Plan For a Better Future

Disability Tax Credit, Canada Disability Savings Bond, and the Registered Disability Savings Plan

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Navigating life with Parkinson's can bring financial challenges; the good news is the Government of Canada offers programs that may provide relief and long-term financial stability. In this article we'll go over three key financial initiatives that work together to reduce one's tax burden and encourage the building up of savings for individuals with a chronic disease. These initiatives are the Disability Tax Credit (DTC), the Canada Disability Savings Bond (CDSB), and the Registered Disability Savings Plan; each offering different ways to reduce financial burden on individuals and families impacted by Parkinson disease.

The Disability Tax Credit (DTC)

The Disability Tax Credit (DTC) is a vital support for Canadians living with the progressive effects of Parkinson disease. It is a tax break designed to help offset the extra expenses that come with living with a disease. While looking at these documents understand that the Government of Canada refers to chronic conditions as a disability; though that language isn't wonderful, the help that government based programs can offer is.

The DTC reduces the amount of tax you owe to help keep more money in your pocket. If you qualify, the credit lowers the taxes you owe each year. If you don't pay much or any tax, a family member who supports you can often claim it instead. You can also apply for up to ten (10) years of backdated benefits if you've been eligible for the DTC but didn't apply before, which can provide a big financial boost. Additionally, once approved for the DTC, you can access other supports, like the Registered Disability Savings Plan (RDSP), which connects you to the Canada Disability Savings Bond and Grant. For people with Parkinson's, the DTC can help with the extra costs associated with managing the condition, such as medications, therapies, or mobility aids.

To qualify, you need to have a long-term health condition that makes daily life harder. For those with Parkinson disease, this looks at the changes in one's mobility, walking, tremors, problems speaking or being understood, memory or problem-solving changes, or needing extra help with daily tasks like dressing or eating. Your doctor or another medical professional must confirm on the government form that these challenges affect you and have lasted at least a year. When filling out these forms, it's important to describe your worst days honestly. This program is here to help, so it's crucial to be clear about how your symptoms are affecting you.

The DTC isn't just about taxes though, it also acts as your gateway to other programs, like the Registered Disability Savings Plan (RDSP), which opens the door to even more financial help, including the Canada Disability Savings Bond.

The Registered Disability Savings Plan (RDSP)and the Canada Disability Savings Bond (CDSB)

The Registered Disability Savings Plan (RDSP) is a specialized savings account that allows money to grow tax-free until it's withdrawn, providing an excellent way to build long-term financial stability. Similar to a tax-free savings account, this can be set up at most financial institutions. Sounds pretty straight forward, right? Where it gets interesting is when you take the next step which is the Canada Disability Savings Bond.

The Canada Disability Savings Bond (CDSB) helps Canadians with disabilities save for the future by working through the RDSP. This program is especially valuable for people with Parkinson's, who might have financial impacts that reduce one's income due to their condition. Unlike many other savings programs, you don't have to contribute anything to get the bond just having the RDSP is enough. The government deposits money into your RDSP each year based on what bonds and grants you qualify for through the CDSB; and grows over time like any savings account. This ensures that even with potentially reduced yearly incomes, people with Parkinson's have access to financial support and growth.

If you qualify but didn't open an RDSP right away, you can still claim up to 10 years of bond payments once your account is set up. If you do save money in your RDSP, the government can add matching grants, which can multiply your contributions.

There are age requirements for both programs – under the age of 60 for RDSP and under the age of 49 for CDSB.

The DTC and CDSB work even better together. Getting approved for the DTC lets you open an RDSP, which unlocks access to the CDSB and other supports. The DTC saves you money right now by reducing taxes. The RDSP grows tax-free, so your savings add up faster over time, and the CDSB provides free savings for the future. Together, these programs provide a powerful combination of immediate and long-term financial support.

Canada's Disability Tax Credit, Registered Disability Savings Plan, and Canada Disability Savings Bond offer immediate tax relief and savings that grow over time and let you plan for a better future. By taking advantage of these opportunities, individuals and families can gain greater financial security and peace of mind.