



EXPERTISE • SUPPORT • STABILITY

REGISTERED DISABILITY SAVINGS PLAN



Desjardins
Wealth Management
INVESTMENTS

Cooperating in building the future

THE DESJARDINS REGISTERED DISABILITY SAVINGS PLAN

AN INVESTMENT IN THE WELL-BEING OF PEOPLE WITH SEVERE DISABILITIES

The Desjardins Registered Disability Savings Plan (RDSP) is an investment tool designed to help our members and clients with severe disabilities and their families.

If you want to ensure your financial security, or that of a loved one with a severe disability, the Desjardins RDSP will not only help you put money aside, but also give you access to government grants and bonds.

At Desjardins, improving the well-being of all people is an integral part of our mission and core values.

IMPORTANT

WHO CAN OPEN A DESJARDINS RDSP?

Any Desjardins member who wants to make contributions on behalf of an eligible beneficiary can set up a Desjardins RDSP. To be eligible, the beneficiary must:

- **Meet the Canada Revenue Agency eligibility criteria for the Disability Tax Credit**
- **Have a valid Social Insurance Number (SIN)**
- **Be under the age of 60**
- **Reside in Canada**

If the beneficiary is a minor, a parent or legal representative can open an RDSP on their behalf.

If the beneficiary has reached the age of majority, they can open their own RDSP, unless they are not legally able to enter into a contract, in which case a legal representative can open one on their behalf. If the beneficiary has reached the age of majority, but their legal ability to enter into a contract is in doubt, a qualifying family member (parent, spouse or common-law partner) can open an RDSP on their behalf.

A public department, agency, or institution that is legally authorized to act on behalf of the beneficiary can be an account holder. There is a limit of one beneficiary per RDSP, and one RDSP per beneficiary.

HOW DO I OPEN AN RDSP ACCOUNT?

You can open an RDSP by calling the Desjardins Financial Centre.¹ An advisor will guide you through each step and help you decide on an investment strategy that best suits your objectives and situation.

It's free to set up an RDSP.

1-877-286-3420

WHAT ARE THE ADVANTAGES OF THE RDSP?

When you contribute to an RDSP opened for yourself or for a loved one with a disability, you're helping to build a better long-term financial future. The RDSP has many advantages that make it an effective savings tool:

- Your contributions are matched by the **Canada Disability Savings Grant**.
 - Up to **\$3,500 annually** and **\$70,000** over the beneficiary's **lifetime**, depending on the beneficiary's net family income and contribution amounts.
- Low-income and modest-income families may be eligible for the **Canada Disability Savings Bond** without even having to make a single contribution—all they have to do is open an RDSP.
 - Up to **\$1,000 annually** and **\$20,000** over the beneficiary's **lifetime**, depending on the beneficiary's net family income.
- Investment income grows tax-free as long as it stays in the plan.
- No annual contribution limit; maximum lifetime contribution limit per beneficiary of **\$200,000**.
- Unused grant and bond entitlements can be carried forward from the last 10 years (from 2008 onwards).
- Under certain conditions, a deceased individual's RRSP can be rolled over to the RDSP of a child or grandchild with a physical or mental disability who was financially dependent on the deceased. These rules also apply to products transferred to an RDSP from a RRIF and to certain lump-sum amounts paid from registered pension plans.
- If the RDSP beneficiary is also a beneficiary of an RESP and has a severe and prolonged mental impairment that will prevent them from pursuing a post-secondary education, under certain conditions the accumulated RESP income can be rolled over to the RDSP without a tax penalty.

WHO CAN CONTRIBUTE TO AN RDSP?

The plan's beneficiary, their parents, their loved ones or any other person who has been authorized in writing by the plan holder can contribute to the RDSP. In order to benefit from the Canada Disability Savings Grant (CDSG) or the Canada Disability Savings Bond (CDSB), contributions must be made before the end of the year in which the beneficiary turns 49.

THE RDSP: A PLAN THAT GROWS IN VALUE

To get the most out of the RDSP, you should make an annual contribution that maximizes the subsidies you're entitled to, which vary based on the beneficiary's family income. The plan will continue to be eligible for bonds and grants until December 31 of the year in which the beneficiary turns 49, or until the maximum is reached, whichever comes first. Here are some examples to illustrate how money invested in an RDSP will grow:

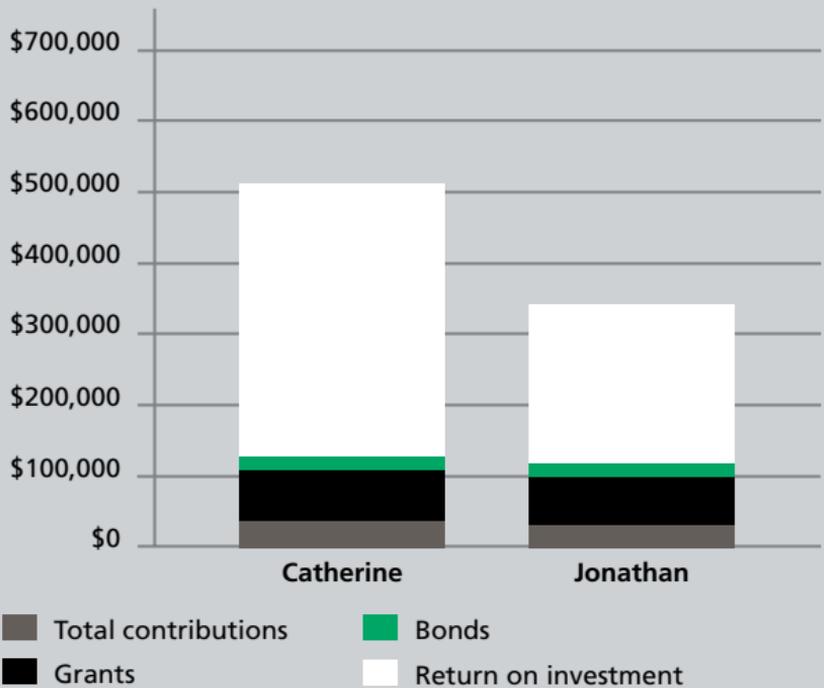
1. When **Catherine** was 10 years old, her parents decided to set up an RDSP for her. During the first nine years of the plan, her annual net family income was calculated based on her parents' income, which was more than the threshold for the year.* As a result, an annual contribution of \$1,000 entitled her to an annual grant of \$1,000. Since she turned 19, Catherine's annual net family income has been based on her own income, which is less than the threshold for the year.* As a result, an annual contribution of \$1,500 entitles her to the maximum annual grant of \$3,500 and the maximum annual bond of \$1,000. Catherine will be able to continue receiving both grants and bonds until age 39.

Net family income

Up to age 18, the beneficiary's net family income is based on their parents' income. Beginning the year they turn 19, it is based on the beneficiary's own income.

2. Jonathan, age 25, has an income that makes him eligible for a Disability Savings Bond. An annual contribution of \$1,500 entitles him to the maximum annual grant of \$3,500 and the maximum annual bond of \$1,000. If he contributes to his RDSP for 20 years, he will use his full grant and bond entitlements.

	Catherine	Jonathan
Total contributions	\$40,500	\$30,000
Grants	\$70,000	\$70,000
Bonds	\$20,000	\$20,000
Return on investment**	\$384,208	\$214,643
TOTAL accumulated at age 60	\$514,708	\$334,643



As these examples show, government bonds and grants can give your savings a big boost, but the most important factor is to start contributing early.

* Family income thresholds for the calculation of grants and bonds are indexed annually for inflation. For more information: esdc.gc.ca/eng/disability/savings/index.shtml.

** Assumed rate of return of 4% compounded annually and based on a diversified portfolio.



WHAT INVESTMENT PRODUCTS DOES THE DESJARDINS RDSP OFFER?

The products included in the RDSP are guaranteed products that will enable you to accumulate funds without risking your capital:

- Guaranteed fixed-rate investments
- Market-linked guaranteed investments
- RDSP regular savings accounts

Since the money invested grows tax-free, it's best to invest a lump sum at the beginning of the year. You can also contribute with regular instalments.

HOW DO I WITHDRAW FROM THE RDSP?

Withdrawals from an RDSP may be made in the form of **Lifetime Disability Assistance Payments** or **Disability Assistance Payments**:

- **Lifetime Disability Assistance Payments** are regular payments that must be made at least once per year until the end of the plan or the death of the beneficiary. These payments must start no later than the beneficiary's 60th birthday, but they can also start earlier.
- A minimum payment is required depending on the beneficiary's age.
- A **Disability Assistance Payment** is an amount paid to the beneficiary upon request from the beneficiary or the plan holder. Certain conditions must be met.
- Payments from primarily government-assisted RDSPs are subject to a maximum annual withdrawal amount.

Act quickly!

Just by opening an RDSP account, you could be entitled to up to \$1,000 in government bonds.

IMPORTANT

If you receive grants or bonds from the government and you wait 10 years after the last contribution before withdrawing money from your RDSP, you will not have to pay any money back. However, if you make any withdrawals within that 10-year period, you will have to pay back \$3 in grants and bonds for each dollar you withdraw from the RDSP, up to the total amount of grants and bonds received during the 10 years prior to the withdrawal.

Income from the RDSP does not reduce the beneficiary's eligibility for federal income-tested benefits, such as:

- GST or HST credits
- The Canada Child Tax Benefit
- The Old Age Security Pension or the Guaranteed Income Supplement
- Employment Insurance benefits

Want more information?

To find out more about the Desjardins RDSP, call the Desjardins Financial Centre,¹ visit us online or visit the Canada Revenue Agency's website.

- Desjardins Financial Centre: 1-877-286-3420
- desjardins.com/RDSP
- cra-arc.gc.ca/rdsp

¹ The Desjardins Financial Centre is registered in Quebec with the *Autorité des marchés financiers*, in accordance with the terms of the *Deposit Insurance Act*.

desjardins.com/RDSP



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