Registered Disability Savings Plan (RDSP): How Can Families Prepare for the Future of a Child with Special Needs 20 or 30 Years from Now?

NorthStar Funding & Benefits Guide

For many parents of children with special needs, the hardest question is not “How much do we need this year?” but rather: “What will happen to my child’s long-term life after I am no longer able to provide the same support?”

The Registered Disability Savings Plan (RDSP) cannot solve every issue related to housing, care, employment, and community support. It is, however, an important long-term savings tool designed by the Government of Canada for eligible people with disabilities.

1. What Is an RDSP

An RDSP is a registered savings plan. The beneficiary is the person with a disability who will ultimately benefit from the plan.

Generally, when an RDSP is opened, the beneficiary must:

- Be approved for the Disability Tax Credit (DTC)
- Have a valid Social Insurance Number (SIN)
- Be a resident of Canada when the plan is established
- Be under age 60; a plan can generally be opened by the end of the calendar year in which the beneficiary turns 59

2. Why Does the Government Contribute to an RDSP

One of the most important features of an RDSP is that eligible beneficiaries may receive the Canada Disability Savings Grant and the Canada Disability Savings Bond.

The Grant is a matching grant. The Government matches contributions based on income and the amount contributed. It can be as much as $3,500 per year, up to a lifetime maximum of $70,000.

The Bond is primarily intended for eligible people with low or modest incomes and does not require the individual to make personal contributions. It can be as much as $1,000 per year, up to a lifetime maximum of $20,000.

As a result, an eligible person may receive up to $90,000 in lifetime Grant and Bond contributions. The actual amount depends on age, income, the years of DTC eligibility, contributions, and other rules.

3. Why It Is Better to Learn About the RDSP Early

An RDSP is a long-term tool. Government Grant and Bond payments generally continue only until the end of the calendar year in which the beneficiary turns 49, so time itself has value.

If the beneficiary was eligible for the DTC in previous years, the family may also have access to unused entitlements carried forward from those years. Families should confirm the specific available amount with their financial institution and the government rather than assume a fixed amount.

4. Age 17 Is an Often-Overlooked Tax Milestone

CRA information about RDSPs specifically reminds families that, to calculate the Grant and Bond correctly after the beneficiary turns 19, the beneficiary should begin filing their own income tax and benefit return every year starting in the year they turn 17.

Families of teenagers with special needs who have no employment income often overlook this step.

“Having no income” does not mean that filing a tax return has no value. Adult benefits and long-term savings programs increasingly rely on an individual’s tax record.

5. An RDSP Is Not an Ordinary Short-Term Savings Account

Before contributing to or withdrawing money from an RDSP, families should understand:

- Grant and Bond repayment rules
- Long-term withdrawal arrangements
- The potential impact of changes in DTC eligibility
- The different roles of the beneficiary, holder, and contributor
- How the RDSP may work together with an estate, trust, and other long-term financial arrangements

Families can consider the RDSP as one part of a broader long-term plan, together with employment income, government benefits, family resources, housing arrangements, support services, and community networks. When investment, trust, tax, or other specialized planning is involved, families should seek advice from appropriately qualified professionals.

The real goal is not simply to open an account. It is to help a child continue to have a stable, dignified life with meaningful choices as their parents grow older.

Important Notice: This guide does not constitute investment, tax, or legal advice. RDSPs involve long-term tax and withdrawal rules. Consult a qualified professional before making significant financial decisions and verify the latest government requirements.