Registered Disability Savings Plan

www.rdsp.com

The Innovation

The Registered Disability Savings Plan is a powerful savings tool similar to a registered education savings plan, but designed specifically for people living with a disability. It allows anyone already eligible for the Disability Tax Credit to invest up to $200,000 in savings tax-free until withdrawal, and to spend the money in whatever way will benefit them most. Family members and friends can contribute to someone's RDSP, and help plan for that person's long-term financial security. The federal government matches contributions through Canada Disability Savings Grants and Bonds. The Bonds – available even without contributions – are especially valuable for people with limited financial means.

Planned Lifetime Advocacy Network (PLAN) – a non-profit social enterprise established in 1989 by and for families committed to future planning and securing a good life for their relative with a disability – is behind the RDSP. PLAN proposed, researched and campaigned for the RDSP, and since it was implemented in January 2009, the organization has continued to track, advise on and promote the plan.

Poverty is one of the biggest handicaps faced by people with disabilities and the RDSP addresses this. It unites governments, families and the private sector around the common goal of creating a pool of money dedicated to supporting some of society's most vulnerable citizens in exerting more control over their lives. It has inspired governments to change regulations to allow people to have significant assets and still qualify for disability benefits, eliminating the claw-back on any use of the funds.

This will help hundreds of thousands of disproportionately poor Canadians living with a disability to lift themselves out of poverty, overcome isolation, and participate more fully in their communities.

Although Canada's RDSP – now available in every province and territory across the country – is the first of its kind, its implementation is attracting great interest around the world. The basic idea and approach would be easy for other countries to adopt. In the US, two bills have been introduced to assist people with disabilities in similar ways, but these have not yet passed.

Barriers to development

It took PLAN eight years to develop and gain legislative approval for its RDSP proposal. During that time, PLAN members mobilized families and consulted with bank executives, politicians and government bureaucrats to discuss and refine their proposal. Several elections interrupted the discussions requiring PLAN to brief and persuade new people. Banks had to be convinced to adopt existing forms and processes to a new purpose, and provincial governments had to adapt their laws to accommodate and support the initiative. Overcoming the welfare mindset of the provinces and convincing them to exempt RDSPs as an asset and eliminate claw back policies was one of the biggest challenges.