FAMILY SERVICES AND HOUSING CIRCULAR

Date: October 18, 2018

CIRCULAR NUMBER: **EIA #2009- 17**   **Alternate Program(s):** Supportive Living
Children's Programs

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To: Community Social Service Supervisors/Program Managers

Subject: **Treatment of the federal Registered Disability Savings Program**

Reference:
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Type: ☒ Policy   Replaces #_____

☒ Procedure

☐ Rate

☐ Information Only

Effective Date   December 1, 2008
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The federal government has introduced a Registered Disability Savings Plan (RDSP) to help persons with disabilities save for the long-term and increase their financial security. To open an RDSP the beneficiary must be eligible for the federal Disability Tax Credit. Parents and others can contribute to the beneficiary's RDSP to help save for the future.

The Department supports the intent of the RDSPs and will exempt all assets and withdrawals to enhance the resources available to persons with disabilities. The policy changes outlined below are intended to support the implementation of RDSPs, which were available to the public as of December 2008.

Effective December 1, 2008, the treatment of RDSPs for the purposes of EIA is as follows:

Treatment of RDSP Income
Under EIA, exempt as income are:
- contributions made directly to the RDSPs by individuals, family members and other third parties up to a lifetime maximum of $200,000;
- interest earned and re-invested in RDSPs (total assets can exceed $200,000);
- the federal matched contributions: Canada Disability Savings Grants and Canada Disability Savings Bonds; and
- all withdrawals from an RDSP for any purpose in any amount; note that the liquid asset exemption limits **do not apply** to withdrawals from RDSPs.

Note: participants may direct any exempt source of income to the RDSP including a portion of their EIA benefits. The program will **not exempt income** that is considered to be a financial resource such as CPPD or Workers Compensation benefits even if they are directed to an RDSP.

Treatment of RDSP Assets
Exempt as assets are all funds held in RDSPs when assessing financial eligibility for EIA (no maximum amount).

RDSPs and Disability Trusts
The provincial disability trust policy/procedure is currently being reviewed to better harmonize it with the treatment of this federal savings plan. If caseworkers encounter clients that have both a Disability Trust and an RDSP, their contributions to these savings vehicles cannot exceed $200,000 combined. More information will be available in the near future.

Reporting Requirements
Participants are required to notify their caseworker when an RDSP is created by submitting the relevant documents from their financial institution, verifying the date of creation and amount of capital in the account.

Caseworkers are to notify participants that they are also required to submit an annual statement from their financial institution that documents and verifies RDSP account activity, including the amount of the capital, annual payments to and total withdrawals from the RDSP. As is the case with the Disability Trust, the RDSP statement must be submitted to the caseworker by the end of February for the previous calendar year.

Communication
An information pamphlet entitled "Your financial future is now a bit brighter! Registered Disability Savings Plan" has been prepared and will be mailed to all participants in the disability case category at the end of April 2009.

Attachment 1: Key Features of RDSPs

Eligibility

- To establish an RDSP, a person must first qualify for the federal Disability Tax Credit (DTC). The federal government assesses eligibility for this tax credit on a case by case basis.
- Please direct applicants/participants to the Canada Revenue Agency's website at http://www.cra-arc.gc.ca/tx/rgstrd/rdsp/menu-eng.html or to the general inquiry line at 1-800-959-8281 (TTY service 1-800-665-0354) to learn more about RDSPs, or find out how to qualify for the DTC.
- Community Living Manitoba can assist applicants/participants in opening a RDSP.

Contributions & Federal Matching

The RDSP will allow for $200,000 in lifetime contributions, but there is no limit on the amount that can be held in the trust from growth. The federal government is offering matched contributions of 100%, 200% or 300% up to $3,500 annually depending on income, as well as an annual Disability Savings Bond of $1,000 for low income families.

Canada Disability Savings Grants (CDSGs)
- The federal government will match annual RDSP contributions up to a lifetime limit of $70,000.
- Matching rates vary depending on the beneficiary's family income:
  - If less than $74,357
    - On $1 - $500: $3 for every $1 contributed
    - On $501-$1000: $2 for every $1 contributed
    - Contributions beyond $1,000 are not matched
  - If equal or higher than $74,357, or no income
    - On first $1,000: $1 for every $1 contributed

Canada Disability Savings Bonds (CDSBs)
- The federal government will provide up to $1,000 a year to RDSPs established by low- and modest-income families, up to a lifetime limit of $20,000.
- No contributions are required.
- Based on beneficiary's family income:
  - If less than $20,883: $1,000 bond
  - If between $20,883 and $37,178: bond is gradually reduced to nil. Contributions to the RDSP are not required to access CDSBs

Withdrawals
- Two types of withdrawals are permitted:
  - Withdrawals for any purpose; and
  - Lifetime disability assistance payments
- Lifetime disability assistance payments are subject to an annual limit and can begin at any time, but must start no later than the year the beneficiary turns 60. Annual limit is determined by a formula based on asset value and age.
- Any CDSGs or CDSBs withdrawn within 10 years of their contribution would have to be repaid to the federal government.
- The plan can also specify that withdrawals for any purpose or amount can be made unless government contribution exceeds private contribution.