



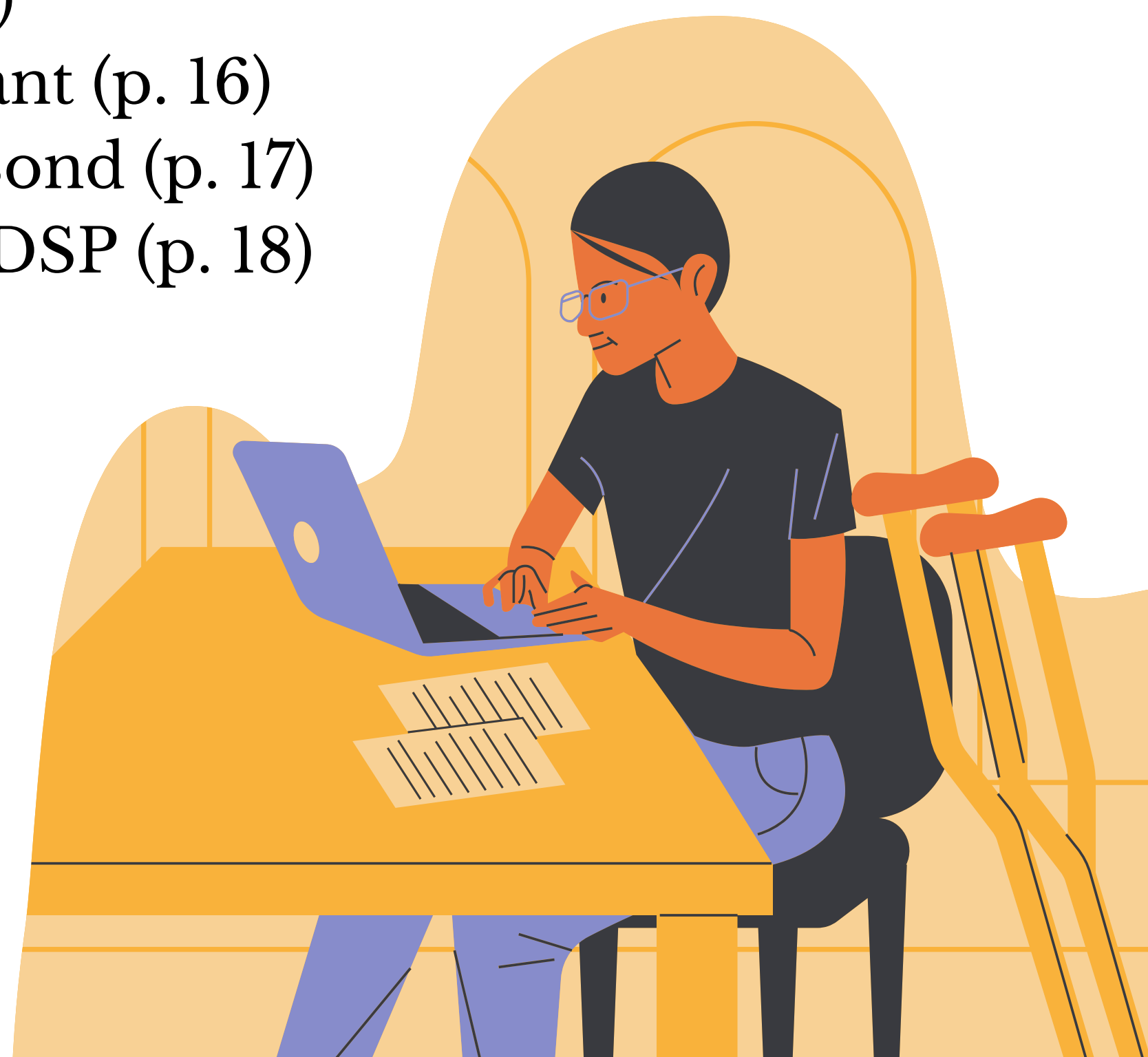
# Supporting Newcomers with Disabilities

Guide to the Registered Disability  
Savings Plan & Disability Tax Credit



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# Land

# Acknowledgement

We acknowledge that what we call Alberta is the traditional and ancestral territory of many peoples, presently subject to Treaties 6, 7, and 8. Namely: the Blackfoot Confederacy – Kainai, Piikani, and Siksika – the Cree, Dene, Sauteaux, Nakota Sioux, Stoney Nakoda, and the Tsuu T’ina Nation and the Métis People of Alberta. This includes the Métis Settlements and the Six Regions of the Métis Nation of Alberta within the historical Northwest Metis Homeland. We acknowledge the many First Nations, Métis and Inuit who have lived in and cared for these lands for generations.

We are grateful for the traditional Knowledge Keepers and Elders who are still with us today and those who have gone before us. We make this acknowledgement as an act of reconciliation and gratitude to those whose territory we reside on or are visiting.



# Introduction

The **Supporting Newcomers with Disabilities Project** aims at improving the access to supports for newcomers with disabilities, focusing primarily on the **Registered Disability Savings Program (RDSP)**. Access to the RDSP is hindered by multiple obstacles, including a lack of familiarity and information about the program, the inability to navigate the application process, lack of accurate information, and cultural stigmas.

The “**RDSP + DTC Guide**” is an all-in-one resource highlighting the supports and benefits available for newcomers with disabilities. This guide focuses on two federal programs: the RDSP and the Disability Tax Credit (DTC).

## Who should be using this guide?

This guide is designed to assist settlement practitioners, disability advocates, and community members with informing newcomers on the RDSP and DTC. Users of the guide will be able to demonstrate the benefits of these programs, provide clarity on eligibility criteria, and guide their clients through the application process.



# What is the Disability Tax Credit?

The **Disability Tax Credit (DTC)** is a non-refundable tax credit that allows people with disabilities (or their supporting family member) to reduce the amount of income tax each year, helping cover the extra costs incurred by those with ‘severe or prolonged impairments.’

The DTC also allows the beneficiary to qualify for many other programs such as the Canada Workers Benefit Disability Supplement and the Registered Disability Savings Plan (more on the RDSP later in this guide).



## Did you know?

**Only 40% of eligible Canadians are using the Disability Tax Credit on their income tax returns**

# What can the DTC do for me?

## Disability Amount

The Disability Amount is the amount you can claim as a credit on your tax return. For the 2021 tax year, this amount is **\$8,662**. Because the federal non-refundable tax rate is 15%, the amount your taxes may be reduced with the 2021 Disability Amount is about \$1,299.

Besides the RDSP (more on that later!), the DTC is useful for the following programs:

[Canada's Workers Benefit \(CWB\) Disability Supplement](#)

[Child Disability Benefit \(CDB\)](#)

[Canada Caregiver Credit \(CCC\)](#)

[Medical Expenses Deduction](#)

[Home Buyers' Amount](#)



# DTC Eligibility



**You are markedly restricted in an activity of daily life, meaning you are unable to perform at least one of the daily restriction categories**

**Have cumulative significant restrictions in two or more of the daily restriction categories**

**Require life-sustaining therapy more than once per week to perform one of the daily restriction categories**



**The daily restriction categories that you may qualify under are:**

- **Limited Mobility:** Wheelchair needs, Osteoarthritis, Weak/Shaky Mobility, Paralysis
- **Digestion Issues:** Inflammatory Bowel Disorder, Crohn's/Colitis, Benign prostatic hyperplasia (BPH)
- **Breathing Issues:** Chronic obstructive pulmonary disease (COPD), Emphysema, Tuberculosis, Chronic Asthma, Sleep Apnea
- **Hearing Impairment:** Loss of hearing, Need for Hearing Aids
- **Vision Loss**
- **Cognitive Issues:** Memory Loss, Confusion, Alzheimer's, Dementia, ADHD

# Residency Status



An applicant to the DTC is considered a resident of Canada if that person is also considered a resident for income tax purposes.

You do not need to be a Canadian citizen, meaning newcomers can access the DTC regardless of immigration status. This includes permanent residents, refugee claimants, and refugees.

The most important thing to consider when determining your residency status is whether or not you maintain, or you establish, significant residential ties with Canada.

Significant residential ties to Canada include:

- A home in Canada
- A spouse or common-law partner in Canada
- Dependents in Canada
- Social Insurance Number (temporary or permanent)

## The following are examples of residency statuses that would be deemed DTC eligible

### Residency Status for Newcomers

- If you left another country to settle in Canada and you established significant residential ties with Canada becoming a resident of Canada in the tax year, you may be considered an **immigrant**
- If you stayed in Canada for **183 or more days** in the year, you may be considered a **deemed resident of Canada**

### What happens if you leave Canada?

- If you are temporarily leave Canada **and** you maintain residential ties with Canada, you may be considered a **factual resident of Canada**
- If you left Canada and established a permanent home in another country and you severed your residential ties with Canada ceasing to be a resident of Canada in the tax year, you may be **considered an emigrant**

Learn more about residency requirements [here](#)



# How to Apply for the DTC



## Step 1: Applying for the credit

This involves a beneficiary and a medical practitioner who can certify the effects of your impairment

## Step 2: Claiming the credit on your tax return

If your application is approved, you may then claim the disability amount on your tax return

You apply for the DTC by filling out a form from the Canada Revenue Agency (CRA) called the Disability Tax Credit Certificate (form T2201). There are two parts:

**Part A** (pages 1 to 2) is a general information section. This must be completed by you or a legal representative.

**Part B** (pages 3 to 16) is a medical report. It must be completed and signed by a qualified health professional.

# How to Apply for the DTC p. II

Health professionals who can complete this form include:

- Medical Doctor
- Nurse Practitioner
- Optometrist
- Speech Language Pathologist
- Audiologist
- Occupational Therapist
- Physiotherapist
- Psychologist

## Prepare for your appointment with a medical practitioner

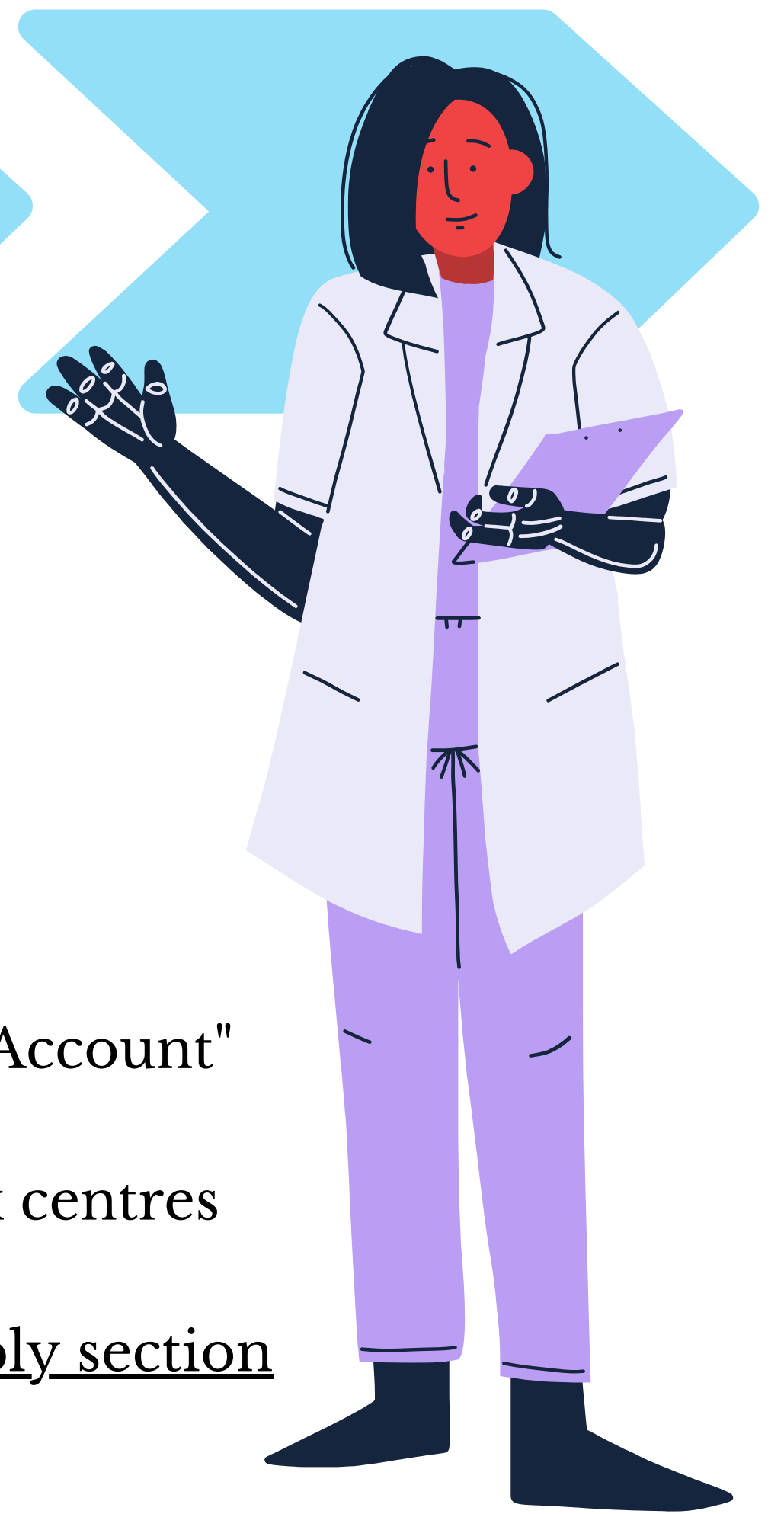
- Which daily restriction categories apply to you?
- How often do your symptoms occur?
- How many details can I provide about my disability?



### **IMPORTANT:**

**You can apply at any time of the year, but if you apply at the same time that you file your tax return, there may be a delay in your tax assessment**

# Submitting Your Claim



## Where to submit your application:

**Online** - Submit your digital form through your "CRA My Account"

**Mail** - Submit a physical form to one of the eligible CRA tax centres

For more information on how to apply, visit the [How to apply section of the DTC website](#)

To claim the credit for the current tax year, you must enter the disability amount on your tax return. Any unused amount can be transferred to a supporting family member.

### **For yourself**

If you are the person with the impairment, enter the disability amount on [Line 31600](#)

### **For a spouse or common-law partner**

If you are the spouse or common-law partner of the person with the impairment, enter the disability amount on [Line 32600](#)

### **For a dependent**

If you are the supporting family member (other than a spouse or common-law partner) of the person with the impairment, enter the disability amount on [Line 31800](#)

# What is the Registered Disability Savings Plan?

The **Registered Disability Savings Plan (RDSP)** is a retirement savings plan for people with disabilities in Canada. You can contribute a maximum amount of **\$200,000** to an RDSP until December 31st of the year the beneficiary turns 59.

With an RDSP, individuals may be eligible for up to **\$90,000** in government grants and bonds to help with their long-term savings.



The RDSP helps people with disabilities feel financially secure for the future!

# Benefits of the RDSP

Receive up to \$90,000 in grants and bonds

RDSP is tax sheltered

Benefit from compound interest

Does not impact other federal or provincial benefits

Money can be spent on anything you want

No annual limits to how much you can contribute (up to the \$200,000 lifetime maximum)

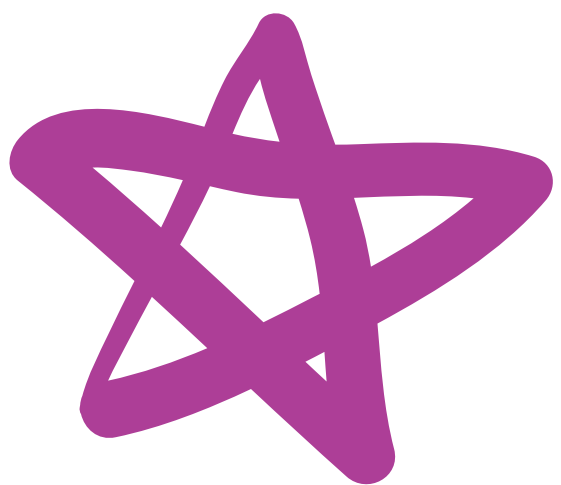
# How Does the RDSP Work?



If your family income is below \$100,392, every \$1 put in an RDSP account, the federal government can match with up to \$3



For people living on a low-income (less than \$32,797), the federal government will put in \$1000 each year for 20 years



For people living on an income between \$32,797 and \$50,197, they can still receive a partial bond



The **beneficiary** of the RDSP is the person with the disability who will receive the money in the future. The **holder** is the person who opens and manages the RDSP.

The beneficiary and holder can be the same person.

# RDSP Eligibility



**Be a resident of Canada  
for tax purposes**



**Have a valid Social  
Insurance Number (SIN)**

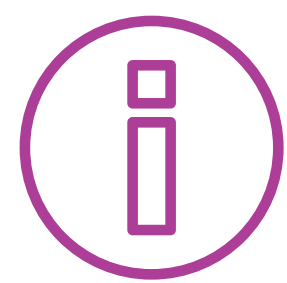


**Qualify for the Disability  
Tax Credit**



**Be under the age  
of 60**

“



Your SIN can be temporary or permanent. Both are valid for applying to both the DTC and RDSP!

”


**Who can  
set up an  
RDSP?**

**For a Minor:** Parents or legal guardians set up the plan and have the option to remain as sole or co-holder once the beneficiary becomes an adult

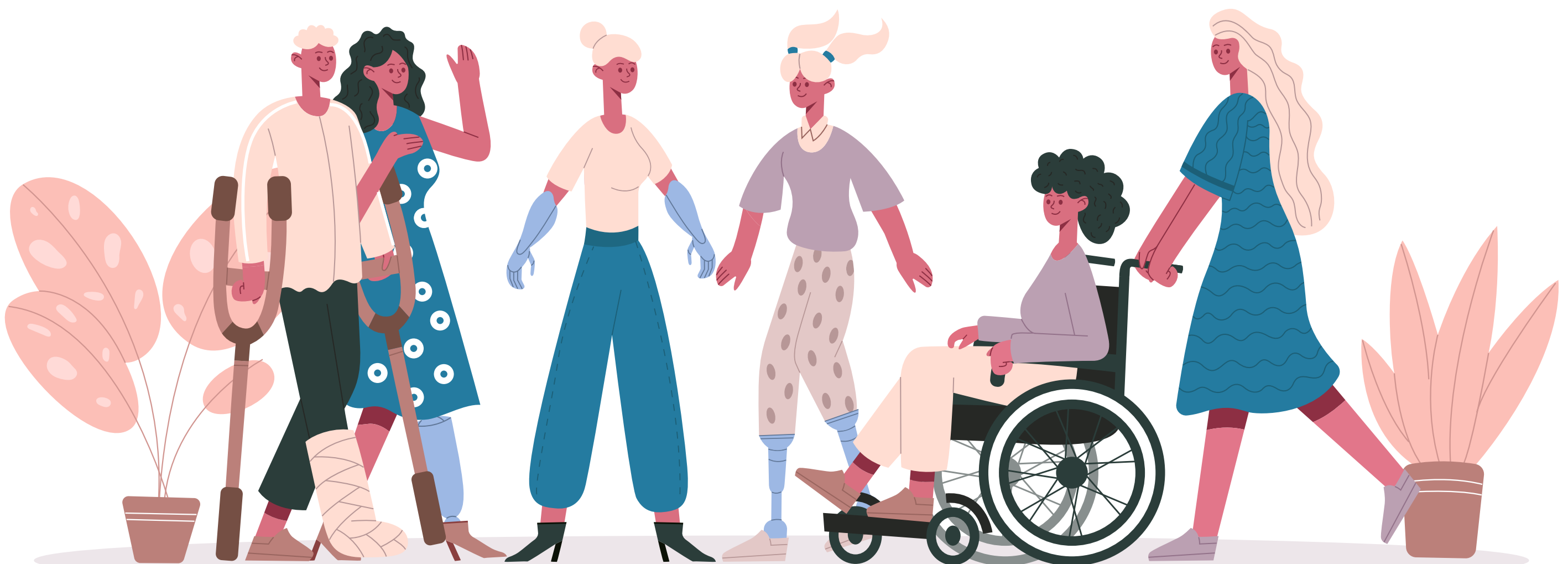
**For an Adult:** The holder and beneficiary can be the same person, though it may be somebody else dependent on contractual competence

# How to Set Up an RDSP

- ① Have Your Social Insurance Number Ready
- ② Be Approved for the Disability Tax Credit
- ③ File Your Income Tax Returns
- ④ Choose an Eligible Bank (See p. 20)
- ⑤ Choose Your Holder
- ⑥ Open Your RDSP



The beneficiary must be a resident of Canada for tax purposes. However, the holder does not need to be a resident of Canada





# Canada Disability Savings Grant

If you contribute to an RDSP, you could qualify for a **Canada Disability Savings Grant**.

The Grant is money that the Government deposits into an RDSP to match contributions that you put into your RDSP, up to **\$3,500 per year** and up to **\$70,000 over your lifetime**.

You are eligible to receive the Grant up to and including the year you turn 49.

The amount of the CDSG depends on how much you contribute to your RDSP. Families with high income are eligible for a reduced grant



# Canada Disability Savings Bond

The Canada Disability Savings Bond is money that the Government deposits into the RDSPs of low-income and modest-income Canadians with disabilities.

To apply for the Bond, you need to open an RDSP with a participating financial organization. You do not need to put money into an RDSP to get the bond.

If your annual family income is \$32,797 or lower, you could get up to \$1,000 per year for a lifetime maximum of \$20,000



# Taking Money Out of your RDSP

Money in your RDSP grows tax-free until it is taken out of the RDSP. Generally, money can be taken out at any age. However, money must be withdrawn by **December 31** of the year the beneficiary turns **60**.

Grants and Bonds must remain in the RDSP for **at least 10 years**. If money is taken out before age 60, you must repay some or all of the Grants and Bonds that the Government paid to your RDSP in the 10 years before the withdrawal.

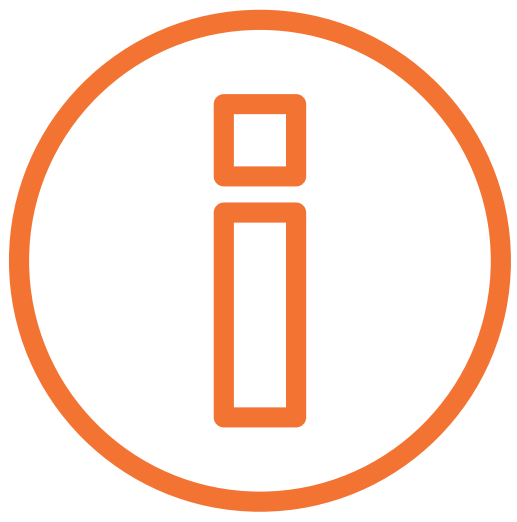
To find out more, visit the [RDSP section of the Government of Canada website](#)



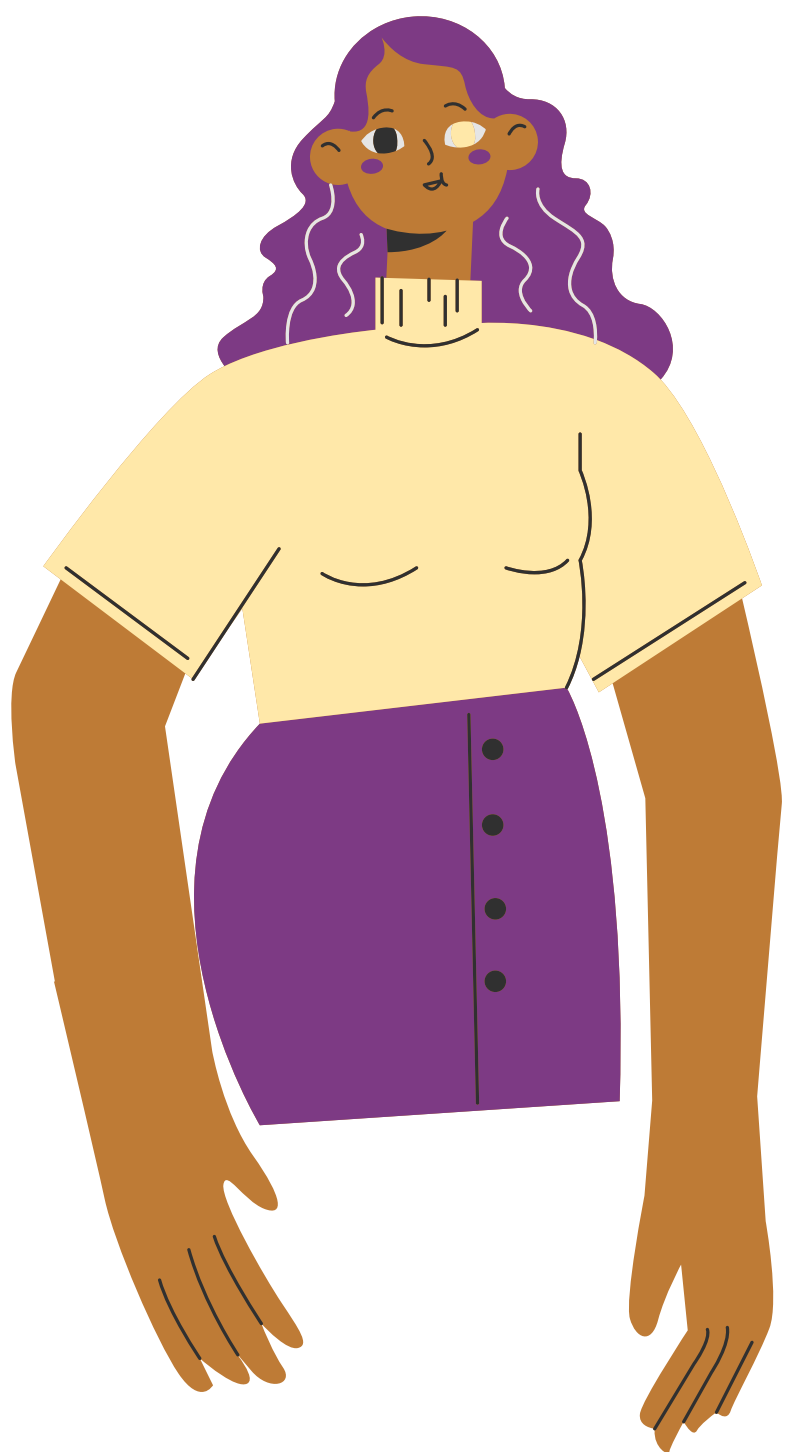
The RDSP is designed to be a **long-term investment**. It is not designed to be a rainy day fund or emergency savings account.

When considering a withdrawal from an RDSP before the beneficiary turns 60, talk to a financial advisory to review the best course of action.

# Taking Money Out of your RDSP p. II



**There are two kinds of payments that can come out of an RDSP**



**Lifetime Disability Assistance Payments (LDAPs)** are annual payments that, once started, must continue until the RDSP is spent. The LDAP has a maximum annual amount which is set by a legislated formula, based on the value of the plan and life expectancy of the beneficiary.

LDAPs can begin before the beneficiary turns 60, but must start when the beneficiary is 60.

**Disability Assistance Payments (DAPs)** are one-time payments from the RDSP that can be requested at any time.

Each bank is permitted to have their own rules or restrictions on these payments.



# Financial Institutions

Most financial institutions in Canada offer the RDSP. Below is a list of some of the institutions the CRA recommends you open a plan with:

**ATB Securities Inc.**  
**Bank of Montreal**  
**Bank of Nova Scotia**  
**Central 1 Credit Union**  
**Central 1 Trust Company**  
**Concentra Bank**  
**Credential Asset Management Inc.**  
**Credential Qtrade Securities Inc.**  
**CIBC**  
**Desjardins**  
**Investors Group Trust Co. Ltd.**  
**Fonds d'investissements FMOQ inc.**  
**Mackenzie Financial Corporation**  
**RBC Royal Bank**  
**TD Waterhouse Canada Inc.**  
**Natcan Trust Company**  
**Leede Jones Gable Inc.**



# Additional Resources

**Alberta Health Services:**

<https://www.albertahealthservices.ca/y2a/Page16533.aspx>

**Disability Alliance BC + OCASI:**

<https://disabilityalliancebc.org/wp-content/uploads/2022/05/DTC-and-RDSP-Guide-for-Newcomers.pdf>

**Government of Canada (Disability Tax Credit):**

<https://www.canada.ca/en/revenue-agency/services/tax/individuals/segments/tax-credits-deductions-persons-disabilities/disability-tax-credit.html>

**Government of Canada (Registered Disability Savings Plan):**

<https://www.canada.ca/en/revenue-agency/services/tax/individuals/topics/registered-disability-savings-plan-rdsp.html>

**Inclusion Alberta:**

<https://inclusionalberta.org/dtc-rdsp/>

**Plan Institute:**

<https://www.rdsp.com>

**RDSP Calculator:**

<https://www.rdsp.com/calculator/>

# Acknowledgements

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