

THE RDSP: A PLAN THAT GROWS IN VALUE

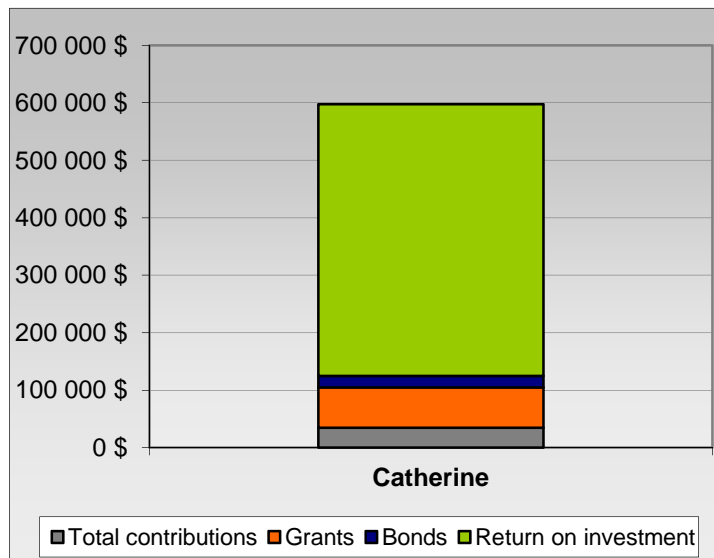
When Catherine is 10 years old, her parents decide to open an RDSP for her. During the first 9 years their annual family income is over \$87,907 *, so a contribution of \$1,000 a year entitles Catherine to the maximum matching grant of \$1,000 a year. In the years that follow, only Catherine's income is considered for matching purposes since she is over 18 years old. Since her annual family income is less than \$25,584*, a contribution of \$1,500 a year will entitle her to the maximum grant of \$3,500 a year. Because of her income level, she is also entitled to the maximum bond of \$1,000 a year.

So, to take full advantage of matching grants as soon as possible, Catherine contributes \$1,500 a year and receives a \$3,500 grant each year for 17 years. In the 18th year, she only has to contribute \$500 for a matching grant of \$1,500 and she reaches the lifetime grant limit. In addition, she receives a \$1,000 bond for 20 years. This means that by the time she is 39 years old, Catherine will have received all the grants and bonds to which she is entitled.

Net family income

The beneficiary's family income is considered as of the calendar year of his or her 19th birthday. Before that time, the family income of the parents is considered.

	Catherine
Total contributions	\$35,000
Grants	\$70,000
Bonds	\$20,000
Return on investment **	\$472,393
Total accumulated at age 60	\$597,393



Individuals who were disabled at the time the plan was introduced in 2008 have access to their unused contribution room. In addition disabled persons who have been eligible for the maximum Canada Disability Savings Bond of \$1,000 since 2008, and who have opened an RDSP in 2014, may receive up to \$7,000 from the Government of Canada – without having contributed to their plan.

* Family income thresholds are indexed annually for inflation. The income thresholds indicated are those for 2014, based on 2012 tax returns.

** Assumed return of 4.5% compounded annually and based on deposits made at the beginning of the year into a diversified portfolio.