



## Disability Tax Credit:

Are Learning Disabilities such as Dyslexia Eligible?

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## Introduction:

Christine Staley, Executive Director, Dyslexia Canada

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# Agenda

## **Part 1: Disability Tax Credit (DTC)**

- Who is Eligible
- Application Process
- Working with your Medical Professional
- How to Prepare

## **Part 2: Registered Disability Savings Plan (RDSP)**

- Beneficiaries
- RDSP Holders
- Grants/ Bonds
- Withdrawals

## **Part 3: Question & Answer**



## Part 1: Disability Tax Credit

Cynthia Minh, Program Manager & Outreach Coordinator, Access RDSP  
Disability Alliance BC

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# The Disability Tax Credit (DTC)

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- Reduces the amount of taxes you need to pay
- Can be transferred to family members or caregivers
- Helps you access: Canada Workers Benefit, Child Disability Benefit
- Qualifying factor to open an RDSP
- Can claim up to 10 previous years
- This is a separate application process from federal (CPP-D) and provincial (PWD) disability benefits

# Eligibility

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A qualified medical practitioner must certify that the applicant has a **severe** and **prolonged** impairment in mental or physical functions. Restrictions are present all or substantially all of the time.

\*A **prolonged** impairment is one that is expected to last at least 12 months

\*A **severe** impairment means you are either:

- Restricted severely in one basic activity of daily living; vision, speaking, feeding/preparing food, hearing, walking, eliminating, dressing and mental functions necessary for everyday life
- Restricted somewhat in two or more activities (same as above)
- In need of life-sustaining therapy to support a vital function at least three times a week, at an average of 14 hours a week

# Application process

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- Obtain the Disability Tax Credit Certificate (Form T2201) <https://www.canada.ca/en/revenue-agency/services/forms-publications/forms/t2201.html>
- Fill out of the front page of the form (Part A), on your own or with help from a support person
- Take the form to a doctor or other qualified health professional to certify the functional impact of your child's restriction in their daily life (Part B)



# Medical professionals who can certify the DTC

<b>Medical practitioner:</b>	<b>can certify:</b>
Medical doctor	all sections
Nurse practitioner	all sections
Optometrist	vision
Audiologist	hearing
Occupational therapist	walking, feeding, dressing, and the cumulative effect for these activities
Physiotherapist	walking
Psychologist	mental functions necessary for everyday life
Speech-language pathologist	speaking

Source: Canada Revenue Agency Website



# Qualifying based on mental function

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People may qualify if they take longer to complete the following daily activities:

- Self-care,
- Health and safety needs,
- Basic social interactions,
- Simple transactions,
- Memory and cognitive function,
- Problem solving, goal setting, and judgment

*What does 90% mean?*

## **PERSISTENCE OF SYMPTOMS**

**\*Applicants do not  
necessarily need to  
display symptoms 90% of  
the time to qualify for the  
DTC**



# Choosing a medical professional

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- Think about all the challenges your child faces in daily life (e.g. learning, communication, mental health)
- Identify a medical professional from the list who knows your child well and can describe the functional impact in daily life
- No preferred medical professional

## **Keep in mind:**

- You need not ask the medical professional who diagnosed your child's disability to complete the form
- Eligibility is not based on diagnosis
- Ask if the medical professional will charge a fee for completing the form (may be able to claim as medical expense)
- Consider which restriction is most dominant or impactful
- It is the CRA, not the medical practitioner, that determines eligibility

# How to prepare

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## **Share reports between medical professionals**

- Keep copies of all reports

## **Bring a support person to medical appointments if needed**

## **Draft examples of challenges in daily life**

- Compare to kids the same age
- Length of time it takes to complete activities of daily living
- Different settings (home, school, playground ...)
- Frequency with which daily life is affected (90% of the time)

## Some examples

Keyvon is unable to remember and complete a task which has more than two steps. He needs to be reminded after each step what the next one is. It takes him 3 times longer to complete multi-step tasks than other children his age.

## Some examples

Hussan is unable to remember left and right and gets directions confused. In addition, he cannot decode street signs fast enough or accurately enough to travel safely. It takes him longer to prepare to go places, determine the bus routes, and longer to travel to new places so he does not get lost.

## Some examples

Kate's limited reading and writing ability has impacted her confidence, self-esteem and mental well-being. She exhibits signs of depression and anxiety in the classroom and at home. She cries almost every night, does not sleep and is exhausted every day. It takes her 3 times longer than other children to complete everyday tasks such as dressing, washing and eating. She is no longer able to leave the house to go to school regularly and on the days she does go, she frequently has a panic attack and must leave the classroom.

## Some examples

Nadia is unable to read. She cannot complete government forms or applications on her own (e.g. CERB, OSAP, driver's license renewal, passport application). She must have a family member sit with her, read it, and write in the answers for her. Even with this support, completing forms takes an inordinate amount of time compared with other people.

Nadia is a teenager so her social life is largely text-based. Her reading challenges impact the length of time it takes her to make plans and communicate with her friends on a daily basis.

# Phrases to strengthen an application

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- “substantially all of the time” OR “At least 90% of the time”
  - Remember: the persistence of symptoms can qualify as 90% of the time
- Requires help with activity substantially all of the time
- Unable to manage activity substantially all of the time

## **MARKED RESTRICTION**

- “severely restricted”
- At least three times as long compared to an average person their age

## **SIGNIFICANT RESTRICTION**

- “significantly restricted”
- At least two times as long compared to an average person their age



## Do not include

- **Do not** include your **academic skills**, ability to work, housekeep, manage a bank account, drive, or engage in recreational activities as these are not relevant to qualifying.
- Applications with examples from these categories will be denied.

# How will I know when I am approved?

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It may take 3-4 months for CRA to make a decision and inform you via letter (Notice of Determination)

\*You can call them at 1-800-815-5511 to check your application

## Possible Responses

- Approved – for a number of years. Ex: 2015-2020
- Declined
  - Add more medical information
  - Submit a formal objection to the Appeals Centre or Tax Court
- Some DTC are time limited and eligibility can be reviewed from time to time by the CRA

# Free DTC & RDSP Support

Access RDSP is a partnership between Plan Institute, Disability Alliance BC (DABC), and BC Aboriginal Network on Disability Society (BCANDS) which provides a “one-stop-shop” for all things RDSP to encourage long-term saving.



1-844-311-7526



[info@rdsp.com](mailto:info@rdsp.com)



[www.rdsp.com](http://www.rdsp.com)



[planinstitute.ca](http://planinstitute.ca)



[disabilityalliancebc.org](http://disabilityalliancebc.org)



British Columbia Aboriginal Network  
on Disability Society (BCANDS)

[bcands.bc.ca](http://bcands.bc.ca)



## **Part 2: Registered Disability Savings Plan (RDSPs)**

**Sara Kinnear**, Director, Tax & Estate Planning, Advanced Financial Planning

IG Wealth Management

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A photograph of a middle-aged couple walking on a sandy beach. The woman is wearing a striped long-sleeve shirt and green pants, and the man is wearing a white t-shirt and light blue shorts. They are both wearing sunglasses and smiling. The background shows large rocks and the ocean under a clear blue sky. A large white diamond shape is overlaid on the image, framing the couple.

# Registered Disability Savings Plans: RDSPs

Sara Kinnear, Director, Tax and Estate Planning

June 18<sup>th</sup>, 2020

# Overview

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## Objective

- High level review of RDSPs

## Agenda

- RDSP beneficiaries
- RDSP holders
- Grants/bonds
- Withdrawals

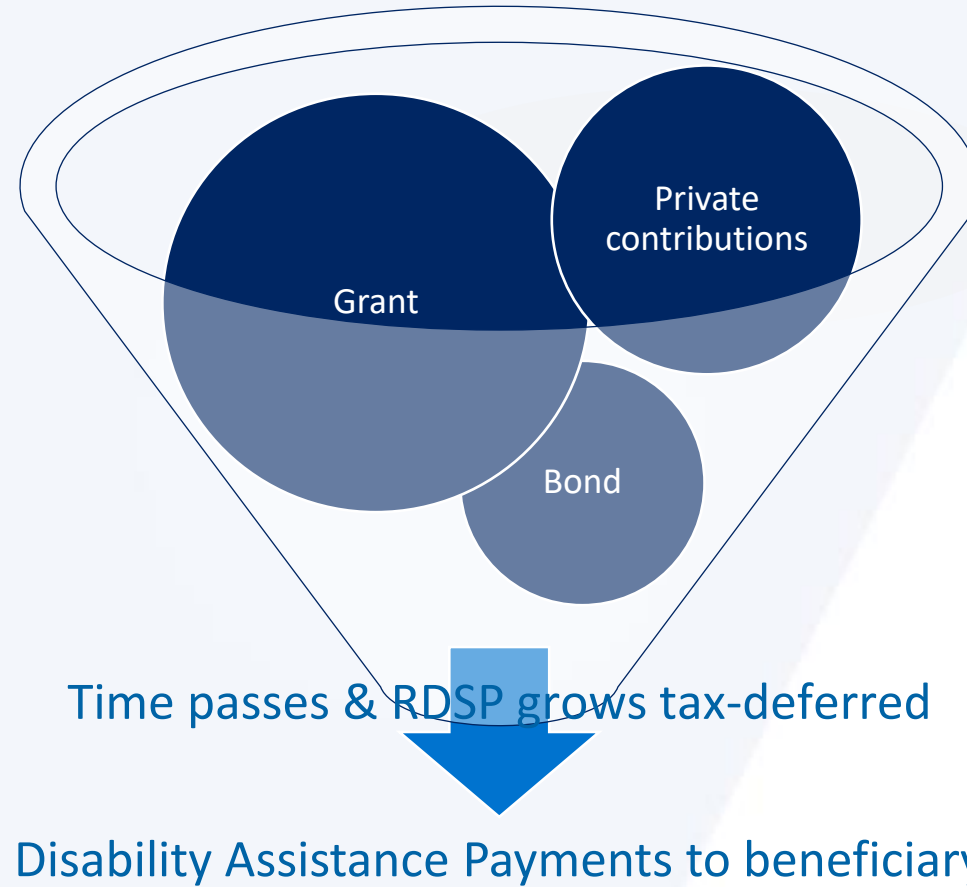
# What is an RDSP?

A **long-term** savings plan for a person with disabilities that provides:

assisted savings  
(through government  
grants and bonds), and

tax-deferred  
investment growth

# How do RDSPs work?





# Who is who in an RDSP?

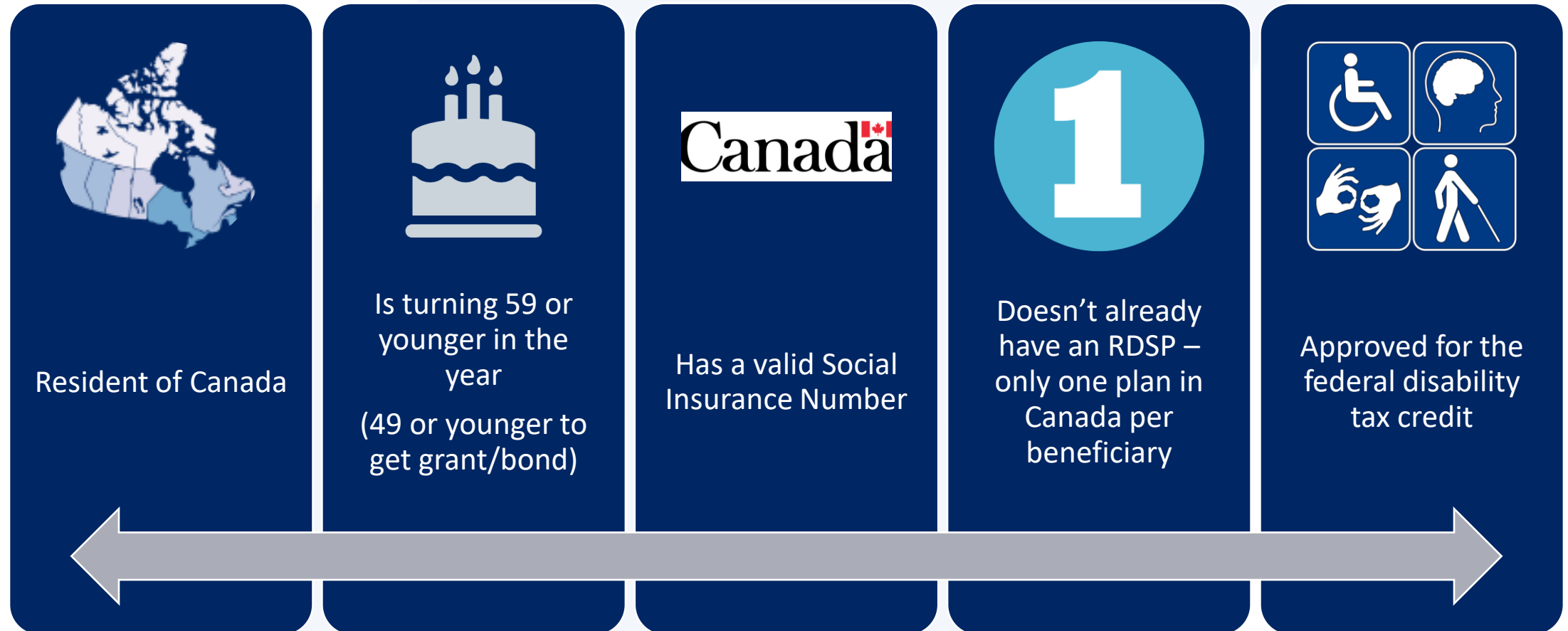
## Beneficiary

- The person with disabilities who benefits from the RDSP – only one beneficiary per plan, one plan per beneficiary!

## Holder

- The person who signs the contract and makes decisions re:
  - Investments
  - Contributions
  - Withdrawals

# RDSP Beneficiary – Who is eligible?



# What if disability tax credit is lost?

**Old rule:**  
***RDSP must close***

**New rule:**

***RDSP can remain open but:***

- No new contributions except retirement savings rollovers
- No new grants or bonds

# RDSP holder – Who can be holder depends on age of beneficiary when RDSP is established



## Beneficiary is still a minor

Eligible holders

- a legal parent of the beneficiary
- someone legally authorized to act for the beneficiary



## Beneficiary is an adult

- Beneficiary is mentally capable → beneficiary
- Beneficiary is mentally incapable → someone legally authorized to act for the beneficiary
- Beneficiary's mental capacity is in doubt → a qualifying family member

# Qualifying family member

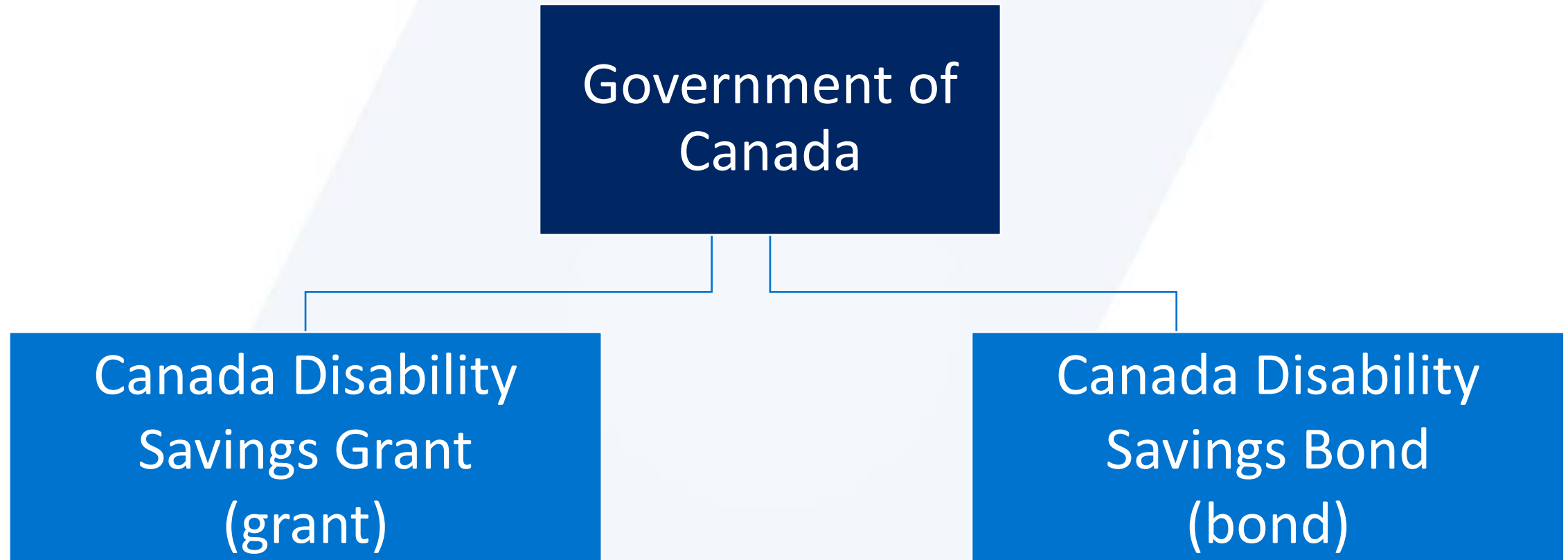
A “qualifying family member” means one or more of the beneficiary’s:

- Current cohabiting spouse or common-law partner, and/or
- Legal parents

The qualifying family member rule expires at the end of 2023

# Grant & bond

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The Canada Disability Savings Grant and the Canada Disability Savings Bond are provided by the Government of Canada. Eligibility depends on family income levels.

# How much grant room do you generate in a year?

Family income*	Grant formula	Contribution to maximize grant	Maximum grant from that contribution
≤ \$97,069	300% of first \$500 200% of next \$1,000	\$1,500	\$3,500
> \$97,069	100% of first \$1,000	\$1,000	\$1,000

\*2020 income thresholds. Thresholds increases each year based on the rate of inflation.

# How much bond room do you generate in a year?

Family income*	Bond formula
$\leq \$31,711$	\$1,000
$> \$31,711$ but $\leq \$48,535$	Pro-rated amount
$> \$48,535$	\$0

\*2020 income thresholds. Thresholds increases each year based on the rate of inflation.



# Grant & bond / family income – whose income is tested?



Beneficiary turns  $\leq 18$  in the year

- beneficiary's primary caregiver &
- beneficiary's primary caregiver's spouse/partner



Beneficiary turns  $\geq 19$  in the year

- beneficiary &
- beneficiary's spouse/partner

Look back 2 years

E.g.: In 2020, the beneficiary will turn 15. 2020 entitlements look to the parents' 2018 income.

Grant & bond room can accumulate & carry forward  
for 10 years

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You can catch up!

# How much can be contributed to an RDSP?

	Private Contributions	Grants	Bonds
Annual limit	n/a	\$10,500	\$11,000
Lifetime limit	\$200,000	\$70,000	\$20,000

Grants and bonds are only payable until the end of the year in which the beneficiary turns 49

# Annual “Statement of Grant Entitlement” tells you what to contribute to maximize grants

Total grant entitlement available*	Maximum grant available in [current year]*	Contribution** which would attract maximum grant in [current year]
\$A	\$B	\$C

\*The figures above are based on the information held in the Canada Disability Savings Program database at the time they were produced.

\*\* A contribution of this amount is not required; however, this is the contribution that would attract the maximum Grant. There is no minimum contribution required.

The government sends this each year to existing RDSP holders

They do the math for you, so you don't have to!

# How are RDSPs taxed?

No deduction for contributions

Grants/bonds are not considered taxable when received by the RDSP

RDSP grows tax-deferred

Withdrawals are a pro-rata combination of: normal contributions vs. rest of RDSP

The portion of withdrawals relating to normal contributions is tax-free; the rest is taxable

# How do withdrawals work?

Withdrawals must begin in the year the beneficiary turns 60

Periodic withdrawals can't be stopped once started, so make lump sum withdrawals prior to age 60

Withdrawals trigger clawbacks of up to a maximum of all grants/bonds received by the RDSP in the prior 10 years

# Maximum withdrawal limits

Who contributed more?  
The government or you?

The government contributed more

Max withdrawal is  
usually 10% of plan  
value at start of year

We contributed more

No max withdrawal

10-year claw-back rule applies either way (except in some diminished life expectancy cases)

# RDSPs are for retirement - think long term!

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RDSPs **are not**  
designed for  
education savings

RDSPs **are** designed  
for long-term savings

You get the best  
bang for your RDSP  
buck if you can **wait**  
until age 60+ to  
make withdrawals



# Talk to your financial advisor

RDSP rules are complex

- Set-up
- Grants
- Withdrawals

This session has provided a high level review

- Lots of nuances we couldn't address

If you do not have a financial advisor, you can visit <https://www.investorgroup.com/en> at “Find an advisor” to find one in your area.

# Caution

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- Commissions, fees and expenses may be associated with mutual fund investments. Read the prospectus before investing. Mutual funds are not guaranteed, values change frequently, and past performance may not be repeated.
- The Canada Disability Savings Grant (CDSG) and the Canada Disability Savings Bond (CDSB) are provided by the Government of Canada. Eligibility depends on family income levels. Speak to an IG Consultant about special rules applying to RDSPs. In particular, withdrawals may require repayment of the CDSG and CDSB.
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## Part 3: Question & Answer

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Speech-Language &  
Audiology Canada  
Communicating care





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Are Learning Disabilities such as Dyslexia Eligible?

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