

New RDSP will let families of disabled people set up tax-free savings
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TORONTO - Families of people with a disability will be able to set up tax-free savings plans under a long-awaited measure launched Tuesday by the federal government.

The registered disability savings plan or RDSP, first proposed in the Conservative government's March 2007 budget, will allow parents and siblings of disabled people to accumulate money on a tax sheltered basis.

"The government announced RDSPs in budget 2007 to help parents and others set aside funds today to financially support a child with a severe disability when they are no longer able to provide support," Finance Minister Jim Flaherty said in Toronto.

The government estimates about 280,000 Canadians would be eligible to open RDSPs. Ottawa will provide matching grants of up to \$3,500 per year for the plans, which will have a lifetime limit of \$200,000.

The government will also deposit an additional bond of up to \$1,000 per year in the RDSP for families with annual incomes less than \$37,885.

The deadline for opening an RDSP, making contributions and applying for the grant and bond for 2008 has been extended to March 2, with the 2009 RDSP contribution year beginning March 3.

The provinces of Newfoundland and Labrador, Ontario, Manitoba, Saskatchewan, Alberta, British Columbia and the Yukon have so far confirmed that RDSP income and assets will not affect calculations for income support benefits.

Quebec, New Brunswick and Prince Edward Island have exempted RDSP payments from income support reductions up to certain limits. The Northwest Territories has announced a limited income exemption from social assistance, which will partially accommodate beneficiaries of RDSPs.

For more information:

www.rdsp.com

www.plan.ca