

Q&A on Endowment 150 and the RDSP

RDSP Questions:

Q: What is the Registered Disability Savings Plan?

A: The Registered Disability Savings Plan (RDSP) is a federal government initiative to assist parents and friends to save money towards the future care of a person with a severe disability and for the beneficiary to save toward his or her future. British Columbians with disabilities under 60 years of age, who are eligible for the Government of Canada's Disability Tax Credit (DTC) and their families or legal guardians will be able to contribute up to \$200,000 to a RDSP. MHSD has fully exempted funds held in, and disbursements from RDSPs when calculating eligibility for hardship assistance, income assistance and disability assistance.

Q: How does the federal government augment RDSPs?

A: The federal government will contribute in the form of Canada Disability Savings Grants, funds equivalent to 100-300% of RDSP contributions, up to a maximum of \$3,500 depending on the net income of the beneficiary's family. The federal government will also contribute up to \$1,000 annually in Canada Disability Savings Bonds, depending on the net income of the beneficiary's family, up to a maximum lifetime limit of \$20,000. Both the Grant and the Bond can be received for up to 20 years including but not beyond the year in which the beneficiary reaches their 49th birthday.

Q: Is there a holdback period?

A: Any Grants and Bonds contributed to a RDSP in a previous 10-year period before a given time is called the assistance holdback amount.

Q: How do clients access RDSP funds?

A: Two types of disbursements are permitted from RDSPs: *Lifetime Disability Assistance Payments* and *Disability Assistance Payments*.

- Lump sum *Disability Assistance Payments* are only permitted if the total contributions by the beneficiary and family are greater than those of the federal government. The only restrictions on these payments are that the RDSP must retain enough assets to cover the assistance holdback amount.
- *Lifetime Disability Assistance Payments* are annual, incrementally increasing payments from a RDSP that are designed to last a client's lifetime. This form of payment from a RDSP is the only payment permitted if government contributions are greater than individual and family

contributions. Many MHSD clients will only be permitted to receive Lifetime Disability Assistance Payments.

Q: When can clients access RDSP funds?

A: Generally, payments can begin at any time but any applicable assistance holdback amount must first be repaid.

Q: What happens if the beneficiary ceases to be eligible for the DTC?

A: The assistance holdback amount is repaid to the federal government and the RDSP is closed. MHSD will consider the remaining funds to be an exempt RDSP disbursement to the client.

Q: Are RDSP disbursements taxable?

A: The contribution portion of assets in a RDSP will not be included in income when paid out of a RDSP. However, contributions made by the Government of Canada and investment income earned on all assets in the plan will be included in the beneficiary's income for tax purposes when paid out of a RDSP. The investment income earned in the plan will accumulate tax-free before pay out.

Q: Do Persons with Disabilities who aren't receiving disability assistance qualify for RDSPs?

A: Yes, providing applicants qualify for the DTC, have a SIN and have filed a tax return.

Q: Do RDSPs affect Canada Pension Plan, Old Age Security or Guaranteed Income Supplement benefits?

A: The federal government has exempted the RDSP from affecting any federal support programs, such as CPP, OAS and GIS

Q: Is interest earned within a RDSP exempt?

A: Yes. All funds held within a RDSP are considered exempt including any interest earned within the RDSP. All disbursements from RDSPs are exempt.

Q: Can funds be transferred from trusts to RDSPs?

A: If money is transferred from a trust directly into a RDSP, this will not count as income in the month received, and will not affect eligibility for assistance.

Q: Do 3rd party contributions affect eligibility for assistance?

A: No. If money is transferred from a 3rd party directly into a RDSP, this will not count as income in the month received, and will not affect eligibility for assistance.

Endowment 150 Questions:

Q: Can a client apply retroactively for Endowment 150?

A: Yes, as long as you met all the qualifications anytime after January 1, 2008, you can qualify for Endowment 150. Application for Endowment 150 will be available into the future as long as the Vancouver Foundation continues the program.

Q: What if a client was in receipt of assistance for only a short period of time within the eligibility time period?

A: As long as a client was in receipt of assistance any time after January 1, 2008, a client will be eligible for Endowment 150 if they meet the other requirements.

Q: Are children eligible for Endowment 150?

A: If the child qualifies for the DTC and is part of a family unit in receipt of assistance, the child qualifies for Endowment 150.

Q: Is the \$150 Endowment 150 RDSP contribution considered income?

A: No. Endowment 150 funds are directly deposited into a client's RDSP from the Vancouver Foundation. Funds that are directly deposited into RDSPs from 3rd parties are not considered income.

Q: Why is the age requirement 59 for the RDSP but 49 for Endowment 150?

A: The criteria for Endowment 150 is 49 years of age while the criteria for contributing money to an RDSP is 59 years of age. Funds can be contributed to an RDSP up to age 59, but in order to be eligible for the matching Canada Disability Savings Grant, contributions need to be made before December 31 of the year the beneficiary turns 49. Endowment 150 criteria aligns with the criteria of the Canada Disability Savings Grant (age 49).