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WHAT IS A REGISTERED DISABILITY SAVINGS PLAN?

A RDSP is a savings plan designed to help parents and others save for the long-term financial security of someone who is eligible for the Disability Tax Credit (DTC). In other words, it is a registered plan from which a disabled person can draw funds when needed.

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WHO CAN BE A BENEFICIARY UNDER A REGISTERED DISABILITY SAVINGS PLAN?

You may designate a person as a beneficiary if they meet the following criteria:

1. He or she qualifies for the Disability Tax Credit (DTC) according to the criteria of the Canada Revenue Agency;
2. He or she has a Social Insurance Number (SIN);
3. He or she resides in Canada at the time the plan is established;
4. He or she is under the age of 60.

A beneficiary can only have one RDSP at any time. However, the RDSP may have more than one holder during the course of its existence at any time.

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WHO CAN CONTRIBUTE TO A REGISTERED DISABILITY SAVINGS PLAN?

The holder of the RDSP or any person with the written permission of the plan holder may contribute to the RDSP. There are three ways to be a plan holder:

1. The beneficiary has reached the age of majority and is contractually competent to enter into a plan.
2. A person or organization legally authorized to act on behalf of the beneficiary when the beneficiary has reached the age of majority but their contractual competency to enter into a plan is in doubt.
3. When the beneficiary is a minor, only the beneficiary's parent or any other person or organization legally authorized to act on behalf of the beneficiary may be a holder. When the child reaches the age of majority, the parent or guardian may remain a joint owner with the adult beneficiary.

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IS IT BENEFICIAL TO INVEST IN A REGISTERED DISABILITY SAVINGS PLAN?

Yes, investing in an RDSP is beneficial because it is eligible for two government grants: the direct deposit into the plan by the Canada Disability Savings Grant and possibly the Canada Disability Savings Bond. The tax on investment income and capital gains earned are also deferred as long as they remain in the RDSP, allowing the plan to grow faster.

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WHAT IS THE MAXIMUM CONTRIBUTION TO A REGISTERED SAVINGS PLAN?

There is no annual limit on amounts that can be contributed to an RDSP of a particular beneficiary in a given year. However, the overall lifetime limit for a particular beneficiary is \$200,000 (all previous contributions and rollovers that have been made to an RDSP of a particular beneficiary will reduce this amount). Contributions are permitted until the end of the year in which the beneficiary turns 59. Unlike RRSPs, however, contributions must be made by December 31 and are not tax deductible.



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HOW TO OPEN A REGISTERED DISABILITY SAVINGS PLAN?

To enroll in an RDSP, a person who is eligible as a holder must contact a financial institution such as the Caisse Alliance, which offers this savings option. You can contact one of our advisors who will be happy to help you with the process.

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WHAT ARE THE GUIDELINES FOR WITHDRAWING FROM A REGISTERED DISABILITY SAVINGS PLAN?

Funds may be withdrawn for any purpose, as long as it benefits the person with a disability. There are two types of withdrawals from an RDSP. First, there are lifetime disability payments which are annual recurring payments that continue until the death of the beneficiary. Payments can begin at any age, but they must begin before the end of the year in which the beneficiary turns 60. The annual payments depend on a few factors. For example, they are subject to a limit determined by a statutory formula that takes into account the beneficiary's life expectancy and the fair value of the assets held in the plan.

Then there are disability assistance payments which are periodic lump sums that can be made that can be paid to the beneficiary at any time once the RDSP is established. The RDSP remains a long-term savings plan, which means that grants and bonds must remain in the plan for at least ten years. In the event of a withdrawal from an RDSP, the grants and bonds or portion of the grants and bonds that have been in the RDSP for less than ten years must be repaid to the government according to the following rule: for every dollar withdrawn from an RDSP, three dollars of grants or bond paid into the plan in the previous 10 years must be repaid, up to the total number of grants and bonds received in the last 10 years.

The most recent bonds and grants must be repaid after the oldest ones. After 10 years of not receiving any grants or bonds, all government incentives belong to the beneficiary. Otherwise a clawback will apply.

Finally, RDSP withdrawals from contributions are not taxable, as they are not included in the beneficiary's income. However, CDSGs, CDSBs, investment income earned in the plan and the rollover amounts are included in the beneficiary's income for tax purposes when paid out of the RDSP.

WHAT IS THE CANADA DISABILITY SAVINGS GRANT?

The Canada Disability Savings Grant (CDSG) is a matching grant paid into an RDSP by the Government of Canada. Depending on the beneficiary's family income, the CDSG is paid based on the amount contributed to the Plan. Below are the matching rates based on family income and amounts contributed, as well as the annual and lifetime limits for CDSGs.



CANADA DISABILITY SAVINGS GRANT MATCHING RATE

Income threshold for 2026	Matching rate	Annual limit	Carry forward of unused grants	Lifetime limit
Less than or even to \$117,045* or public PCG	300% on the first \$500 or less	\$1,500	\$10,500	\$70,000
	200% on the next \$1,000 or less	\$2,000		
Greater than \$117,045* Or no information available on income at the Canada Revenue Agency (CRA)	100% on the first At least \$1,000	1,000		

*The family income limits are indexed annually by the CRA.

As illustrated, the CDSG can be as much as \$3,500 per year (or up to \$70,000 for life), depending on the amounts contributed and family income. It is also possible to receive a grant of up to \$10,500 for one year to recover unclaimed credits from past years.



WHAT IS THE CANADA DISABILITY SAVINGS BOND?

The Canada Disability Savings Bond (CDSB) is an amount paid by the Government of Canada to the RDSP of an eligible beneficiary with a low or modest income. There is no minimum contribution required and simply opening an RDSP entitles you to the CDSB. The amount of the bond paid is based on the beneficiary's family income. Below are the potential CDSB payments based on different family income thresholds, as well as the annual and lifetime limits.



PAYMENT OF THE CANADA DISABILITY SAVINGS BOND

Income threshold for 2026	Annual limit	Carry forward of unused bonds	Lifetime limit
Less than or equal to \$38,237* or public PCG	\$1,000	\$11,000	\$20,000
Greater than \$38,237* but less than or equal to \$58,523*	Up to \$1,000 based on the formula identified in the Canada Disability Savings Act (CDSA): \$1,000 - (\$1,000 x (A-B)/(C-B)) Or: A = Family income B = \$38,237 C = \$58,523		

If the Canada Revenue Agency (CRA) has no income information, the CDSB will **not** be paid.

*The family income limits are indexed annually by the CRA.

As illustrated, the CDSB can be up to \$1,000 per year (or up to \$20,000 for a lifetime). It also allows you to receive up to \$11,000 in grant funding for one year by requesting unclaimed credits from past years.



For more information on any of our services, visit our website at caissealliance.com