CLIENT WELL BEING AND THE RDSP
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Short-term problem solving is one of many types of social work. However many clients, particularly those now termed Persons With Disabilities [PWDs], face lifetime difficulties.

In 1989 some families in Vancouver wanted an answer to the question: “What will happen to our children with disabilities when we are gone?”. They organized themselves into Planned Lifetime Advocacy Network [PLAN] to organize networks of support. By 2008 their successful lobbying resulted in the federal government Registered Disability Savings PLAN [RDSP] . It recognized that some PWDs would not have worked for organizations with a pension plan and many would work for very low salaries or even not at all. The RDSP is designed to provide a pension at age 60 and in many ways resembles the RRSP, but it is far more generous.

The purpose of this article is twofold. The first is to provide enough information about the RDSP so that social workers will recommend it to all clients they think would qualify. Indeed to fail to do so is below the standard of care such professionals aspire to. The second, and more difficult, is to provide enough information about the Disability Tax Credit [DTC] so first line social workers can recognize situations where a client is likely to qualify. The DTC is the only step in qualifying for the RDSP that is problematic.

The RDSP is unequivocally an exceptionally generous opportunity to save and invest for the long term financial well being of PWDs.
In a “low income” situation the government will directly deposit $1,000 per year for 20 years. This aspect is called “the bond” and “low income” for it is presently $30,000. In addition the government will match money deposited on behalf of the PWD to a maximum of $70,000 over a period of years. This aspect is called “the grant” . For the “grant”, “low income” is presently below about $92,000 per year. A crucially important point is that the income considered is that of the parents while the beneficiary is a child but it is the income of the

beneficiary when the beneficiary is an adult.

To illustrate here is the outcome if family or friends contribute $125 per month into the RDSP. Contributing more will be wise but this level of contribution maximizes the government matching.
Case A. Beneficiary is a low income adult or a child of a low income family. The family is contributing $1,500, the “bond” is $1,000 and the “grant” is $3,500 for a total of $6.000 going into the portfolio each year. If this continues for 20 years the government will have contributed $90,000 and the family $30,000. Growth through wise investment can easily bring such a portfolio to over half a million dollars by age 60.
Case B. Beneficiary is a child, say age 12, of a high income family. The family contributes $1,500, no “bond', “grant” $1,000 for a total of $2,500 going into the investment pool each year. Once this child becomes an adult only her/his income is considered. If below $30,000 the result would be the same: $6,000 going into the investment pool as in Case A and it would take a few more years to garner the full $90,000 of free government money.

Two more rules complete the picture.
No government money will go in after age 49 and no more money from any source after the age of 59.
The government money is essentially a 10 year repayable no interest loan. If money is withdrawn before the beneficiary turns 60, any government money that went in within the last 10 years is subject to some repayment, but the earnings generated remain in the portfolio.

Withdrawals must begin at age 60 according to a defined formula which exhausts the portfolio by age 83.

The investment portfolio grows tax deferred. Withdrawals are taxable income except for the personal contribution portion. In BC neither the assets in the RDSP nor the income from it reduce any other provincial or federal benefit.

Yes, there are a few more details but the essential elements are such that it is a no lose program not to be missed. Simply direct clients or their family to shop around among the major financial institutions for further details and in particular for their menu of investment products they offer as suitable for the RDSP. Further information is also easily available from the web links provided at the end.

The only difficulty in opening an RDSP is obtaining the Disability Tax Credit, yet it is estimated that 75% of those who already have that CRA document, which is the key to opening an RDSP, have not opened one. It often means that the doctors, nurses, care workers, tax preparers , accountants, social workers, and other professionals who have been in contact with them either did not tell them about the RDSP or were not convincing that it is a financial bonanza not to be missed.

Finally, the difficult part: the the Disability Tax Credit [DTC]. It existed before the RDSP as a deduction which gives some relief from income tax for PDW's or their parents. It was simply adopted as a criterion required to open an RDSP as it is the evidence that the beneficiary really has a degree of disability warranting the generous government contribution that will result.

To obtain the DTC a PWD, or parents if for a child or for someone without contractual capacity, files an application with the Canada Revenue Agency [CRA]. The application is downloadable from https://www.canada.ca/content/dam/cra-arc/migration/cra-arc/E/pbg/tf/t2201/t2201-fill-16e.pdf
The operative section requires a medical practitioner to certify that the individual is living with “severe and prolonged impairments” under one of the following conditions.

1.Blind
2.Requires life sustaining therapy; defined as requiring 14 or more hours per week. For some conditions such as cystic fibrosis and diabetes obtaining the DTC has proven to be problematic.

3. “Markedly” restricted in one activity of daily living or

“Significantly” restricted in two activities of daily living
It is this 3rd situation that is most problematic and requires more explanation. Note in particular that a specific medical condition need not be designated although that is helpful.

The “activities of daily living” are feeding, dressing, speaking, hearing, eliminating, walking, and mental functioning

“Markedly restricted” is where even with appropriate therapy, the individual is unable or takes an inordinate amount of time to perform the activity in question all or substantially all of the time

“Significantly restricted” is where a daily living activity is clearly restricted yet falls short of the “markedly” level.

Obviously there is significant fuzziness in this third category relating to daily living. The application form has a section for a narrative description of the “Cumulative effects of significant restrictions” section

The professionals specified as eligible to sign the application include, MD's, optometrists, speech pathologists, audiologists, psychologists occupational and physiotherapist. In most cases these professionals have little opportunity for first hand observation of the daily living activities they are required to assess.

Most often it is the family doctor who is asked to complete the form. Many patients with disabilities do not have a regular family doctor. Even when they do, appointments with the doctor or other professional are short. To increase the likelihood that an application for the Disability Tax Credit will be successful, persons with a disability and/or their family members should bring to their appointment a written, daily log of observations about impairment in the physical and mental functions listed on the form and the assistance needed to cope with these problems. Although social workers are not eligible to complete the application, they can provide an important service by explaining what is required and helping their clients and their families prepare a log and written summary of it for the doctor or other professional completing the form.

Conclusion

Social workers should help their clients who have disabilities and their families take advantage of the RDSP: a generous government program designed to provide pensions for persons with a disability. First, they should inform their clients about the benefits of the RDSP (Registered Disability Savings Plan).

Second, they should help their patients prepare written documentation that will enable them to submit a successful application for the Disability Tax Credit which is the main eligibility criterion for the RDSP.

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Useful Resources.

http://www.rdsp.com/

http://www.rdsp.com/calculator/

http://planinstitute.ca/registered-disability-savings-plan/

http://plan.ca/

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

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Daniel McDonald, FCPA, PhD opened an RDSP for his daughter in 2008 and now volunteers with Plan Institute in facilitating free Information Sessions on the RDSP.