



Who is offering the Registered Disability Savings Plan?

On December 1st, 2008 the Registered Disability Savings Plan (RDSP) officially became a financial savings mechanism in Canada. Officially a Registered Plan in Canada, the RDSP can now be issued to Canadians by Financial Institutions interested in offering the plan.

In order to receive the Canada Disability Savings Grant (federal contributions) for 2009, individuals and families need to contribute into an RDSP by December 31st, 2009. In order to receive the Canada Disability Savings Bond (federal contributions) for 2009, eligible individuals and families will need to set up an RDSP by December 31st, 2009. Applications for the Grant and Bond will be required in the first year you set up an RDSP, but every year afterwards will be automatically deposited into your RDSP based on your tax return from two years prior.

Here is a list of Financial Institutions who have been approved by the Federal Government to issue the plan to Canadians.

National

- **Royal Bank of Canada** - To open an RDSP with RBC people are advised to call 1-800-463-3863 to get more information and book an appointment with an RBC Advisor. To view RBC's website visit <http://www.rbcroyalbank.com/products/rdsp/index.html>
- **Bank of Montreal (BMO Financial Group)** - http://www4.bmo.com/investments/0,4629,35649_62330610,00.html
- **Canadian Imperial Bank of Commerce (CIBC)** - <http://www.cibc.com/ca/investing/rdsp/index.html>
- **TD Canada Trust** - <http://www.tdcanadatrust.com/rdsp/index.jsp>
- **Scotiabank** - http://scotiabank.com/cda/content/0,1608,CID13346_LIDen,00.html

Regional

- Quebec - Fédération des médecins omnipraticiens du Québec (Quebec Federation of General Practitioners) has signed an agreement with the Federal Government to offer the RDSP on behalf of the Desjardins Trust company (Desjardins is not currently offering the RDSP). FMOQ has indicated that it will offer the RDSP to its members (general practitioners) and their patients, and anyone referred to them by financial institutions who do not offer the plan (Québec residents only). To learn more visit: <http://www.fmoq.org/Accueil/Accueil/Index.aspx>

* In the next year, it is expected that more financial institutions will begin issuing RDSPs to Canadians.

Things to look out for when buying a RDSP plan

Since there are now a three financial institutions offering RDSP plans nationally, BMO and RBC and CIBC, it is useful to cover what to look for in an RDSP Plan. One important difference between an RDSP and the more familiar RRSP is the fact that, while people may have multiple RRSPs, there can be only one RDSP plan per beneficiary. You will be able to transfer the RDSP from one institution to another, but it is important to get the best plan possible for your loved one.

Here are some questions to ask.

1. What are my investment options?

You want the widest range possible of investment options to best suit your investment tolerance and time horizon. A financial advisor can help you choose among these options. BMO and RBC offer all these options for their RDSP plans. CIBC offers only a choice among their mutual fund line up which means that none of their investment options carry CDIC insurance.

1.1 Savings Accounts

The same as a regular bank account, these accounts will offer low interest rates, typically 0.1%-2.0% per year. The interest rate may also be linked to the amount of money in the account. These rates will fluctuate with market conditions. The advantages to these accounts are the transparency, liquidity and CDIC insurance of up to \$100,000 per account.

1.2 Guaranteed Investment Certificates (GIC)

As the name suggests these investments offer a guaranteed rate of return for a certain time (the maturity length). GICs are available from a 1 month maturity to 5 years or longer. At present, rates run from 1.0%-3.5% depending on the maturity length. The disadvantage to a GIC is that your money is tied up for a length of time. The advantages are the fixed rate of interest and CDIC insurance of up to \$100,000 (does not apply to GICs of longer than 5 years maturity)

1.3 Mutual Funds

Mutual funds can contain a wide variety of investments ranging from the conservative (money market, government bonds) , to balanced (bonds and equities), to more volatile (stocks, both Canadian and global). The advantage to equity mutual funds is that you may achieve a higher rate of return over a long time horizon compared to fixed income investments. The disadvantages are the volatility (as you all have seen over the last year) and the lack of any guarantees.

2. What is the investment transparency? You should expect regular reports and they should state where your money is invested and what the returns are.

3. What are the administrative fees? There may be fees to purchase the investment, ongoing administrative fees and fees to take the money out. Of particular importance are transfer fees. What will the fee be to transfer your RDSP to another institution if you are not satisfied with your existing plan?

While BMO and RBC have stated they have no fees to maintain the account they do have other fees. BMO has a transfer fee of \$50, while RBC has a \$25 transfer fee, a \$25 termination fee and a \$5 fee for duplicate statements. CIBC has stated (Feb 27, 2009) they will have a \$12.60 annual fee and a transfer fee but they haven't decided yet what it will be.

4. What are the ongoing management fees? A management fee of 2% will greatly reduce your return if the investment is making 3-4% a year.

Remember an RDSP is still an investment, so treating it like your other investments makes common sense.

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