



Financial Institution Update

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.

Due to the timing and requirements of the plan, there are only a few financial institutions prepared to issue the RDSP. The Federal Finance Minister Jim Flaherty has announced that any contributions made by March 2nd, 2009 will be considered 2008 contributions, and will be matched by 2008 Grants.

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

National

- Bank of Montreal (BMO Financial Group) began offering the Registered Disability Savings Plans on December 22, 2008. This is available through BMO to Canadians from across the country. To contact BMO and set up an RDSP you can call the BMO Investment Centre at 1-800-665-7700.

Regional

- 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 there will be 14-16 financial institutions issuing the RDSP.

Things to keep in mind when setting up a Registered Disability Savings Plan, *by Dennis Mullins*

Since there should be a few institutions offering RDSP plans before the end of 2008 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. If the time horizon is short, you may want to stick to fixed income investments like GIC's and bonds. If the RDSP plan is expected to grow over several decades, a balanced portfolio which includes some equities may offer the best long term performance.
2. What is the investment transparency? You should expect regular reports and these should show 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? This will be particularly important in the first few years if only a few plans are available in 2008 but a wider variety of plans appear in 2009-2010. For example the first plan available might offer guaranteed investment certificates (GICs) of 1 to 5 years. If you lock in to a 5 year GIC you may not be able to transfer the money before the 5 year maturity date without significant penalty.
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.

A RDSP is still an investment so treating it like you other investments makes common sense.

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