



Provincial/Territorial Implications – Disability Benefits

Why is it important for Provinces/Territories to Exempt the RDSP?

In the provinces/territories, a person who is eligible for provincial/territorial disability benefits is often restricted from accumulating any assets to save for their future financial security. As well, they are generally restricted in the amount of income they may receive before being disqualified or having funds clawed-back from their Disability Benefits.

It is for this reason that we are encouraging all the provinces to come out and fully exempt the Registered Disability Savings Plan from any asset and income tests for determining eligibility for Disability Benefits. If a province does not exempt the RDSP as an asset and/or income, there will be less incentive for people to set up an RDSP as it may disqualify them from receiving Disability Benefits, or cause a claw-back for any income received from an RDSP.

So how does your province treat the RDSP for someone receiving Disability Benefits?

Full Exemption – Asset and Income

British Columbia

- RDSP Asset and income are exempt from determining eligibility for Disability Benefits.
- Regulations: Asset and Income
<http://www.eia.gov.bc.ca/PUBLICAT/VOL1/Part3/3-5.htm#10> and
<http://www.eia.gov.bc.ca/PUBLICAT/VOL1/Part3/3-5.htm#b>
- Press Release http://www2.news.gov.bc.ca/news_releases_2005-2009/2007EIA0025-001533.htm#

Alberta

- RDSP Asset and income are exempt from determining eligibility for Disability Benefits
- Regulations: Asset and Income
http://www.qp.alberta.ca/574.cfm?page=2007_091.cfm&leg_type=Regs&isbncln=9780779736379 ,
- Press Release <http://alberta.ca/ACN/200811/24835DEBE8291-F21D-D32E-DF629E66CD5566BA.html>

Saskatchewan

- RDSP Asset and income are exempt from determining eligibility for Disability Benefits
- Press Release <http://www.gov.sk.ca/news?newsId=ff7d6467-8e61-4579-8319-651bb0f3b5a7>

Manitoba

- RDSP Asset and income are exempt from determining eligibility for Disability Benefits
- Press Release <http://www.gov.mb.ca/fs/about/news/news/rework.html>

Ontario

- RDSP Asset and income are exempt from determining eligibility for Disability Benefits
- Regulations: Asset and Income
<http://www.accesson.ca/NR/rdonlyres/D271A14B-A848-47A5-A525-1800F28E807E/4851/410RegisteredDisabilitySavingsPlans.pdf>
- Press Release
<http://www.mcass.gov.on.ca/mcass/english/news/releases/081130.htm>

Nova Scotia

- RDSP Asset and income are exempt from determining eligibility for Disability Benefits
- Regulations: Asset and Income
http://www.gov.ns.ca/JUST/REGULATIONS/regs/esiaregs.htm#TOC2_48
- Press Release <http://www.gov.ns.ca/news/details.asp?id=20090211002>

Newfoundland and Labrador

- RDSP Asset and income are exempt from determining eligibility for Disability Benefits
- Regulations: Asset and Income
<http://www.assembly.nl.ca/Legislation/sr/Regulations/rc040144.htm#8>
- Press Release
<http://www.releases.gov.nl.ca/releases/2008/hrle/0331n06.htm>

Yukon

- RDSP Asset and income are exempt from determining eligibility for Disability Benefits
- Regulations: Asset and Income
http://www.hss.gov.yk.ca/downloads/252_Social%20Assistance%20Regulation%20Final%2008.pdf
- Press Release
http://www.hss.gov.yk.ca/programs/social_services/assistance/changes_to_social_assistance/

Northwest Territories

- RDSP Asset and income are exempt from determining eligibility for Disability Benefits
- Press Release
http://www.exec.gov.nt.ca/currentnews/speechDetails.asp?varStatement_ID=773

Partial Exemption

Quebec

- Exempted the RDSP as an asset and partially exempted the income coming out of the plan. Exemption of the income will be allowed up to the low-income threshold set by the Institut de la statistique du Québec. This works out to \$300 a month in income for an adult, and \$340 a month in income for a couple.
- Regulations: Asset and Income
http://www2.publicationsduquebec.gouv.qc.ca/dynamicSearch/telecharge.php?type=3&file=/A_13_1_1/A13_1_1R1_A.HTM

New Brunswick

- Exempted the RDSP as an asset and partially exempted the income coming out of the plan. Exemption of the income will be allowed up to Low Income Cut-Off (LICO). This works out to \$800 a month in income for an adult, and will be adjusted to account for fluctuations in the LICO.
- Regulations: Asset and Income
<http://www.gnb.ca/cnb/news/fcs/2008e1796sd.htm>

Prince Edward Island

- Prince Edward Island have announced that the asset and income are fully exempt from calculating eligibility for income-tested social programs, but only for those people whose total income does not exceed the low-income level defined by the National Council of Welfare.
- Press Release <http://www.gov.pe.ca/news/getrelease.php3?number=6063>

TOP 10 REASONS PROVINCES SHOULD FULLY EXEMPT THE RDSP AS AN ASSET AND INCOME

- 1. Poverty reduction** – Governments cannot provide for the future financial security and social well-being of people with a disability on their own. Governments need to begin forging a new relationship with families to enable and encourage their contributions. As many new programs such as SEDI's Independent Learning Accounts (ILA's) are demonstrating, the ability to accumulate assets and save for the future has a direct impact on poverty reduction. In fact, when the Newfoundland Government decided to exempt the RDSP from asset and income tests, they made this decision as part of their Provincial Poverty Reduction Strategy.
- 2. Positive Messaging** – Exempting the RDSP as an asset and income would send a strong message to families that Provincial Governments understand their ability and determination to help their family member or friend with a disability. Allowing the full benefits of the RDSP would go a long way towards rebuilding trust between government and communities, and stimulate a positive partnership between the two. Families and friends of people with disabilities need to begin planning beyond their lifetime and need the security of clear public policy that underlines provincial governments' willingness to help.
- 3. Establish a New Vision** – Exempting the RDSP would help establish a new vision that acknowledges the huge contribution that people with disabilities have to make to the community. Allowing people with disabilities and their families the opportunity to contribute towards their own well-being will go a long way towards eradicating the notion that people with disabilities have little to contribute. Increased financial security will encourage people with disabilities to enter into the community and participate in activities, employment, volunteering, education, etc.
- 4. Equality** – British Columbia, Newfoundland and Labrador, Saskatchewan, Alberta, Ontario, Manitoba, Nova Scotia, NWT and Yukon have all exempted the RDSP from any asset and income tests. If other provinces do not fully exempt the RDSP from their own asset and income tests it will prove to be a disadvantage and unequal treatment of people with disabilities in other provinces. Quebec, New Brunswick, and Prince Edward Island have announced that they will be partially exempting the RDSP (see above for explanation).

5. Family Resiliency – Often there are significant restrictions and penalties around familial support directed towards a person with a disability receiving Disability Benefits. Families and friends who are in a position to help are often unable for fear they will disqualify their loved one from receiving their much-needed supports. Exempting the RDSP would promote the resiliency of families/people to solve their own problems, especially for a marginalized disability population that has significantly higher costs for daily living.

6. Future Government Savings and Revenues – The RDSP will generate future government program savings and revenues as people with disabilities become more secure financially. The residual effects of allowing people with disabilities to save for their future will alleviate some of the strain from government supports and programs.

7. Maximizing Federal Contributions – The RDSP provides no cost to provincial governments and has the potential to leverage huge amounts from the federal government. By accommodating the RDSP provincial government's can inject a significant amount of money into their respective disability community without raising their costs for programs and supports.

8. Encourage Home Ownership – For many people with a disability the likelihood of ever owning a home is pretty remote. With many of the current provincial welfare systems discouraging the accumulation of savings or employment, many people with disabilities will have to remain in institutions or group homes. This is worrying considering the majority of Canadians view owning their own home as one of the essential causes of their social and financial well-being. The RDSP provides people with disabilities the opportunity and incentive to save for a home, and in realizing this dream, become more active and involved in the community.

9. Financial Literacy – In most provinces the legislation and regulations surrounding those receiving disability benefits is convoluted and complicated. Simply trying to understand all the rules and regulations associated with supports and programs is arduous, time-consuming, and often impossible to manage. Providing a full exemption of the RDSP will simplify the process of understanding the plan and will ensure everyone who is eligible for the RDSP can benefit from it. If provinces fail to exempt the RDSP many individuals and families will simply refrain from setting one up as they do not want to be disqualified from receiving disability benefits.

10. Community Support – The support for a full exemption of the RDSP is immense and spans across the country. Any province that takes this monumental step will receive widespread support for their position and will

solidify themselves as an example of a forward-thinking government which understands the needs for new solutions in an ever-changing societal and political environment. Provincial governments who have exempted the RDSP are receiving well-deserved praise and support for their efforts to move the disability agenda in a positive and progressive direction.