[About the CRA](http://www.cra-arc.gc.ca/gncy/menu-eng.html) > [Federal Government Budgets](http://www.cra-arc.gc.ca/gncy/bdgt/menu-eng.html) > [2012](http://www.cra-arc.gc.ca/gncy/bdgt/2012/menu-eng.html)

**Registered Disability Savings Plan (RDSP)**

[Plan Holders](http://www.cra-arc.gc.ca/gncy/bdgt/2012/qa08-eng.html#_Toc320860288)

* + [1. Who can open an RDSP for a person who has reached the age of majority and lacks contractual competence?](http://www.cra-arc.gc.ca/gncy/bdgt/2012/qa08-eng.html#_Toc320860289)
  + [2. What changes have the budget proposed for plan holders in respect of an individual that has attained the age of majority?](http://www.cra-arc.gc.ca/gncy/bdgt/2012/qa08-eng.html#_Toc320860290)
  + [3. When do these changes take effect?](http://www.cra-arc.gc.ca/gncy/bdgt/2012/qa08-eng.html#_Toc320860291)
  + [4. Why are these changes temporary?](http://www.cra-arc.gc.ca/gncy/bdgt/2012/qa08-eng.html#_Toc320860292)
  + [5. If I become a plan holder under the new rules, what will happen in 2016?](http://www.cra-arc.gc.ca/gncy/bdgt/2012/qa08-eng.html#_Toc320860293)

[Repayment of Canada disability savings grants (CDSGs) and Canada disability savings bonds (CDSBs)](http://www.cra-arc.gc.ca/gncy/bdgt/2012/qa08-eng.html#_Toc320860294)

* + [6. What repayment is required when a disability assistance payment (DAP) is made from the plan?](http://www.cra-arc.gc.ca/gncy/bdgt/2012/qa08-eng.html#_Toc320860295)
  + [7. What change has the budget proposed to this repayment requirement?](http://www.cra-arc.gc.ca/gncy/bdgt/2012/qa08-eng.html#_Toc320860296)

[Minimum and maximum disability assistance payments](http://www.cra-arc.gc.ca/gncy/bdgt/2012/qa08-eng.html#_Toc320860297)

* + [8. What change has the budget proposed to the minimum payments from all RDSPs?](http://www.cra-arc.gc.ca/gncy/bdgt/2012/qa08-eng.html#_Toc320860298)
  + [9. What change has the budget proposed related to the maximum payments from a primarily government assisted plan (PGAP)?](http://www.cra-arc.gc.ca/gncy/bdgt/2012/qa08-eng.html#_Toc320860299)

[Rollover of registered education savings plan (RESP) investment income](http://www.cra-arc.gc.ca/gncy/bdgt/2012/qa08-eng.html#_Toc320860300)

* + [10. What rollover changes has the budget proposed for RESPs?](http://www.cra-arc.gc.ca/gncy/bdgt/2012/qa08-eng.html#_Toc320860301)
  + [11. Under what conditions can the tax-free rollover be made?](http://www.cra-arc.gc.ca/gncy/bdgt/2012/qa08-eng.html#_Toc320860302)
  + [12. What are some of the consequences of a rollover?](http://www.cra-arc.gc.ca/gncy/bdgt/2012/qa08-eng.html#_Toc320860303)
  + [13. Is the amount transferred into the RDSP considered a contribution?](http://www.cra-arc.gc.ca/gncy/bdgt/2012/qa08-eng.html#_Toc320860304)
  + [14. How is the transferred amount treated when it is withdrawn from the RDSP?](http://www.cra-arc.gc.ca/gncy/bdgt/2012/qa08-eng.html#_Toc320860305)

[Termination of an RDSP when a beneficiary is no longer eligible for the disability tax credit (DTC)](http://www.cra-arc.gc.ca/gncy/bdgt/2012/qa08-eng.html#_Toc320860306)

* + [15. What changes has the budget proposed to the termination requirements when a beneficiary is no longer eligible for the DTC?](http://www.cra-arc.gc.ca/gncy/bdgt/2012/qa08-eng.html#_Toc320860307)
  + [16. A beneficiary of an RDSP became DTC ineligible in 2011. How do these rules affect the RDSP?](http://www.cra-arc.gc.ca/gncy/bdgt/2012/qa08-eng.html#_Toc320860308)
  + [17. Under the new rules, how is an election made?](http://www.cra-arc.gc.ca/gncy/bdgt/2012/qa08-eng.html#_Toc320860309)
  + [18. How long will the RDSP be extended?](http://www.cra-arc.gc.ca/gncy/bdgt/2012/qa08-eng.html#_Toc320860310)
  + [19. What happens if the beneficiary's condition changes and the beneficiary is once again eligible for the DTC?](http://www.cra-arc.gc.ca/gncy/bdgt/2012/qa08-eng.html#_Toc320860311)
  + [20. What rules apply to the RDSP while an election is valid and the beneficiary is not eligible for the DTC?](http://www.cra-arc.gc.ca/gncy/bdgt/2012/qa08-eng.html#_Toc320860312)

[Administrative Changes](http://www.cra-arc.gc.ca/gncy/bdgt/2012/qa08-eng.html#_Toc320860313)

* + [21. What change does the budget propose to the time limit for notifying HRSDC when an RDSP is opened?](http://www.cra-arc.gc.ca/gncy/bdgt/2012/qa08-eng.html#_Toc320860314)
  + [22. What change does the budget propose to the time limit for completing a transfer when and RDSP is transferred from one RDSP issuer to another?](http://www.cra-arc.gc.ca/gncy/bdgt/2012/qa08-eng.html#_Toc320860315)
  + [23. What change does the budget propose to the time limit for submitting an application for a CDSG or CDSB to HRSDC?](http://www.cra-arc.gc.ca/gncy/bdgt/2012/qa08-eng.html#_Toc320860316)
  + [24. What changes does the budget propose for the information that must be shared when an RDSP is transferred from one issuer to another?](http://www.cra-arc.gc.ca/gncy/bdgt/2012/qa08-eng.html#_Toc320860317)
  + [25. Where can I get more information about the changes to RDSPs?](http://www.cra-arc.gc.ca/gncy/bdgt/2012/qa08-eng.html#_Toc320860318)

The budget proposes the following changes that will increase the effectiveness of RDSPs:

* Simplifying the process to open RDSPs for individuals who have reached the age of majority and lack contractual competence;
* Reducing the repayment of Canada disability savings grants and Canada disability savings bonds in certain cases;
* Introducing changes to the minimum and maximum withdrawal rules;
* Allowing a tax-free rollover of registered education savings plan investment income into an RDSP;
* Temporarily suspending the termination of an RDSP following cessation of eligibility for the disability tax credit if the beneficiary may qualify for the DTC again in the foreseeable future; and
* Reducing the burden associated with administrative requirements.

**Plan Holders**

**Q1. Who can open an RDSP for a person who has reached the age of majority and lacks contractual competence?**

A1. An RDSP for a person who has reached the age of majority and who lacks contractual competence can be opened the first time by any of the following:

* A guardian, tutor, curator or other individual who is legally authorized to act for the beneficiary; or
* A public department, agency or institution that is legally authorized to act for the beneficiary.

The person who opens the RDSP is called the plan holder. The plan holder makes or authorizes contributions on behalf of the beneficiary.

**Q2. What changes have the budget proposed for plan holders in respect of an individual that has attained the age of majority?**

A2. If, in the opinion of a financial institution that offers RDSPs (RDSP issuer), an individual's ability to enter into a contract is in doubt even though the individual has reached the age of majority, the budget proposes that the spouse, common-law partner, or parent of an individual will be eligible to become the plan holder of an RDSP.

RDSP issuers will be required to notify an individual if the individual becomes a beneficiary under an RDSP opened according to these new rules.

This measure will not apply if an RDSP has already been opened for an individual or an individual already has a legal representative.

**Q3. When do these changes take effect?**

A3. These changes are temporary and will apply from the time when the proposal receives Royal Assent until the end of 2016.

**Q4. Why are these changes temporary?**

A4. In the budget, the Government of Canada has expressed a commitment to work with provinces and territories to develop a longer term solution to establish a standardized, streamlined process that provinces and territories could adopt in order to facilitate and simplify the process of opening RDSPs for beneficiaries who lack contractual competence.

**Q5. If I become a plan holder under the new rules, what will happen in 2016?**

A5. You will be able to remain a plan holder until one of the following events:

* if the RDSP issuer no longer has doubt regarding the beneficiary's contractual competence, the beneficiary may **choose** to replace you as the plan holder;
* if a beneficiary subsequently is determined to be contractually competent by a public agency or tribunal, the beneficiary may **choose** to replace you as the plan holder; and,
* if a legal representative is later named in respect of the beneficiary, the legal representative **will** replace you as the plan holder.

**Repayment of Canada disability savings grants (CDSGs) and Canada disability savings bonds (CDSBs)**

**Q6. What repayment is required when a disability assistance payment (DAP) is made from the plan?**

A6. When a DAP is made from the plan, any CDSGs and CDSBs paid into an RDSP in the preceding 10 years must be repaid to Human Resources and Skills Development Canada (HRSDC).

**Q7. What change has the budget proposed to this repayment requirement?**

A7. For DAPs made after 2013, the budget proposes to introduce a proportional repayment rule. This rule will require that, for each $1 withdrawn from an RDSP, $3 of any CDSGs or CDSBs paid into the plan in the 10 years preceding the withdrawal be repaid, up to a maximum of the assistance holdback amount. In general terms, the assistance holdback amount is the total amount of CDSGs and CDSBs paid into an RDSP within the last 10-year period, less any part of that amount that has been repaid to HRSDC.

**Minimum and maximum disability assistance payments**

**Q8. What change has the budget proposed to the minimum payments from all RDSPs?**

A8. For 2014 and subsequent years, the budget proposes to establish a minimum annual withdrawal requirement for all RDSPs once a beneficiary attains 60 years of age. Under this new rule, the total amount of withdrawals made in a year may not be less than the maximum lifetime disability assistance payment (LDAP) amount for that year.

**Q9. What change has the budget proposed related to the maximum payments from a primarily government assisted plan (PGAP)?**

A9. For 2014 and subsequent years, the budget proposes to increase the maximum annual limit for withdrawals from PGAPs to the greater of the following amounts:

* the maximum lifetime disability assistance payment (LDAP) amount for that year; and
* 10 per cent of the fair market value of plan assets at the beginning of the calendar year.

**Rollover of registered education savings plan (RESP) investment income**

**Q10. What rollover changes has the budget proposed for RESPs?**

A10. For transfers that are made after 2013, the budget proposes to allow investment income earned in an RESP to be transferred on a tax-deferred (rollover) basis to an RDSP in certain circumstances if the plans have a common beneficiary.

**Q11. Under what conditions can the tax-free rollover be made?**

A11. To qualify for the tax-free rollover, the beneficiary must meet the existing age and residency requirements in relation to RDSP contributions. As well, one of the following conditions must be met:

* the beneficiary has a severe and prolonged mental impairment that can reasonably be expected to prevent the beneficiary from pursuing post-secondary education;
* the RESP has been in existence for at least 10 years and each beneficiary is at least 21 years of age and is not pursuing post-secondary education; or
* the RESP has been in existence for more than 35 years.

**Q12. What are some of the consequences of a rollover?**

A12. When an RESP rollover occurs, contributions in the RESP will be returned to the RESP subscriber on a tax-free basis. As well, Canada education savings grants and Canada learning bonds in the RESP will be required to be repaid to HRSDC and the RESP terminated by the end of February of the year after the year during which the rollover is made.

**Q13. Is the amount transferred into the RDSP considered a contribution?**

A13. The amount of RESP investment income rolled over to an RDSP may not exceed, and will reduce, the beneficiary's available RDSP contribution room. The rollover amount will be considered a private contribution for the purpose of determining whether the RDSP is a PGAP, but will not attract CDSGs.

**Q14. How is the transferred amount treated when it is withdrawn from the RDSP?**

A14. The rollover amount will be included in the taxable portion of withdrawals made to the beneficiary.

**Termination of an RDSP when a beneficiary is no longer eligible for the disability tax credit (DTC)**

**Q15. What changes has the budget proposed to the termination requirements when a beneficiary is no longer eligible for the DTC?**

A15. The budget proposes to extend the period for which an RDSP may remain open for a DTC ineligible beneficiary when an election is made by the RDSP plan holder after 2013.

A medical practitioner must certify in writing that the nature of the beneficiary's condition makes it likely that the beneficiary will, because of the condition, be eligible for the DTC in the foreseeable future.

**Q16. A beneficiary of an RDSP became DTC ineligible in 2011. How do these rules affect the RDSP?**

A16. If the RDSP has not yet been terminated, the RDSP will not be required to be terminated until the end of 2014. Plan holders of such RDSPs may extend the period for which the RDSP may remain open if they obtain the required medical certification and make an election before 2015.

**Q17. Under the new rules, how is an election made?**

A17. The RDSP plan holder will be required to elect in prescribed form and submit the election, along with the written certification, to the RDSP issuer. The RDSP issuer will then be required to notify HRSDC that the election has been made. The election must be made by December 31 of the year following the year the beneficiary became ineligible for the DTC,

**Q18. How long will the RDSP be extended?**

A18. An election will generally be valid until the end of the fourth calendar year following the first calendar year for which a beneficiary is DTC ineligible. The RDSP must be terminated by the end of the first year for which there is no longer a valid election.

**Q19. What happens if the beneficiary's condition changes and the beneficiary is once again eligible for the DTC?**

A19. If a beneficiary becomes eligible for the DTC while an election is valid, the usual RDSP rules will apply commencing with the year for which the beneficiary becomes eligible.

**Q20. What rules apply to the RDSP while an election is valid and the beneficiary is not eligible for the DTC?**

A20. Where an election is made, the following rules will apply commencing with the first year for which the beneficiary is DTC ineligible:

* no contributions to the RDSP will be permitted, including the rollover of RESP investment income; however, a rollover of proceeds from a deceased individual's registered retirement savings plan or registered retirement income fund to the RDSP of a financially dependent infirm child or grandchild will still be permitted;
* no new CDSGs or CDSBs will be paid into the RDSP;
* no new entitlements will be generated for the purpose of the carry forward of CDSGs and CDSBs;
* withdrawals from the RDSP will be permitted and will be subject to the proposed proportional repayment rule and the proposed maximum and minimum withdrawal rules;
* if a beneficiary dies after an election has been made, the existing 10-year repayment rule will apply; and
* the assistance holdback amount will be equal to the amount of the assistance holdback amount immediately preceding the beneficiary becoming DTC ineligible less any subsequent repayments.

**Administrative Changes**

**Q21. What change does the budget propose to the time limit for notifying HRSDC when an RDSP is opened?**

A21. Effective on Royal Assent, the budget proposes that the RDSP issuer must act without delay in notifying HRSDC when a plan is opened. This requirement replaces the specific 60-day deadline.

**Q22. What change does the budget propose to the time limit for completing a transfer when and RDSP is transferred from one RDSP issuer to another?**

A22. Effective on Royal Assent, the budget proposes that the RDSP issuer must act without delay in completing the transfer. This requirement replaces the specific 120-day deadline.

**Q23. What change does the budget propose to the time limit for submitting an application for a CDSG or CDSB to HRSDC?**

A23. The budget proposes that the *Canada Disability Savings Regulations* be amended to eliminate the 180-day time limit for the submission of an application. This change will be effective on the day the regulation amending the *Canada Disability Savings Regulations* is registered.

**Q24. What changes does the budget propose for the information that must be shared when an RDSP is transferred from one issuer to another?**

A24. Effective on Royal Assent, the budget proposes that HRSDC, instead of the issuer of the original plan, be responsible for providing this information to the issuer of the new plan when an RDSP transfer occurs.

**Q25. Where can I get more information about the changes to RDSPs?**

A25. The CRA is committed to providing taxpayers with up-to-date information. The CRA encourages taxpayers to check its Web pages often. All new forms, policies, and guidelines will be posted as they become available.

In the meantime, please consult the [Department of Finance Canada's Budget 2012](http://www.budget.gc.ca/2012/home-accueil-eng.html) documents for details.

Go to [Registered disability savings plans](http://www.cra-arc.gc.ca/tx/ndvdls/tpcs/rdsp-reei/menu-eng.html) for more information concerning the existing rules for RDSPs.