is voluntary and that I am not required to give my consent; however, if I do not give my consent, the Government of Canada cannot pay the grant and/or bond.
	I confirm that I have read, understood, and received a copy of this document, including the privacy rights found in Section 7, and I consent to the use and sharing of my personal information as outlined.
	<div>Date (yyyy-mm-dd)</div> <input type="text"/>
	<div>Beneficiary's Signature</div> <input type="text"/>

2.6 Conditions for Payments of the Grant and/or Bond (Section 6)

This section seeks to explain the conditions for payment of the grant and/or the bond into an RDSP. The holder should read this section prior to submitting an application.

6**Conditions for Payment of the Grant and/or Bond**

This section explains some important conditions under which the grants and bonds may be paid into an RDSP.

For more information please refer to the Canada Disability Savings Act and the Income Tax Act.

1. The beneficiary must be eligible to receive the Disability Tax Credit (DTC) and be resident in Canada in the year in which the contribution to the RDSP is made (or, if applicable, the year to which the contribution is allocated) and in the year (or years) to which a bond is payable, as well as immediately before the bond is paid.
2. In order for the grant or bond to be paid, an application must be made on or before December 31 of the year the beneficiary turns age 49. In addition, for the grant, contributions must also be made on or before this date.
3. The total of all contributions and 'rollover' amounts deposited to the RDSP of a beneficiary must not exceed \$200,000.
4. Not more than \$70,000 in grants and \$20,000 in bonds may be paid into the RDSP of a beneficiary during his or her lifetime.
5. The amount of grant and bond entitlement for a given year depends on the beneficiary's family income of the second preceding tax year (for example, 2014 amounts are based on 2012 family income).
6. A beneficiary can be paid unused grant and bond entitlements from the past 10 years (starting from 2008 when the RDSP became available) – if he/she met all eligibility criteria during those previous years. An application and a contribution (if applicable) must be made on or before December 31 of the year the beneficiary turns age 49. The matching rate for grants will be the same rate that would have applied if the contribution had been made in the year in which the grant entitlement was earned. The amount of unused grant and bond entitlements depends on the family income established for the particular year that the unused entitlement was earned.
7. Grants and bonds can be paid on unused entitlements up to an annual maximum of \$10,500 for grant and \$11,000 for bond.

2.7 Payment of the Grant and/or Bond (Section 7)

This section seeks to explain some of the administrative processes associated with the payment of the grant and the bond. The holder should familiarize himself or herself with the information prior to submitting an application.

7**Payment of the Grant and/or Bond**

The application for the grant will be submitted in ESDC's electronic system by the issuer at the time of each contribution. A new application form is not required for each contribution.

The application for the bond will be automatically resubmitted in ESDC's electronic system every year by the issuer. A new application form is not required for each year.

Unused entitlement to grant and bond for the last ten years (starting in 2008) will be calculated automatically, with contributions allocated to highest then oldest matching rates that the beneficiary is entitled to.

This section clarifies some of the administrative processes around the payment of the grant and bond.

Up to and including the year that the beneficiary turns 18 years of age, the family income used to determine the annual grant and bond entitlement is based on the family income of the primary caregiver (unless the beneficiary is under the care of a public department, agency, or institution that is legally authorized to act on behalf of the beneficiary and where the organization receives at least one payment in respect of the beneficiary under the *Child Special Allowances Act*).

Consent to use, share, and disclose the personal information of the primary caregivers is required in order to determine the amount of grant and bond for each year that the entitlement was generated. **Annex B** provides additional details and will need to be completed to ensure that the information for the years up to when the beneficiary turns 18 is available to determine the amount of grant and bond.

Starting in the year that the beneficiary turns 19 years of age and each year after this, personal information of the beneficiary held by the Canada Revenue Agency is used to verify family income. This is true regardless of whether he or she resides with or continues to receive support from their parents or guardians.

Should the plan holder ever wish to discontinue payments of the grant and/or bond into the beneficiary's RDSP, the 'Revocation of Request for Canada Disability Savings Grant and/or Canada Disability Savings Bond' form available at the issuer's place of business must be completed, signed, and given to the issuer.

2.8 Your Privacy Rights (Section 8)

This section explains why personal information is collected and how it is used, shared and protected. It also explains how one can access their personal information. The holder should be advised to carefully read this section prior to submitting an application.

8

Your Privacy Rights

This section explains why your information is collected and how it is used, shared and protected. It also explains how you can access your personal information.

The information you provide on this form is collected under the authority of the *Canada Disability Savings Act* (CDSA) and the *Income Tax Act* (ITA) for the purposes of determining eligibility for a Canada Disability Savings Grant (grant) or Canada Disability Savings Bond (bond), (including for previous years in order to determine if there are any unused grant and/or bond entitlements from those years), to calculate amounts payable and to administer the grant and bond. Information may be used by and shared between Employment and Social Development Canada (ESDC), the Canada Revenue Agency, and the issuer for the administration of the CDSA and the ITA.

The Social Insurance Number (SIN) is collected under the authority of the CDSA and Income Tax Act, and will be used as a file identifier and to ensure an individual's exact identification so that the beneficiary's eligibility for the Disability Tax Credit (DTC), residency and family income can be verified for the purposes of determining whether a grant or bond may be paid. While eligibility for the DTC may be verified, information contained within the Disability Tax Credit Certificate (i.e., the nature of the beneficiary's disability) will not be collected, used or disclosed.

Submitting this application is voluntary. However, if you refuse to provide your personal information, ESDC will be unable to process your application.

The information you provide may also be used and/or disclosed by ESDC for policy analysis, research and/or evaluation purposes of RDSP, grant and/or bond administration and/or design. In order to conduct these activities, various sources of information under the custody and control of ESDC may be linked. However, these additional uses and/or disclosures of your personal information will never result in an administrative decision being made about you (such as a decision on your entitlement to a grant and/or bond).

Your personal information is administered in accordance with the CDSA, the *Department of Employment and Social Development Act*, the *Privacy Act*, the *Income Tax Act* and all other applicable laws. You have the right to access or request correction to your personal information kept in Personal Information Bank "HRSDC PPU 038". Instructions for obtaining this information are outlined in the government publication entitled *Info Source*, which is available at the following Web site address: www.infosource.gc.ca. *Info Source* may also be accessed online at any Service Canada Centre.

Personal information of the plan holder is used to verify their identity in the Social Insurance Registry in order to identify the correct RDSP.

Personal information of the beneficiary is used to verify their identity in the records held in the Social Insurance Registry in order to identify the correct RDSP. Where the beneficiary is not of the age of the majority, the holder authorizes the collection, use, and sharing of the beneficiary's personal information for this purpose.

Starting in the year that the beneficiary turns 19 years of age and each year after this, their personal information held by the Canada Revenue Agency is used to verify family income as well as validate eligibility criteria. The beneficiary's consent to use, share and disclose their personal information is voluntary but if they do not consent, the Government of Canada cannot pay bond starting in the year the beneficiary turns 19 years of age and the maximum matching rate for grant will be 100% of contributions up to \$1,000 each year.

2.9 Definitions (Section 9)

This section includes definitions of key terms for information purposes.

9

Definitions

These definitions are provided for your information only and do not constitute the legal definitions. In the event of a discrepancy, the legal definitions found in the *Canada Disability Savings Act*, and the *Income Tax Act* prevail.

Beneficiary: The individual who will receive payments from the RDSP in the future.

Disability Tax Credit (DTC): A non-refundable tax credit available to individuals who, in a given taxation year, have one or more severe and prolonged impairments in physical or mental functions. A medical practitioner, using the appropriate form, must certify the effects of the impairment and the Canada Revenue Agency must approve the application. See the *Income Tax Act*, section 118.3 for further details.

Issuer: A corporation authorized to offer the RDSP to the public. The issuer opens an RDSP for the holder and handles related administrative matters.

Holder: is an individual, agency, department or institution that opens an RDSP, names one beneficiary and may authorize or make deposits (contributions) on behalf of the beneficiary into the RDSP. The plan holder may be:

- The beneficiary;
- If the beneficiary is not of the age of majority at the time the RDSP is opened, the legal parent, legal representative, or public department, agency, or institution that is legally authorized to act on behalf of the beneficiary;
- If the beneficiary is of the age of majority at the time the RDSP is opened but is not contractually competent, the legal representative or the public department, agency, or institution that is legally authorized to act on behalf of the beneficiary; or
- If the RDSP is opened before 2017 and the beneficiary is of the age of majority at the time the RDSP is opened but the issuer, after a reasonable enquiry, has doubts regarding the beneficiary's contractual competency and no person or entity has been legally authorized to act on their behalf: the spouse, common-law partner or parent of the beneficiary (also referred to as a qualifying family member (see s. 146.4(1) *Income Tax Act* for further details)).

3 ANNEX A – Joint Holder


Annex A serves two purposes:

- to add a joint holder to the RDSP plan; and
- to identify the beneficiary as a joint holder of an existing plan when he/she reaches the age of majority².

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

The joint holder is required to provide the following information:

- beneficiary's last name and first name;
- beneficiary's middle name (if applicable); and
- RDSP contract No.

	Employment and Social Development Canada	Emploi et Développement social Canada	PROTECTED WHEN COMPLETED - B (Personal Information bank: PPU 038)
ANNEX A – Joint Holder			
APPLICATION FOR: Canada Disability Savings Grant and/or Canada Disability Savings Bond			
<small>Instructions:</small>			
<small>1. A separate annex is to be completed for each joint holder of the Registered Disability Savings Plan (RDSP) that was not identified on the Application for Canada Disability Savings Grant and/or Canada Disability Savings Bond.</small>			
<small>2. Read this document carefully. If you have any questions, do not hesitate to ask the RDSP issuer.</small>			
<small>3. This form is valid only if completed, signed, dated and given to the RDSP issuer. Do NOT send directly to Employment and Social Development Canada.</small>			
<small>4. Keep a copy for your records.</small>			
Beneficiary's Last Name	Beneficiary's First Name	Beneficiary's Middle Name	RDSP Contract No.
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

Annex A has two sections that require completion:

- Section A-1: Information about the joint holder
- Section A-2: Declaration and consent of the joint holder

Section A-3 contains information about privacy rights.

² The age of majority differs from province to province. Issuers should have policies in place to guide their staff in this regard.

3.1 Information About the Joint Holder (Section A-1)

Joint holder(s) must provide the following personal information:

- last name and first name;
- middle name (if applicable); and
- Social Insurance Number (SIN).

A-1 Information About the Joint Holder			
Complete the following information if you are also a holder of the RDSP.			
• The name must be entered exactly as it appears on Social Insurance Number documentation			
Joint Holder	Last Name	First Name	Middle Name
	<input type="text"/>	<input type="text"/>	<input type="text"/>
	Social Insurance Number		
			<input type="text"/>

3.2 Declaration and Consent of the Joint Holder (Section A-2)

The joint holder(s) should be advised to carefully read section 6 of the application form, as well as section A-3 of Annex A to understand the terms and conditions under which consent is provided before signing.

A-2 Declaration and Consent of the Joint Holder	
<p>You must read this section and sign to receive grants and bond in the RDSP.</p> <p><i>If the joint holder is also a primary caregiver, Annex B must be completed.</i></p>	<p>I authorize the RDSP issuer to apply for the grant and/or bond.</p> <p>I confirm that the beneficiary meets all eligibility criteria identified in Section 6.1 of the <i>Application for the Canada Disability Savings Grant and/or Canada Disability Savings Bond</i>.</p> <p>I understand that the provision of the information is voluntary and that I am not required to give my consent; however, if I do not give my consent, the Government of Canada cannot pay the grant and/or bond.</p> <p>I confirm that I have read, understood, and received a copy of this document, including the privacy rights found in Section A-3, and I consent to the use and sharing of my personal information.</p>
	<p>Date (yyyy-mm-dd) <input type="text"/></p> <p>Joint Holder's Signature <input type="text"/></p>

3.3 Your Privacy Rights (Section A-3)

This section explains why personal information is collected and how it is used, shared and protected. It also explains how the joint holder(s) can

access their personal information. Joint holder(s) should be advised to carefully read this section prior to submitting an application.

A-3 Your Privacy Rights	
<p>This section explains why your information is collected and how it is used, shared and protected. It also explains how you can access your personal information.</p>	<p>The information you provide on this form is collected under the authority of the <i>Canada Disability Savings Act</i> (CDSA) and the <i>Income Tax Act</i> (ITA) for the purposes of determining eligibility for a Canada Disability Savings Grant (grant) or Canada Disability Savings Bond (bond), (including for previous years in order to determine if there are any unused grant and/or bond entitlements from those years), to calculate amounts payable and to administer the grant and bond. Information may be shared with Employment and Social Development Canada (ESDC), the Canada Revenue Agency, and the issuer for the administration of the CDSA and the ITA.</p> <p>The Social Insurance Number (SIN) is collected under the authority of the CDSA and will be used as a file identifier and to ensure an individual's exact identification so that the beneficiary's eligibility for the Disability Tax Credit (DTC), residency and family income can be verified for the purposes of determining whether a grant or bond may be paid. While eligibility for the DTC may be verified, information contained within the Disability Tax Credit Certificate (i.e., the nature of the beneficiary's disability) will not be collected, used or disclosed.</p> <p>Submitting this application is voluntary. However, if you refuse to provide your personal information, ESDC will be unable to process your application.</p> <p>The information you provide may also be used and/or disclosed by ESDC for policy analysis, research and/or evaluation purposes of RDSP, grant and/or bond administration and/or design. In order to conduct these activities, various sources of information under the custody and control of ESDC may be linked. However, these additional uses and/or disclosures of your personal information will never result in an administrative decision being made about you, (such as a decision on your entitlement to a grant and/or bond).</p> <p>Your personal information is administered in accordance with the CDSA, the <i>Department of Employment and Social Development Act</i>, the <i>Privacy Act</i>, the <i>Income Tax Act</i> and all other applicable laws. You have the right of access to, and to the protection of, your personal information. It will be kept in Personal Information Bank "HRSDC PPU 038". Instructions for obtaining this information are outlined in the government publication entitled <i>Info Source</i>, which is available at the following Web site address: www.infosource.gc.ca. <i>Info Source</i> may also be accessed online at any Service Canada Centre.</p> <p>Personal information of the plan holder is used to verify their identity in the Social Insurance Registry in order to identify the correct RDSP.</p>

4 ANNEX B – Primary Caregiver

Annex B is designed to collect the information required to determine grant and bond entitlements for any year the beneficiary is under the age of 18. It is also used to determine any unused entitlements to the grant and the bond from prior years that the beneficiary may be entitled to under the carry forward provision for a period when the beneficiary was 18 years of age or younger.

Note: If the parents or guardians of a minor beneficiary have not filed their personal income tax returns for the two years prior to the application (and all taxation years where the beneficiary was aged 18 or under), and have not applied for the Canada Child Tax Benefit (CCTB), ESDC will be unable to verify the family income. This will affect whether a bond is paid as well as the matching rates for the grants. For more information, see Chapter 3-1 of this guide.


The personal information of the primary caregiver (PCG), (previously referred to as "current" and "January eligible individual") from these previous years is used to determine the family income for a particular year, as well as to validate the beneficiary's residency and eligibility for the Disability Tax Credit (DTC).

Unless the information on the primary caregiver(s) is provided for the years the beneficiary was under the age of 18, the beneficiary will only receive the 100% matching rate of grant. The bond will not be paid as ESDC will be unable to verify that the family income is below the bond income thresholds during those years. Financial institutions may need the holder/beneficiary to submit Annex B, for beneficiaries who were 18 years of age or under in the previous 10 years (starting in 2008).

A separate Annex B must be completed for each **different** primary caregiver for each of those years.

Annex B: The primary caregiver must provide the following information:

- beneficiary's last name and first name;
- beneficiary's middle name (if applicable); and
- RDSP contract number.

	Employment and Social Development Canada	Emploi et Développement social Canada	PROTECTED WHEN COMPLETED - B (Personal Information bank: PPU 038)
ANNEX B – Primary Caregiver			
APPLICATION: Canada Disability Savings Grant and/or Canada Disability Savings Bond			
Instructions:			
1. Complete this annex if the beneficiary is 18 years of age or under at the time of the application or was 18 years or under during any part of the ten-year period (starting in 2008) prior to the application if the beneficiary was eligible for the Disability Tax Credit for any of those years.			
2. A separate annex is to be completed for each primary caregiver.			
3. The personal information of the primary caregiver from previous years is used to determine if the beneficiary is entitled to any grant or bond from those years. <u>All</u> primary caregivers for <u>each</u> of these years will need to complete an Annex B.			
4. Read this document carefully. If you have any questions, do not hesitate to ask the Registered Disability Savings Plan (RDSP) issuer.			
5. This form is valid only if completed, signed, dated and given to the RDSP issuer. Do NOT send directly to Employment and Social Development Canada.			
6. Keep a copy for your records.			
Beneficiary's Last Name	Beneficiary's First Name	Beneficiary's Middle Name	RDSP Contract No.
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

Annex B has three sections that require completion:

- Section B-1: Information about the primary caregiver
- Section B-2: Declaration and consent of the primary caregiver
- Section B-3: Agency attestation

Section B-4 contains privacy requirements.

4.1 Information About the Primary Caregiver (Section B-1)

The PCG is either:

- the individual (usually a parent) who is in receipt of the Canada Child Tax Benefit (CCTB) for the beneficiary; or

- the department, agency or institution that receives an allowance payable under the *Children's Special Allowance Act (CSAA)*.

4.1.1 If the PCG is an individual

The PCG must provide the following information:

- PCG last name and first name;
- PCG middle name (if applicable); and
- PCG Social Insurance Number (SIN).

Names must be entered exactly as they appear on SIN documentation. Otherwise, the application may be rejected.

Example: A woman makes use of her married name for all identification purposes except for the SIN documentation, which contains her maiden name. If the name used on the application form differs from the SIN documentation, the transaction will be rejected. This is one of the most common errors encountered.

4.1.2 If the PCG is a department, agency or institution

The following information must be provided:

- name of agency;
- name of agency representative; and
- business number.

Names must be entered exactly as they appear on business number documentation. Otherwise, the application may be rejected.

B-1 Information About the Primary Caregiver			
Complete the following information if:			
<ul style="list-style-type: none"> • you are/were a primary caregiver of the beneficiary; or • you are/were an agency in the case where the beneficiary is/was a "child-in-care" and a payment under the <i>Children's Special Allowances Act</i> was made in at least one month in the calendar year for any year that the beneficiary was 18 years or younger within the last ten years (starting in 2008). 			
Primary Caregiver You are a primary caregiver if you are/were the person eligible for the Canada Child Tax Benefit (CCTB) and whose name appears on the CCTB payments. For more information please refer to B-4.	The name must be entered exactly as it appears on Social Insurance Number or Business Number documentation.		
	Last Name	First Name	Middle Name
	<input type="text"/>	<input type="text"/>	<input type="text"/>
	Name of Agency	Name of Agency Representative	
	<input type="text"/>	<input type="text"/>	
	Social Insurance Number / Business Number (if an Agency)		
	<input type="text"/>		

Note: A change in custody affecting CCTB payments and/or payments under the *Children's Special Allowances Act* will require that a new Annex B be completed. The new Annex B seeks to secure the consent of the PCG to access their personal information; and to verify family income for the purposes of determining grant and bond eligibility.

4.2 Declaration and Consent of the Primary Caregiver (Section B-2)

This section is only intended for a PCG that is an individual.

Before signing, the individual PCG(s) should be advised to carefully read section B-4 of the Annex B to understand the terms and conditions under which they are providing consent.

B-2 Declaration and Consent of the Primary Caregiver	
Complete this section if you are an individual.	
You must read this section and sign in order for the beneficiary's RDSP to receive grants and bonds.	I understand that the provision of the information is voluntary and that I am not required to give my consent; however, if I do not give my consent, the Government of Canada may not be able to pay the grant and/or bond to the issuer in respect of this RDSP.
	I confirm that I have read, understood, and received a copy of this document, including the privacy rights found in Section B-4, and I consent to the use and sharing of my personal information as outlined.
Date (yyyy-mm-dd)	Primary Caregiver's Signature
<input type="text"/>	<input type="text"/>

4.3 Agency Attestation (Section B-3)

To be completed by the agency that received a payment under the *Child Special Allowances Act* (CSAA) in respect of the beneficiary in at least one month in the particular year.

The agency is required to enter the calendar year(s) for which they received a payment under the CSAA in the space provided and sign section B-3 of Annex B.

B-3 Agency Attestation	
<p>If applicable, this attestation must be completed in order for the beneficiary's RDSP to receive grants and bonds.</p>	<p>Complete this section if you are the agency that received a payment was made under the <i>Child Special Allowances Act</i> in respect of the beneficiary in at least one month in the calendar year(s).</p>
	<p>I confirm that the agency identified above was issued a payment under the <i>Child Special Allowances Act</i> in the current calendar year, or if applicable, I confirm that the agency identified above was issued a payment under the <i>Child Special Allowances Act</i> in the following previous calendar year(s):</p>
	<div style="border: 1px solid black; height: 20px; width: 100%;"></div>
	<div style="display: flex; justify-content: space-between;"> <div> <p>Date (yyyy-mm-dd)</p> <div style="border: 1px solid black; height: 20px; width: 100%;"></div> </div> <div> <p>Signature of Agency Representative</p> <div style="border: 1px solid black; height: 20px; width: 100%;"></div> </div> </div>

4.4 Your Privacy Rights (Section B-4)

This section explains why the personal information is collected and how it is used, shared and protected. It also explains how one can access their personal information. The PCG(s) should be advised to carefully read this section prior to submitting an application.

B-4 Your Privacy Rights	
<p>This section explains why your information is collected and how it is used, shared and protected. It also explains how you can access your personal information.</p> <p><i>The use of the singular (such as primary caregiver) also includes plural as the context requires.</i></p>	<p>The Government of Canada needs to collect information on the primary caregiver for the years in which the beneficiary is 18 years of age or under in order to determine the amount of grant or bond. Your personal information is also used to verify your identity.</p>
	<p>Information on the primary caregiver is used to determine the family income for a particular year, as well as to validate the beneficiary's residency and eligibility for the DTC. Family income is based on the second preceding tax year (for example, family income for determining 2014 bond entitlement is based on the 2012 tax year). Your personal information held by the Canada Revenue Agency is used to determine the family income as well as validate the beneficiary's Disability Tax Credit eligibility and the beneficiary's residency.</p>
	<p>As the beneficiary may be eligible for unused grant and bond entitlements from the previous ten years (starting in 2008) the personal information of the primary caregiver is used to determine eligibility for any year in which the beneficiary was under 19 years of age. As noted above, the family income is based on the second preceding tax year and, as a result, the use and sharing of personal information may extend as far back as 2006.</p>

B-4 Your Privacy Rights (continued)	
<p>The information you provide on this form is collected under the authority of the <i>Canada Disability Savings Act</i> (CDSA) and the <i>Income Tax Act</i> (ITA) for the purposes of determining eligibility for a Canada Disability Savings Grant (grant) or Canada Disability Savings Bond (bond), (including for previous years in order to determine if there are any unused grant and/or bond entitlements from those years), to calculate amounts payable and to administer the grant and bond. Information may be shared with Employment and Social Development Canada (ESDC), the Canada Revenue Agency, and the issuer for the administration of the CDSA and the ITA. The Social Insurance Number (SIN) is collected under the authority of the CDSA and <i>Income Tax Act</i> and will be used as a file identifier and to ensure an individual's exact identification so that the beneficiary's eligibility for the Disability Tax Credit (DTC), residency and family income can be verified for the purposes of determining whether a grant or bond may be paid. While eligibility for the DTC may be verified, information contained within the Disability Tax Credit Certificate (i.e., the nature of the beneficiary's disability) will not be collected, used or disclosed.</p>	
<p>Providing your personal information is voluntary. However, if you refuse to provide your personal information, ESDC will be unable to determine the amount of grant or bond in respect of the beneficiary.</p>	
<p>The information you provide may also be used and/or disclosed by ESDC for policy analysis, research and/or evaluation purposes of RDSP, grant and/or bond administration and/or design. In order to conduct these activities, various sources of information under the custody and control of ESDC may be linked. However, these additional uses and/or disclosures of your personal information will never result in an administrative decision being made, (such as a decision on the beneficiary's entitlement to a grant and/or bond).</p>	
<p>Your personal information is administered in accordance with the <i>Canada Disability Savings Act</i>, the <i>Department of Human Resources and Skills Development Act</i>, the <i>Privacy Act</i>, the <i>Income Tax Act</i> and all other applicable laws. You have the right to access and request correction to, your personal information kept in Personal Information Bank "HRSDC PPU 038". Instructions for obtaining this information are outlined in the government publication entitled Info Source, which is available at the following Web site address: www.infosource.gc.ca. Info Source is also available electronically at any Service Canada Centre.</p>	

4.5 Additional Information (Section B-5)

This section includes definitions of key terms for information only.

B-5 Additional Information	
These definitions are provided for your information only and do not constitute legal definitions.	Family Income: Family income is used to determine the amount of grant and bond a beneficiary is eligible for and is generally established from the information of the primary caregiver who received the first Canada Child Tax Benefit (CCTB) payment of the year (usually in January). There are circumstances where the information of the primary caregiver who is currently receiving the CCTB is used instead (if this is different from the primary caregiver who received the CCTB for January) – please identify both individuals if this applies. ESDC uses the family income that is most beneficial to the beneficiary to determine the amount of grant and bond.
In the event of a discrepancy, the legal definitions found in the Canada Disability Savings Act, and the Income Tax Act prevail.	Primary Caregiver: For the purpose of the grant and bond, the primary caregiver is/are the person(s) eligible for the Canada Child Tax Benefit (CCTB) and whose name appears on the CCTB payments. Alternately, it is the department, agency or institution that receives the allowance payable under the <i>Children's Special Allowances Act</i> . In cases of joint custody or a change in custody, there may be more than one primary caregiver for the year – please identify both individuals. In addition, there may be circumstances where the beneficiary was in the care of a department, agency, or institution for part of the year – please identify both the organization as well as the individual(s).

5 Important Considerations

5.1 Disability Tax Credit (DTC)

Should an individual (for example a beneficiary's parent), other than the beneficiary (over the age of 18) have applied for or claimed the beneficiary's DTC when the beneficiary was a minor, that individual's file at CRA may have to be linked to that of the beneficiary, in order for DTC eligibility to be confirmed.

For further information regarding DTC, clients can contact CRA at 1-800-959-8281.

5.2 Personal Income Tax

ESDC will use the beneficiary's family income (including spousal income) to determine eligibility for the grant and/or the bond, for all calendar years in which the beneficiary is 19 years old or older. The income data from two years back is used to establish family income (example: 2013 uses income information from 2011). If tax returns have not been filed, no bond will be paid and the matching grant rate will be 100%.

5.3 Replacement of Holder and Age of Majority

ESDC requires that the beneficiary provides consent in section 5 of the application form once he/she reaches the age of 18.

Whether or not the beneficiary can be added as a joint plan holder or replace the holder at that time will depend on the age of majority in the province or territory in which the beneficiary resides and what is included in the issuer's RDSP declaration of trust.

Examples

If the beneficiary turns 18, is contractually competent and lives in Alberta where the age of majority is 18, the beneficiary can be added as a joint holder or replace the original holder (mother and/or father).

If the beneficiary turns 18 in New Brunswick where the age of majority is 19 and is contractually competent, it is up to the issuer to determine whether to enter into an arrangement with an 18 year old beneficiary (e.g., add the beneficiary as a joint holder of the RDSP or to replace the existing holder with the beneficiary).

Regardless of whether the holder is being replaced or the beneficiary is being included as a joint holder to the plan, **section 5 of the application form must be signed** by the beneficiary and submitted electronically to ESDC **when the beneficiary reaches 18 years of age**.

Age of Majority in Canada's Provinces and Territories

Alberta - 18
British Columbia - 19
Manitoba - 18
New Brunswick - 19
Newfoundland and Labrador - 19
Northwest Territories - 19
Nova Scotia - 19
Nunavut - 19
Ontario - 18
Prince Edward Island - 18
Quebec - 18
Saskatchewan - 18
Yukon Territory - 19

6 Accurate Information Ensures Payment

When completing the application form for the grant and/or the bond, it is important to verify the accuracy of the information. The information on the application form is electronically submitted. Inaccurate information will result in the transaction receiving an error code, and will delay the payment of the grant and/or the bond. Information about the holder and the beneficiary should match the records held in the Social Insurance Registry. It is recommended to validate the spelling and information provided using the SIN documentation when completing the application form.

Any change in the identity or other details must be properly recorded in the files of the issuer and communicated electronically in a timely manner to ESDC.

7 Scenarios – Which Section To Use When

The following is intended to help understand which application sections to complete depending on circumstances.

<u>Scenario 1:</u>		
A contractually competent 30-year old beneficiary opens an RDSP. He is the sole holder of the plan.		
Application (YES)	Annex A (NO)	Annex B (NO)
Section 1 Section 3 (optional) Provide consent in section 4	There is no joint holder.	As the carry forward provision cannot exceed 10 years (starting in 2008), the beneficiary would have been over 18; therefore, PCG information is not required to determine family income. Rather, the beneficiary's family income would be considered.

Scenario 2:

Both mom and dad opened an RDSP for their child who is 10 years old at the time of application. Mom and dad are joint holders of the plan.

Application (YES)	Annex A (YES)	Annex B (YES)
Section 1 & 2 Section 3 (optional) Provide consent in section 4	The other parent will complete Annex A and submit it with the application form.	Annex B will need to be completed for the years the beneficiary was under the age of 18, and/or if the carry forward period includes a time when the beneficiary was under the age of 18. The PCG information is used to determine any amount of unused entitlement for the last 10 years, starting in 2008. If there was a change in the PCG at any time during that period, a separate Annex B is required for each PCG.

Note: A beneficiary who is a minor does not need to provide consent under section 5 of the application as consent is obtained from the holder under section 4.

Scenario 3:

Five years ago, an RDSP was opened for a 13 year old beneficiary. Today, the beneficiary is 18 years old and contractually competent.

Application (YES)	Annex A (YES)	Annex B (NO)
Section 5	If the beneficiary is considered to be the age of majority in his/her province, and wants to become the sole holder, or a joint holder to his/her account, Annex A would need to be completed.	As this is an existing plan, PCG information would already be on file for the previous years. No need to re-submit.

The beneficiary, who is contractually competent, needs to provide consent in section 5 of the application form, by December 31st of the year he/she turns 18.

- If the previous form (HRSDC EMP5463) was used to apply for the grant and/or the bond, issuers may still use section 5 of the new form to obtain consent when the beneficiary turns 18.

Note: Annex A is to be completed when the beneficiary reaches the age of majority and is allowed to enter into a contract. As the age of majority differs from province to province, issuers should have policies in place to guide their staff in this regard.

<u>Scenario 4:</u>		
A beneficiary, who was contractually competent, was 22-years-old at the time of application in 2015.		
Application (YES)	Annex A (NO)	Annex B (YES)
Section 1 Section 3 (optional) Provide consent in section 4	There is no joint holder if the plan was opened when the beneficiary was 18 or older.	The PCG information is used to determine any amount of unused entitlement for a beneficiary who was under the age of 18 at any time in the 10 years previous to application, starting in 2008. Since this beneficiary was a minor during that period, Annex B will need to be completed. If there was a change in PCG at any time during that period, a separate Annex B will be required for each different PCG.

Scenario 5:

In 2020, a legal representative opened an RDSP for a 21 year old beneficiary who is not contractually competent at the time of application.

Application (YES)	Annex A (IF APPLICABLE)	Annex B (YES)
Section 1, 2 Section 3 (optional) Provide holder consent in section 4 Provide beneficiary consent in section 5 (As beneficiary is unable to sign for himself, only the legal representative may do so on his behalf). A QFM may not sign on his behalf as the QFM rule expired December 31 2018.	Annex A would need to be completed if there is more than one legal representative.	The PCG information is used to determine any amount of unused entitlement for a beneficiary who was under the age of 18 between 2008 and 2018. Since this beneficiary was a minor during that period, Annex B will need to be completed. If there was a change in the PCG at any time during that period, a separate Annex B would be required for each different PCG.

Scenario 6:

An agency is the holder for an RDSP for a beneficiary under their care.

Application (YES)	Annex A (NO)	Annex B (YES)
Section 1, 2 Section 3 (optional) Provide holder consent in section 4 Provide beneficiary consent in section 5 (If beneficiary is over 18, consent must be provided in section 5. If beneficiary is unable to sign for themselves, a QFM or legal representative may do so on their behalf).	It is unlikely that there will be a joint holder. However, if you encounter a situation where there is or may be a joint holder with an agency, please contact ESDC.	<p>The PCG information is used to determine any amount of unused entitlement for a beneficiary who was under the age of 18 in the last 10 years, starting in 2008.</p> <p>If this beneficiary was a minor during that period, in order for the bond to be paid and for the highest matching rate for the grants to be paid on any contributions made, Annex B must be completed by the agency.</p> <p>Although a separate Annex B is not required for each year the child was under the care of the agency, they will need to attest to whether a payment was made in respect of the beneficiary under the CSAA was made for at least one month in any of these years.</p> <p>If there was more than one agency responsible for the care of the beneficiary over this period of time, each agency needs to be identified on a separate Annex B.</p>

Scenario 7:

In 2014, a man opens an RDSP for his 22-year-old spouse whose contractual competency is in doubt.

Application (YES)	Annex A (IF APPLICABLE)	Annex B (YES)
<p>Section 1, 2.</p> <p>Section 3 (optional).</p> <p>Provide holder consent in section 4.</p> <p>Provide beneficiary consent in section 5 (If beneficiary is over 18, consent must be provided in section 5. If beneficiary is unable to sign for themselves, a QFM or legal representative may do so on their behalf).</p> <p>The spouse may open the plan as a QFM since he meets the requirements as per QFM rules.</p>	<p>Annex A would need to be completed if there is more than one QFM.</p>	<p>The PCG information is used to determine any amount of unused entitlement for a beneficiary who was under the age of 18 in the 10 years prior to their application, starting in 2008.</p> <p>Since the beneficiary was a minor during that period, Annex B would need to be completed. If there was a change in the PCG at any time during that period, a separate Annex B will be required for each different PCG.</p>



RDSP Provider User Guide

CHAPTER

3-4

Grant and Bond Revocation Request

Should the holder ever wish to discontinue payments of the Canada Disability Savings Grant (grant) and/or Canada Disability Savings Bond (bond) into the Registered Disability Savings Plan (RDSP), a Revocation of Request for Canada Disability Savings Grant and/or Canada Disability Savings Bond form must be completed.

To resume payments of the grant and/or bond into the RDSP, the holder must complete, sign and submit a new Application for the Canada Disability Savings Grant and/or Canada Disability Savings Bond.

In this chapter

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3. Reinitiate Request for Payments	3 – 4 – 6
4. Sharing of Personal Information and Consent	3 – 4 – 6



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1. Grant and Bond Revocation Request

1.1. Definition

A **Revocation of Request for Canada Disability Savings Grants and/or Canada Disability Savings Bonds form** is to be used by holders who wish to stop the payments of grant and/or bond into an RDSP.

1.2. Who Is Involved?

The process of initiating a grant and bond revocation request includes the participation of the following individuals:

- the holder
- the financial institution

RDSP holders complete, sign and return the Revocation Form to the financial institution. The **financial institution submits a request to Employment and Social Development Canada (ESDC) to stop bonds and will not request grant on contributions**. If the holder wishes to resume the payments of grant and/or bond in the Plan, he or she must complete, sign and submit a new Application for Canada Disability Savings Grant and/or Canada Disability Savings Bond to the financial institution.

2. Revocation Form

RDSP holders must complete the following form to revoke a request for payments of grant and/or bond in respect of the beneficiary's RDSP.

- EMP5490 (2009-06-12) E

Human Resources and Skills Development Canada / Ressources humaines et Développement des compétences Canada

Revocation of Request for Canada Disability Savings Grants and/or Canada Disability Savings Bonds

I wish to revoke the request for payments of the:

☐ Canada Disability Savings Grant

☐ Canada Disability Savings Bond

Protected "B" When Completed - Personal Information Bank HRSDC PPU 038

Instructions:

1. Check the incentives you wish to revoke at the top of this form.
2. Read this document carefully. If you have any questions, do not hesitate to ask the Financial Organization.
3. This form is valid only if completed, signed, dated, and given to the Financial Organization. Do not send directly to HRSDC.
4. Please print clearly. Keep a copy for your records.

Plan Holder 1

First Name (or Name of Agency and Name of Representative) Last Name Telephone Number

Address Postal Code

2.1. Downloading the Forms

To download the Revocation form, visit the following Web address:

<http://www.esdc.gc.ca/eng/disability/savings/issuers/index.shtml>

2.2. How to Fill the Form

The holder must **check** the boxes at the top of the form to indicate that he/she wishes to revoke the request for grant, bond or both.

Enter the following information on page 1 of the form:

- holder name, address and telephone number
- beneficiary name
- issuer name, address and telephone number and RDSP Contract Number

The holder must read the document carefully to understand the terms in the "Conditions", "Sharing of your Personal Information" and "Declaration and Consent of the Holder" sections on page 2.

Chapter 3-4: Grant and Bond Revocation Request

Conditions

1. Only the holder(s) of an RDSP can authorize the revocation of a request for Canada Disability Savings Grants and/or Canada Disability Savings Bonds to be paid into an RDSP.
2. Revoking your request for payments of the Canada Disability Savings Grant will result in the discontinuation of payments of Canada Disability Savings Grants on contributions made to the RDSP from the date this request is signed onwards. Revoking your request for payments of the Canada Disability Savings Bond will result in the suspension of payments of Canada Disability Savings Bonds into the RDSP from the date this request is signed onwards.
3. Should you wish to resume your payments of the Canada Disability Savings Grant and/or Canada Disability Savings Bond into the Registered Disability Savings Plan, you must complete, sign and submit a new "Application for the Canada Disability Savings Grant and/or Canada Disability Savings Bond" form available at the Financial Organization's place of business.

Sharing of your Personal Information

I understand that:

1. The authority of the Government of Canada to collect, use and share personal information and other information included on this form for the purposes described below is provided under the *Canada Disability Savings Act*, the *Department of Social Development Act* and the *Income Tax Act*. Once under the control of Human Resources and Skills Development Canada, that information is administered in accordance with all applicable laws including the *Canada Disability Savings Act*, the *Privacy Act* and the *Department of Social Development Act*. Once under the control of the Canada Revenue Agency, that information is administered in accordance with all applicable laws including the *Privacy Act* and the *Income Tax Act*.
2. The information included on this form and the information respecting the Registered Disability Savings Plan may be used by and shared between Human Resources and Skills Development Canada, the Canada Revenue Agency, and the Issuer for the administration (which may include policy analysis, research and evaluation) of the *Canada Disability Savings Act* and the *Income Tax Act*.

Declaration and Consent of the Holder

I confirm that I am the holder of this Registered Disability Savings Plan.

I authorize the Issuer to revoke the request for payment of the incentives I have indicated on the previous page in respect of the beneficiary.

I have read and understood this document. I understand that the *Privacy Act* gives me (or my authorized representative) the right to access or request correction to my personal information kept in my government file.

The holder signs the "Declaration and Consent of the Holder" section at the bottom of page 2. Each RDSP issuer determines the number of copies requiring original signatures.

Declaration and Consent of the Holder

I confirm that I am the holder of this Registered Disability Savings Plan.

I authorize the Issuer to revoke the request for payment of the incentives I have indicated on the previous page in respect of the beneficiary.

I have read and understood this document. I understand that the *Privacy Act* gives me (or my authorized representative) the right to access or request correction to my personal information kept in my government file.

Plan Holder

☐ Yes I consent to the use and sharing of my personal information as mentioned above.

☐ No

Joint Holder (if applicable)

☐ Yes I consent to the use and sharing of my personal information as mentioned above.

☐ No

I understand that the provision of the information is voluntary and that I am not required to give my consent; however, if I do not give my consent, Human Resources and Skills Development Canada cannot revoke my request for payments of the Canada Disability Savings Grant and/or Canada Disability Savings Bond to the Issuer in respect of the RDSP beneficiary.

NOTE: In the case of a third holder, please attach a statement indicating that the third holder understands and consents to the above.

Holder's Signature

Date (DD/MM/YYYY)

Joint Holder's Signature (if applicable)

Date (DD/MM/YYYY)

Ce formulaire est disponible en français
This form is available in alternate formats
Page 2 of 2

HRSDC EMP5490(2011-06-013) E

Canada 

The **holder checks** the “yes” box above the signature line on page 2, which gives consent to the use and sharing of the holder personal information. The joint holder, if applicable, must also **sign** the form.

3. Reinitiate Request for Payments

Should the holder wish **to resume payments** of grant and/or bond into the RDSP, the holder **must complete, sign and submit a new Application for the Canada Disability Savings Grant and/or Canada Disability Savings Bond** form.

4. Sharing of Personal Information and Consent

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

Although consent is voluntary, the **signatories** are **required to provide their consent on the forms** in order for the financial institution to receive payments from ESDC for the grant and bond in respect of the beneficiary's RDSP.



RDSP Provider User Guide

CHAPTER 3-5

Receiving and Depositing Grant and Bond

To acknowledge grant and bond requests, the Canada Disability Saving Program (CDSP) system sends a Transaction Processing Report to the financial institution at the end of each processing period. When transaction requests are successfully processed, this report will indicate the amount of grant and bond to be received and deposited on behalf of a beneficiary, in a Registered Disability Savings Plan (RDSP). Successfully processed transactions that did not receive the full amount of grant or bond will receive a refusal reason.

When transactions are not successfully processed because of data errors or are non-compliant with format or business rules, they will be rejected by the CDSP system and reported in a separate Error report.

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1. Receiving and Depositing Grant and Bond

The CDSP system will acknowledge receipt of grant and bond requests by sending a **Record Type (RT) 901 Transaction Processing Report** to the financial institution. If the transaction request was successfully processed, this report will indicate the amount of grant and bond to be paid.

Note: In some cases, this record may notify the financial institution that grant or bond payments are being refused or that a repayment is required. See section 2 of this chapter for more information on the reasons why grants and/or bonds may not be paid.

Once the financial institution receives the grant and bond payment, they:

- **deposit the grant and bond** into the RDSP in respect of the beneficiary. The financial institution must track and manage transactions within each account; and
- **notify the holder** (via annual account statements) of the grant and/or bond amounts deposited into the RDSP.

1.1. Order of Payments

When multiple grant and/or bond requests for the same beneficiary are received for the same monthly reporting period, the grant and/or bond will be paid to the first successfully submitted request.

1.2. Timeline for Payments

Grant and bond payments on a successfully processed transaction are paid to the financial institution on the **last business day of the month**.

2. Payment of Grant and Bond

2.1. Criteria

In summary, the following criteria must be met:

The **beneficiary** must:

- apply on or before December 31 of the year the beneficiary turns 49 years (if the beneficiary is also the holder);
- be a resident of Canada: at the time the contribution is made, at the time application for the bond is made, and immediately before the bond is paid;

Chapter 3-5: Receiving and Depositing Grant and Bond

- be eligible for the Disability Tax Credit (DTC);
- have a valid Social Insurance Number (SIN); and
- not be deceased.

For more detailed information on the grant and bond, please see Chapter 3-1 and Chapter 3-2.

2.2. Conditions

GRANT	BOND	CONDITIONS
The holder must:		
X	X	open an RDSP
X	X	complete a grant and bond application form
X	X	provide the signed application form directly to the financial institution
X*	X	ensure the beneficiary's family income information is on file at CRA
X		authorize a contribution deposit into the RDSP
X	X	have a valid Social Insurance Number (SIN) or Business Number (BN)
X*	X	if the holder is an organization responsible for a beneficiary under the age of 18, receive a children's special allowance for at least one month in the year
The beneficiary:		
X	X	must have a valid SIN
X		must have not more than \$200,000 in contributions in the RDSP
X		must not have received more than \$70,000 in grant payments
	X	must not have received more than \$20,000 in bond payments
X*	X	if the beneficiary is over the age of majority, must have filed personal income tax returns for the past two years and continue to file for all future taxation years
X*	X	for a beneficiary 18 years or under, their parent or guardian must have filed their taxes and applied for the Canada Child Tax Benefit for the past two years and continue to file for all taxation years that the beneficiary is under the age of 18

The issuer must:		
X	X	ensure information on the application form is complete
X	X	submit the information electronically for processing to Employment and Social Development Canada (ESDC)
X	X	complete any required action as a result of processing with ESDC
X	X	receive and distribute grant and bond payments to the RDSP
X	X	provide a statement of account to the holder

*While not a requirement to receive grant, this is a condition to maximize grant entitlement.

3. Non Payment of Grant and Bond

In order to ensure that beneficiaries receive the grant and/or bond to which they are entitled:

- the appropriate grant and bond **application form** must be completed by the holder; and
- the financial institution must **submit the information** collected on the form, along with other required data, to ESDC via an electronic transaction. These transactions must pass all formatting and business rules validation according to the Interface Transaction Standards (ITS). To consult the ITS, visit the following link:
http://www.hrsdc.gc.ca/eng/disability/savings/issuers/interface_standards/index.shtml.

ESDC will acknowledge a successfully processed transaction by sending the RDSP issuer a **Transaction Processing Report** (RT 901) report, which will include the amount of grant and/or bond to be paid.

There are situations when this report will specify reasons for non-payment of the grant and/or bond. Non-payment will occur when a transaction is either **rejected** (found in Error Report) or **refused** (refusal reason found in Processing Report).

3.1. When Transactions Are Rejected

The **ITS** details the required format for each transaction type and provides the financial institution with the mandatory information required and validation rules for those transaction types. If transactions are not submitted in compliance with these formats and validation requirements, the transactions are rejected. Each

transaction error, whether due to **problems in format or invalid data**, is reported back to the financial institution for correction and resubmission. This is done electronically via the Error Files.

These transaction errors include:

- failure to correctly format the file;
- failure to correctly format a transaction;
- failure to supply the necessary information for a mandatory field; and
- failure to comply with the CDSP system business rules.

The error files contain two different reports, **Error Report (RT 801)** and **Severe Errors Report (RT 851)**. A list of **error codes** and possible resolution can be found appended to this document. See Section 4 for more information.

3.1.1. Error Codes

If there is an error in a transaction, the CDSP system will reject it. The financial institution will receive an **Error Report** (RT 801) with an **error code** indicating the reason. The financial institution must correct the error, and re-submit the transaction.

3.1.2. How to resolve SIN related errors

A common reason for a rejected transaction is an error related to the SIN.

When an RDSP is opened, the financial institution submits the beneficiary's and the holder's SIN information electronically to ESDC. The holder and beneficiary information is then validated against the information held by the Social Insurance Registry (SIR), to confirm the following elements:

- SIN
- given name
- surname
- date of birth (DOB)
- gender

In many cases name changes, inverted numbers, and/or mistakes in birth dates cause errors during the SIN validation process. If the holder and/or beneficiary SIN information submitted by the financial institution does not match the information contained at the SIR, the submission will result in an error and will lead to the transaction being rejected by the CDSP system.

A specific report will be sent to the financial institution, identifying the field(s) in error (holder and/or beneficiary – SIN, surname, given

name, gender and/or DOB). The RDSP issuer will have to verify the information provided by the holder and resubmit the data to ESDC after the necessary corrections are made.

Until the beneficiary and holder information is successfully processed by ESDC, the Disability Savings Plan cannot be registered with CRA and any financial transactions, including requests for payments of the grant and/or the bond, will be reported to the issuer as errors found within the CDSP system. The beneficiary and holder information must pass SIR validation before any financial transactions can be processed.

3.1.3. SIN Information for Client Referral

Clients who wish to verify or update their SIN information can visit the website: www.servicecanada.gc.ca or contact the SIR at 1-800-206-7218 (French 1-800-808-6352) or 1-800-926-9105 (TTY).

Only the parent/legal guardian can contact SIR for this type of information on behalf of beneficiaries under the age of 18.

3.2. When Payments Are Refused

Refusal reasons explain why a successfully processed contribution or bond request transaction **did not receive the full grant or bond payment**. Refusal reasons are found in transaction position 66-67 in the **Transaction Processing Report** (RT 901).

Some of the most common reasons a transaction did not receive a grant or bond payment are:

- the beneficiary's DTC eligibility is not confirmed;
- the beneficiary does not meet the age requirements; and
- the maximum grant and bond entitlements have already been paid out.

3.2.1. Refusal Reasons

If the financial institution receives a **Transaction Processing Report** (RT 901) with a **refusal reason**, the financial institution consults the list of refusal reasons to determine why the grant or bond was not paid. Depending on the stated reason, the financial institution may or may not take action.

3.3. Submitting Common Corrections

3.3.1. Correcting a Contribution Transaction

To correct a contribution transaction (Record type (RT) 401-01), the financial institution must **submit a 401-02 transaction with the**

corrected information.

The 401-02 transaction must always reference the original financial transaction being corrected by providing the original financial institution's BN and the original financial institution transaction number.

Once the CDSP system matches the original and corrected transactions, the information is updated.

For more information, see Chapter 4-1: How to Resolve Common Problems or refer to ESDC's Interface Transaction Standards (ITS), available on the ESDC web site.

3.3.2. SIN Error Correction

If the beneficiary SIN information submitted by the financial institution does not match the information contained at the SIR, the submission will result in an error by the CDSP system. A report will be sent to the financial institution, identifying the field in error (SIN, surname, given name, gender and/or DOB). The financial institution will have to verify the information provided with the holder and resubmit the data (transaction) to ESDC after making the necessary corrections.

For more information, see Section 4.



RDSP Provider User Guide

CHAPTER 3-6

Repaying the Grant and Bond

When certain events occur, all or a portion of the Canada Disability Savings Grant (grant) and/or Canada Disability Savings (bond) must be repaid to the Government of Canada using electronic transactions submitted by the financial institution to the Canada Disability Savings Program (CDSP) system. These repayments could negatively impact the grant and bond limits of a beneficiary.

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1. Background and Definitions

The Registered Disability Savings Plan (RDSP) is a long-term savings plan intended to help Canadians with severe and prolonged disabilities and their families save for the future.

Individuals can make contributions into the plan until the end of the calendar year in which the beneficiary turns 59 years of age. The Government of Canada will help encourage and support savings by contributing matching grants and income-tested bonds into the RDSP.

Beneficiaries must begin (at the latest) regular withdrawals from their RDSP no later than December 31 of the calendar year in which they turn 60. The Government of Canada may only pay grant and bond into the RDSP until December 31 of the calendar year in which a beneficiary turns 49 years old. This “cut-off” date is intended to ensure that all grants and bonds remain in the RDSP for at least 10 years before the beneficiary turns 60. This requirement is intended to promote long-term savings.

In certain circumstances, all or a portion of the grants and/or the bonds paid into an RDSP will have to be repaid to the Government of Canada. Depending on the circumstances, the amount of the repayment is either the assistance holdback amount (AHA) or an amount that is proportional to the disability assistance payment withdrawn from the RDSP.

1.1. Assistance Holdback Amount

The AHA is made up of all the grants and the bonds that have been paid into the RDSP within a 10-year period for a beneficiary by the Government of Canada, less any amount of grant and bond that has been repaid to the government during that 10-year period.

1.2. Proportional Repayment Rule

The Proportional Repayment Rule requires that \$3 be repaid to the government of Canada for every \$1 that is withdrawn from an RDSP, up to a maximum of the AHA. This repayment will be attributed in the order in which the grants and the bonds were paid into the plan, from the oldest to the newest.

The Proportional Repayment Rule came into effect January 1, 2014.

2. Repayment Types

2.1. Full Repayment

The following events will trigger the full repayment of the AHA:

- The RDSP is terminated.
- The plan is no longer compliant with the *Income Tax Act*.
- A disability assistance payment (DAP) is made (see subsection 2.2 below for additional information).
- The beneficiary ceases to be eligible for the Disability Tax Credit (DTC) (See Chapter 2-1, Section 8).
- The beneficiary dies.

2.1.1. Full Repayment Calculation

Example

A DTC-eligible beneficiary who is contractually competent opens an RDSP in 2008 at the age of 25. The beneficiary dies on January 4, 2021, but the transaction is only sent on June 4, 2021. In this scenario, the AHA is calculated from January 5, 2011, to January 4, 2021, with the repayment period being from January 5, 2011, to the current date (June 4, 2021).

Opening of the RDSP

Jan. 5, 2011

Current date

Death Jan. 4, 2021

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Grant	\$2,500		\$3,500		\$2,500		\$3,500	\$2,500	\$3,500		\$2,500	\$3,500			
Bond	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000		

AHA period:
Jan. 5, 2011 to Jan. 4, 2021

Repayment period:
Jan. 5, 2011 to current date (June 4, 2021)

2.2. Proportional Repayment

Starting January 1, 2014, when a DAP* is made from the RDSP, it will trigger the proportional repayment amount of grant and bond.

Chapter 3-6: Repaying the Grant and Bond

The repayment amount will be the lesser of either the proportional repayment calculation or the AHA.

*A payment can only be made from the plan when the fair market value of the assets in an RDSP is more than the AHA.

2.2.1. Proportional Repayment Calculation

Example

John is the beneficiary of an RDSP that has been in existence for 13 years. John needs \$3,000 to pay for a new access ramp. To determine the repayment amount, two calculations are required:

1 - **The Proportional Repayment Amount.** Based on the proportional repayment rule, if John decides to withdraw a \$3,000 DAP from his RDSP, he will be required to repay \$9,000 in grant and bond ($\$3,000 \times 3 = \$9,000$.)

2 - **The AHA.** As of 2021, the AHA for John's RDSP is \$45,000, (the total of all grant and bond paid into the plan in the last ten years.)

Since the proportional repayment amount of \$9,000 is less than the AHA of \$45,000, the repayment of grant and bond will be the proportional repayment amount of \$9,000. No distinction is made for whether the amount comes from bond or grant. It can be either one or the other, or a combination of the two. However, the repayment will be attributed from the oldest to newest amount of grant and bond (in this case \$4,500 from 2011 and \$4,500 from 2012.)

	Opening of the RDSP			Proportional Repayment is \$9,000												\$3,000 DAP	
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022		
Grant	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500				
Bond	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000				
AHA is \$45,000																	

3. Loss of DTC and Elections

3.1. Episodic DTC

Effective **January 1, 2014**, the holder of an RDSP can make an election to **keep the RDSP open** for a beneficiary who is no longer eligible for the DTC but for whom a medical doctor has certified that they are likely, as a result of their condition, to be eligible for the DTC again within the **next five years**. For more information, see RDSP Provider User Guide Chapter 2-3.

While the loss of DTC will remain a reason why the AHA must be repaid, the Government of Canada **will not be seeking immediate repayment** during the period in which the holder has made such an election.

The start of the election is January 1st of the first year the beneficiary is no longer eligible for the DTC. The holder has until December 31 of the second year of DTC ineligibility to submit the election request.

In this case, the loss of DTC eligibility (which always falls on January 1) fixes the starting date for the AHA. The AHA is allowed to remain in the plan until another trigger event takes place.

DTC applies to an entire year, from January 1 to December 31.

It is impossible to be DTC-eligible for a partial year. For example, if the T2201 Disability Tax Credit Certificate form is approved in July 2015 and the certificate is valid until 2020, DTC eligibility will begin January 1, 2015, and continue until December 31, 2020.

3.2. Loss of DTC and DTC-Related Events

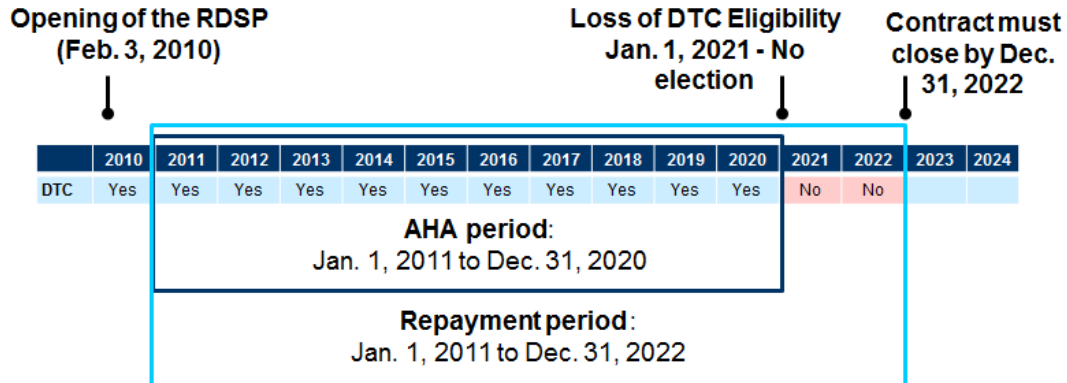
A DTC-related event takes place when an RDSP must be closed because:

- the beneficiary has not been eligible for DTC for two consecutive years and no election had been made;
- **or**
- the beneficiary has not been eligible for DTC for five consecutive years and an election had been made.

For more information on repayment amounts, see the assistance holdback amount (AHA) and Repayment Obligation document (a Technical and System Development Guide for RDSP Providers).

3.2.1. Loss of DTC Eligibility and No Election

When a beneficiary is no longer eligible for the DTC and **no election** is made to keep the RDSP open, the RDSP **must be closed** by December 31 of the year following the year that the beneficiary lost his or her DTC eligibility. The grant and the bond paid into the RDSP during the 10 years preceding the beneficiary's loss of DTC eligibility and up to the current date, in this case December 31, 2022, must be repaid.



Example

John opened his RDSP in 2013 with grant and bond paid until 2023. In 2024, John is **no longer DTC-eligible** and **no election** is made to keep his plan open. This creates a "DTC-related event". The contract must therefore be closed by December 31, 2025, and the grant and bond paid between January 1, 2014, and up to the current date, in this case December 31, 2025, must be repaid.

Opening of the RDSP		Loss of DTC Eligibility Jan. 1, 2024 - No election										Contract must close by Dec. 31, 2025			
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	
DTC	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	No		
Grant	\$2,500		\$3,500		\$2,500		\$3,500	\$2,500	\$3,500		\$2,500				
Bond	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000				

AHA period:
Jan. 1, 2014 to Dec. 31, 2023

Repayment period:
Jan. 1, 2014 to Dec. 31, 2025

Repayment

Total amount of grant to be repaid:	\$18,000
Total amount of bond to be repaid:	\$10,000
Assistance Holdback Amount:	\$28,000

3.2.2. Loss of DTC Eligibility and Election

When a beneficiary is **no longer eligible for the DTC** and has not regained their DTC eligibility during the five year period of the election, the RDSP **must be closed** by December 31 of the year following the election period. The grant and the bond paid into the RDSP during the 10 years preceding the beneficiary's loss of DTC eligibility, up to the current date, in this case December 31, 2026, must be repaid.

Opening of the RDSP
(Feb. 3, 2010)

Loss of DTC Eligibility
Jan. 1, 2021
Election made

Contract must close by
Dec. 31, 2026

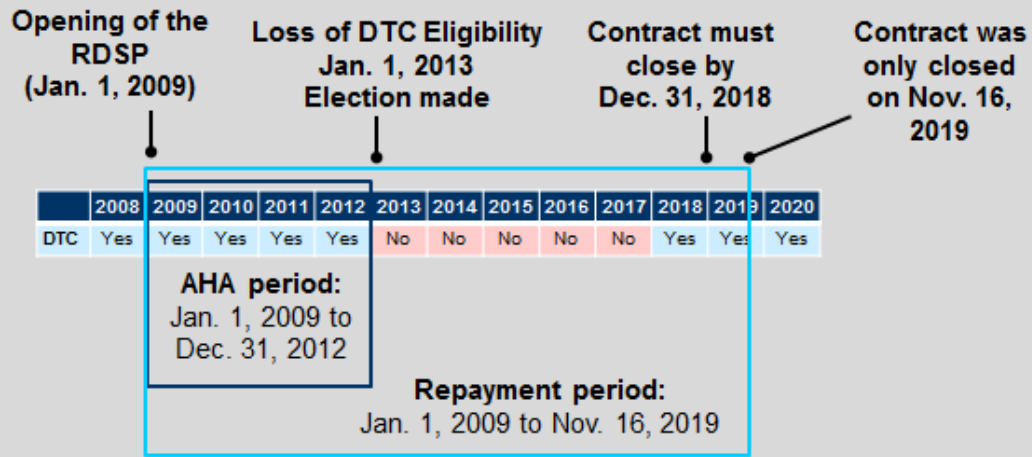
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
DTC	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	No	No	No	No		

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

Repayment period:
Jan. 1, 2011 to Dec. 31, 2026

Example

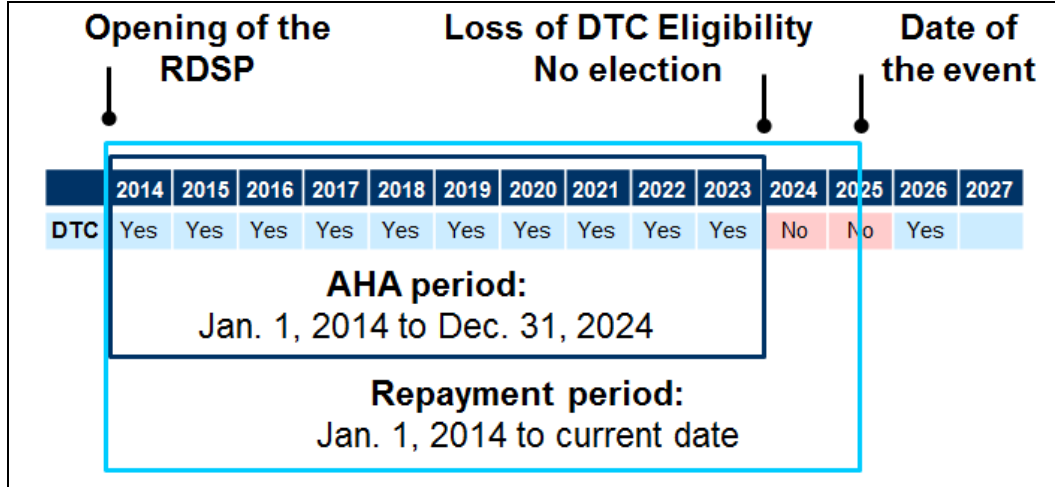
Bob opened an RDSP on January 1, 2009. In 2013, Bob **loses eligibility for DTC**. Bob makes a **DTC election** that remains in effect for the period of January 1, 2013, to December 31, 2017. If Bob does not regain DTC eligibility before December 31, 2017, the RDSP would need to be closed by December 31, 2018, and all of the grant and bond paid from January 1, 2009 up until the current date would be repaid to the Government. The closure transaction was only sent on Nov. 16, 2019.



3.3. Loss of DTC and Non-DTC Related Event

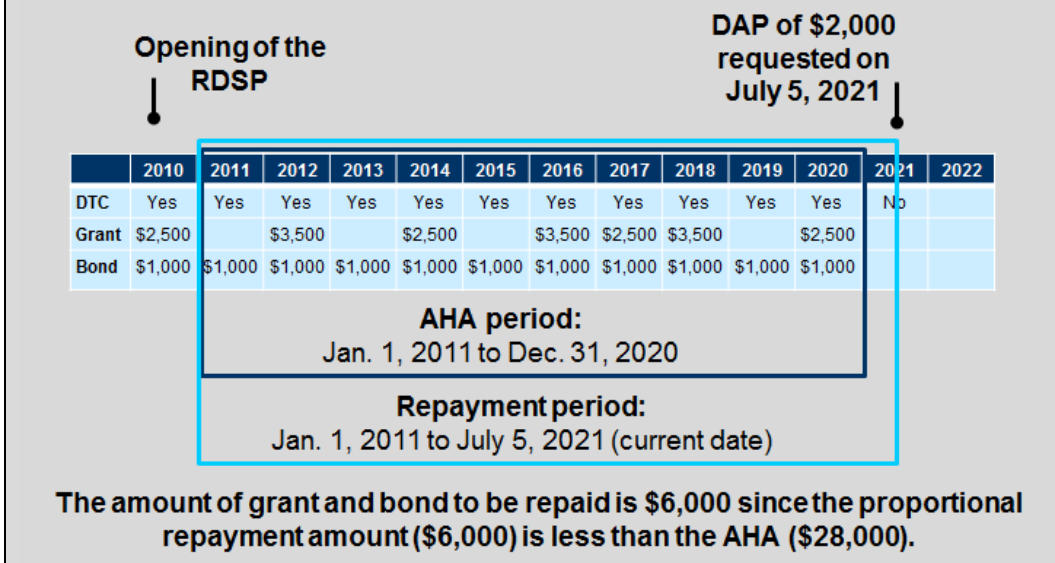
A non-DTC related event takes place if a **trigger event occurs** during a period in which the beneficiary is no longer DTC-eligible, no election is made, and the RDSP is still open. In this case, the **AHA** must be repaid. The AHA period will start 10 years prior to the loss of DTC and end the date of the second event, even if it surpasses 10 years.

3.3.1. Loss of DTC Eligibility and No Election



Example

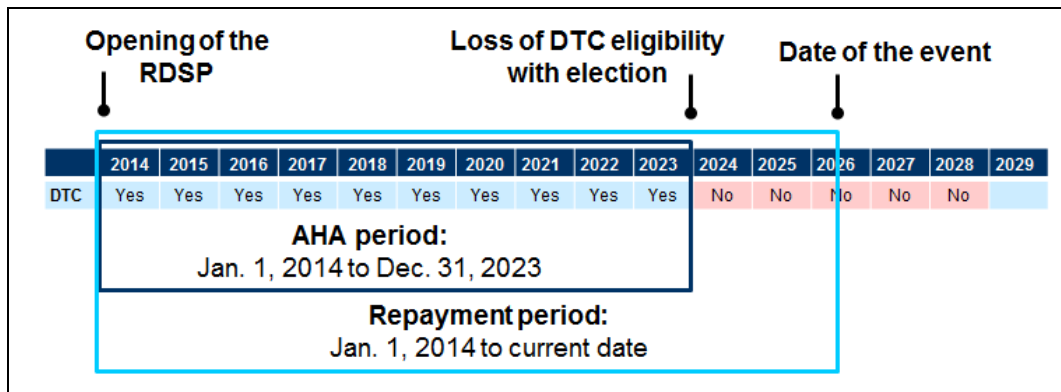
John opened his RDSP in 2010 and received grant and bond until 2020. In 2021, John is no longer DTC-eligible and no grant or bond is paid in that year as a consequence. However a \$2,000 withdrawal from the plan is made on July 5, 2021. John is not able to make an election to keep the RDSP open. Since the withdrawal occurs during a time of no DTC eligibility, the period that must be considered to calculate the amount to be repaid is between January 1, 2011, and July 5, 2021. John will still need to close his RDSP by December 31, 2022 if he is still DTC-ineligible.



When John closes his RDSP on December 31, 2022, the remaining AHA balance (\$22,000) will need to be repaid to the Government of Canada.

3.3.2. Loss of DTC Eligibility and Election

If a **trigger event occurs** during an election period, the **AHA** is required to be repaid. The AHA period will start 10 years prior to the loss of DTC and end the date of the event, even if it surpasses 10 years.



Example

John opened his RDSP in 2010 and received grant and bond until 2020. John is no longer DTC-eligible in 2021 and made an election to keep his plan open. A \$2,000 withdrawal from the plan is made on July 5, 2024. Since the withdrawal occurs during a time of no DTC eligibility, the period that must be considered to calculate the amount to be repaid is between January 1, 2011, and July 5, 2024.

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
DTC	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	No	No	No	No	
Grant	\$2,500		\$3,500		\$2,500		\$3,500	\$2,500	\$3,500	\$2,500							
Bond	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000						

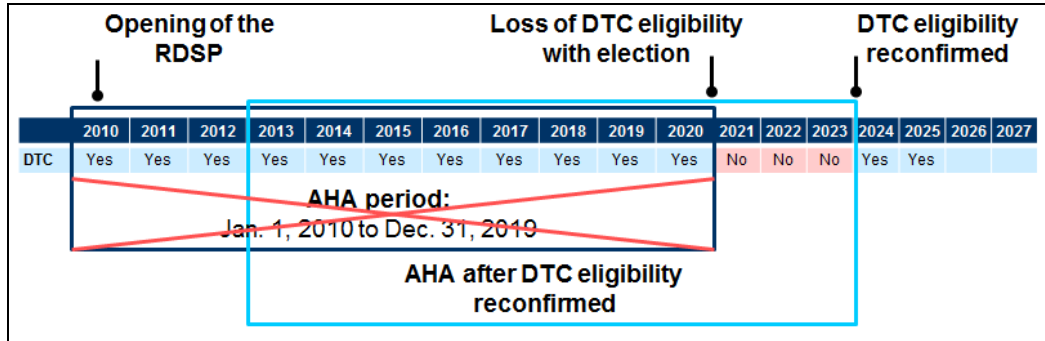
AHA period:
Jan. 1, 2011 to Dec. 31, 2020

Repayment period:
Jan. 1, 2011 to July 5, 2024 (current date)

The amount of grant and bond to be repaid is \$6,000 since the proportional repayment amount (\$6,000) is less than the AHA (\$28,000).

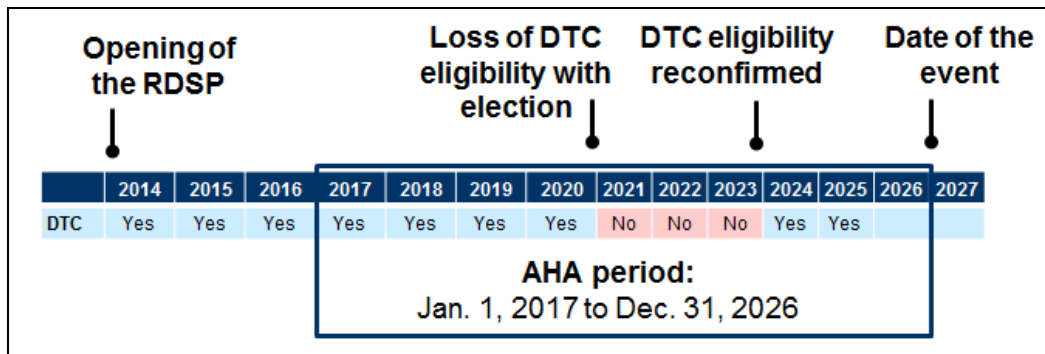
3.4. DTC Eligibility Re-Confirmed After Election

If the beneficiary is granted DTC eligibility again in a future year, the **AHA period is “moved up”** based on the first year during which DTC eligibility was re-confirmed.



3.5. Event During Election and DTC-Eligible

If an event occurs during a time when the beneficiary is DTC-eligible, the **AHA** period will start 10 years before the date of the event and **will include any period of non-DTC eligibility**.



Example

John opened his RDSP in 2010. He lost his DTC eligibility in 2015 but an election is made to keep the plan open. In 2017, John is once again DTC-eligible. A withdrawal from the plan is made on January 4, 2021. The AHA period that must be considered in the calculation of the amount to be repaid is January 5, 2011 to January 4, 2021.

DAP of \$2,000 is requested on Jan. 4, 2021

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
DTC	Yes	Yes	Yes	Yes	Yes	No	No	Yes	Yes	Yes	Yes	Yes
Grant	\$2,500		\$3,500		\$2,500			\$2,500	\$3,500	\$2,500		
Bond	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000			\$1,000	\$1,000	\$1,000	\$1,000	

AHA period:
Jan. 5, 2011 to Jan. 4, 2021

The amount of grant and bond to be repaid is \$6,000 since the proportional repayment amount (\$6,000) is less than the AHA (\$22,500).

4. Impact on Limits

Repaid grant and bond cannot be regained at a later date. It is lost forever from the total maximum lifetime limit of \$70,000 in grant and \$20,000 in bond.

Example:

If the total amount repaid to the Government of Canada was \$10,000 in grant and \$4,000 in bond, then the total possible payments that could be provided by the Government of Canada in the future would be \$60,000 (\$70,000 - \$10,000) in grant and \$16,000 (\$20,000 - \$4,000) in bond.

5. Submitting Repayment Information

Financial transactions (Record Type (RT) 401) are used to record the movement of funds in or out of the RDSP. A repayment of grant or bond is considered to be a financial transaction.

When submitting repayment information to ESDC, the financial institution will submit the following transaction to the CDSP system:

- RT 401, Transaction Type 10 (Repayment of Grant and/or Bond)

In addition, the transaction will identify the Repayment Reason (or flag), with one of the following codes:

- "01" DAP
- "02" LDAP
- "03" Contract terminated
- "04" Contract ceases to be registered
- "05" Beneficiary ceases to be DTC-eligible
- "06" Death of the beneficiary
- "07" Non entitlement (as per legislation)
- "08" Bond payment rectification

In all repayment transactions, financial institutions must report only the amount of the grant and/or the bond being repaid to ESDC. For more detailed information about how transactions are processed between the financial institutions and the CDSP system, see Chapter 4–1: The Interface Transaction Standards.

6. Repayment of Funds

6.1. When Sufficient Funds Exist

If there are sufficient funds in the RDSP, the financial institution will repay the grant and the bond amounts.

Example:

The beneficiary of an RDSP dies. The RDSP Fair Market Value is \$62,147

- Earnings: \$2,147
- Contributions: \$15,000
- Grant: \$35,000
- Bond: \$10,000

Grant and bond repayable: \$45,000

Based on the above example, the financial institution will withdraw the funds from the RDSP and submit the following repayment transaction to ESDC:

- **RT 401-10** Repayment of Grant and Bond;
- **Repayment Reason 06** – Death of Beneficiary;
- **\$35,000** will be indicated in the "Grant Repayment Amount" field; and
- **\$10,000** will be indicated in the "Bond Repayment Amount" field.

6.2. When There Are Insufficient Funds

When the RDSP is terminated, the AHA must be repaid.

If the RDSP has experienced a loss and there are insufficient funds to cover the total amount of grant and bond repayable, the financial institution must submit a Termination Adjustment Transaction (RT 401-10) to ESDC to advise of the shortfall.

Losses are first attributed to earnings, then to contributions, and then to rollovers. Once these accounts are depleted, any remaining losses are apportioned equally across the grants and the bonds that are in the RDSP.

The following example illustrates how the financial institution will determine the amount as well as the repayment transaction that must be submitted to ESDC.

Example: Repayment Reason: The RDSP is terminated.

The RDSP looks like this:

- RDSP Fair Market Value: \$800
- Earnings: \$0
- Contributions: \$0
- Grant: \$0
- Bond: \$1,000

Note: Losses in the plan have been applied to the earnings and then to contributions. Therefore, these accounts show a balance of \$0.

Total bond repayment: \$1,000

Based on the example above, the AHA (\$1,000) exceeds the fair market value of the RDSP (\$800). Therefore, the financial institution must remit the lesser amount of \$800.

To account for the difference of \$200, the financial institution must also send a Termination Adjustment Transaction to inform ESDC of the shortfall, but only when the RDSP is terminated.

- **RT 401-10** Repayment of Grant and Bond
- **Repayment Reason 03** – Contract Termination
- **Amount of \$800.00** will be indicated in the “Bond Repayment Amount” field.
- **Amount of \$200.00** will be indicated in the “Bond Termination Adjustment” field. It is the amount of the shortfall (market value, less bond paid into the RDSP).

Even if the bond repayment is \$0 as a result of losses in an RDSP that exceeds earnings, contributions and the bond payment, the two transaction codes above must still be reported to ESDC.

Note: In most cases, the financial institution’s system will automatically calculate the amount of grant and/or bond repayable. However, understanding how to determine the amount to be repaid will help financial institutions communicate this information to their clients.