

## **Backgrounder**

### **Registered Disabilities Savings Plan**

The Registered Disabilities Savings Plan (RDSP) was announced by the Government of Canada in the 2007 Budget and first became available the following year. Similar to the Registered Education Savings Plan, funds accumulated within an RDSP are not taxed until they're withdrawn, when they are considered as income.

For eligible Canadians earning less than \$91,831, the government uses the Canada Disability Savings Grant to contribute funds to a Canadian's RDSP. For the first \$500 contributed into the RDSP, the beneficiary will receive \$3 for every \$1 they contributed. For the next \$1,000, the beneficiary will receive \$2 for every \$1 contributed. The maximum grant for any one year is \$3,500 and the lifetime maximum grant is \$70,000.

Low- and modest-income Canadians are also eligible for a Canada Disability Savings Bond. This bond is not tied to a beneficiary's contributions and provides up to a \$1,000 a year (depending on family income) with a lifetime limit of \$20,000.

Many Canadians have saved more than \$50,000 in their RDSPs, and, due to a cooling period, no one has yet been able to withdraw from them.

Being eligible for the Disability Tax Credit is a prerequisite for the RDSP and many adults among the hundreds with type 1 diabetes who have been denied the DTC since May have already been told they'll have to close their RDSP and that the government will be clawing back up to three quarters of the value in those accounts.

These vulnerable Canadians stand to potentially lose tens of thousands of dollars that they'd put aside to cover their extraordinary medical expenses. The recent procedural change by the Canadian Revenue Agency leaves many Canadians with type 1 diabetes without the resources required to manage their disease in the future.

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