



**MACKENZIE**  
Investments

# Registered Disability Savings Plans

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Building financial security  
for Canadians with disabilities

Many families worry about how a loved one with a disability will be cared for in future years. Thanks to the Registered Disability Savings Plan (RDSP) and generous federal grants and bonds, now it is easier for people with disabilities to save for their long-term financial security.

Read on to find out how the Canadian government can help you save, adding up to \$4,500 each year to the amount you contribute.

The sooner you start saving, the earlier you can start building long-term financial security.

## Why RDSPs are the best way to save

- 1 Anyone can contribute to an RDSP with the written consent of the account holder.
- 2 The total lifetime contribution for each beneficiary is \$200,000, with no annual contribution limits.
- 3 Contributions can be matched, based on family net income, with up to \$3,500 a year in Canada Disability Savings Grants and up to \$1,000 a year in Canada Disability Savings Bonds.
- 4 The money you contribute grows tax free.
- 5 Savings and withdrawals do not affect federal and provincial income-tested benefits.
- 6 Carry forward on CDSG and CDSB is available back 10 years or to date of diagnosis. Since RDSP was launched in 2008 carry forward can go back to then. Maximum grant someone can receive in a year is \$10,500 and maximum bond is \$11,000.

## Who qualifies for an RDSP?

You qualify to be an RDSP beneficiary if you are a recipient of the Disability Tax Credit, a resident of Canada, less than age 60 and have a valid Social Insurance Number.

## How to open an RDSP account

- If you haven't already, apply for the Disability Tax Credit (see [www.cra-arc.gc.ca/disability](http://www.cra-arc.gc.ca/disability))
- See your financial advisor to open an RDSP

## Take advantage of Government help

- **Canada Disability Savings Grant**  
Through the CDSG, the Government deposits money into your RDSP to help you save, providing matching grants of 300%, 200% or 100%, depending on the amount contributed and the beneficiary's family net income. The maximum is \$3,500 each year, with a lifetime limit of \$70,000.
- **Canada Disability Savings Bond**  
Through the CDSB, the Government deposits money into the RDSPs of low-income and modest-income Canadians. If you qualify for the bond, you could receive up to \$1,000 a year, with a lifetime limit of \$20,000.

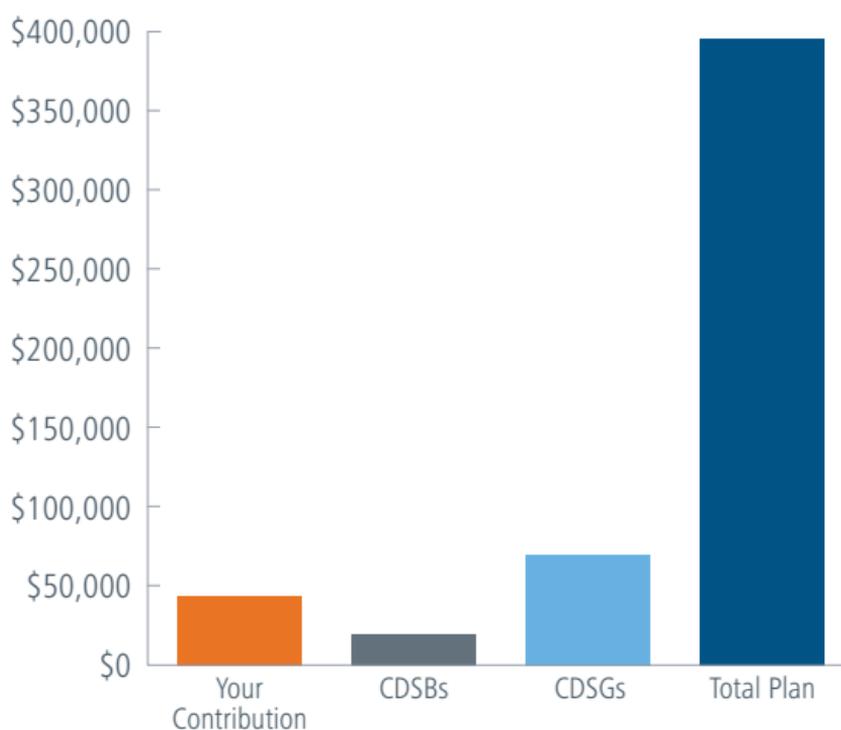
## Withdrawing your money

RDSP withdrawals must begin by the end of the year you turn age 60. You may withdraw funds earlier, but be sure to note that once a withdrawal of any amount is made, \$3 worth of federal grants and bonds paid into the RDSP in the previous 10 years have to be repaid for every \$1 withdrawn.

Withdrawals will consist of non-taxable contributions, taxable Government monies and taxable growth.

## How your money can grow: an example

Jack, whose family net income is less than \$26,364 a year, opens an RDSP at age 19 and contributes \$1,500 a year until he is age 49, investing the money in a balanced mutual fund that returns 5.5% annually. Even though his annual contributions only total \$46,500 (\$1,500 x 31 years), when those contributions are combined with Canada Disability Savings Grants and Canada Disability Savings Bonds, by age 50 Jack will have accumulated \$398,891.



- Your annual contribution of \$1,500 = \$46,500 total
- CDSB of \$1,000 a year to a maximum lifetime amount of \$20,000
- CDSG of \$3,500 a year to a maximum lifetime amount of \$70,000
- Results in \$398,891 plan total (assuming a 5.5% rate of return over 31 years)

## Top 4 tips to maximize savings

- 1** Start saving early. Make it automatic by enrolling in a pre-authorized chequing program.
- 2** Contribute every year to get the maximum annual Canada Disability Savings Grant and Canada Disability Savings Bond, if applicable.
- 3** Plan your withdrawals to avoid federal grant and bond repayments.
- 4** Carry forward of Canada Disability Saving Grant and Canada Disability Saving Bond.

To open an RDSP, please talk to your financial advisor.

[mackenzieinvestments.com/rdsp](http://mackenzieinvestments.com/rdsp)

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