Submission to the Standing Senate Committee on Social Affairs, Science and Technology
Registered Disability Savings Plans
February 1st, 2018

Josee Marin

Honorable members of the committee,

As a disabled Canadian, I respectfully ask you to evaluate the Registered Disability Savings Plans (RDSPs) program. The program is out of touch with the reality faced by the ones it was intended to help. The way it stands now, the contributions rules are making it difficult for disabled Canadians to access what they qualify for.

First and foremost, it stops at 49 years old, so the window for getting bonds and grants is narrow. Furthermore, disabled people often receive irregular income and have a hard time contributing and/or getting all the yearly bonds. The reality is that most disabled people’s finances are in shambles. As an adult, the moment you are disabled, by illnesses or handicap, money stops coming regularly, it flows in spurts, and you have to stretch it for as long as you can.

I am one of the Nortel Long Term Disability recipients who still face an uncertain future. I could not contribute to the RDSP before because I was receiving money sporadically from the company, Nortel being under the Companies’ Creditors Arrangement Act (CCAA) for years. I lost bonds and grants because I either receive money covering many years all at once or no money at all for years at a time.

In January 2017, I was told it was my last year to contribute to a RDSP. I opened an account to contribute, and get the maximum grants, since every penny counts in my situation. To my surprise, I received only about 6 years of bonds, out of the 10 possible. I then learned that I could not get all the grants I missed, even if I was to contribute the maximum amount. Out of $35 000 that I could have received in grants, I am only eligible to receive $10500, since the program does not allow retroactive contributions to get the grants you were eligible for past a certain time.

The money I received from Nortel was used with parsimony over many years; with my Canadian Pension Plan Disability Benefit (CPP) providing me with less than $9000 a year, I had to supplement it. I now have received my final money from Nortel. My projected CPP at 65 will be only around $100 a month, even though it was worth more than $500 before I got sick. Therefore, not only will my CPP be reduced because I got sick, but I lost out on $25,000 worth of grants from the RDSP program because there is no possibility to catch up on missed years of contributions due to the nature and timing of Nortel’s disability payments.
I am not the only one in this situation. The individual assigned to the RDSP transactions at my financial institution told me she witnesses the same situation over and over. It is clear to me that this well intentioned program is not properly serving the people it was created to help. The RDSP program should be changed to allow sums received in one payment to be fragmented between the years in order to get the bonds, and by allowing retroactive contributions for the years a person qualified for the grants.

Thank you for your time

Sincerely,
Josee Marin