

# **Registered Disability Savings Plan: Making the shift from welfare to wealth**

by

**Jeanette Katrin Elise Moss**

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# Approval

**Name:** Jeanette Moss  
**Degree:** M.P.P.  
**Title of Thesis:** Registered Disability Savings Plan: Making the shift from welfare to wealth

## Examining Committee:

**Chair: Nancy Olewiller**  
Director, School of Public Policy, SFU

**Judith Sixsmith**  
Senior Supervisor  
Professor, School of Public Policy, SFU

---

**John Kesselman**  
Supervisor  
Professor, School of Public Policy, SFU

---

**John Richards**  
Internal Examiner  
Professor, School of Public Policy, SFU

---

**Date Defended/Approved:** April 03 2012

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## **Abstract**

The Registered Disability Savings Plan (RDSP) has been available for four years to Canadians with disabilities. Despite offering generous grants and bonds, subscription remains low, with only 9% of the eligible population having opened one. The goal of this study is twofold: first, to capture perceptions of RDSP holders, families, and community experts as to the barriers people face when accessing the plan; second, to identify possible facilitators contributing to success of opening an RDSP. Surveys reveal a wide range of responses to the program, and interviews provide in-depth experiential information. Key themes from responses include financial literacy, lack of information about the RDSP, eligibility requirements, withdrawal restrictions, and lack of faith in the system. Final recommendations identify policy options that build trust and further promote the RDSP through adjusting parameters, marketing the RDSP strategically across Canada, and integrating financial literacy into the administration of the RDSP.

**Keywords:** registered disability savings plan; disability, savings; financial literacy; welfare; citizenship;

## Executive Summary

The Registered Disability Savings Plan (RDSP) is a long-term savings plan for people with disabilities, consisting of both personal and government contribution. The first sheltered savings vehicle of its kind in the world, the RDSP is available to Canadians who are under the age of 60 and who receive the Disability Tax Credit or the Canadian Child Tax Benefit. When the RDSP was first launched in 2008, the Federal government committed to doing a review after three years. In October of 2011, the Federal RDSP Review was announced and a Federal paper was released. In response to the review, Planned Lifetime Advocacy Network (PLAN), a Vancouver-based disability-advocacy organization, developed a strategy to find out more about the RDSP experience. PLAN submitted a report to the Federal government with the findings from this study.

Despite its generous grants and bonds, RDSP subscription remains low, as only 9% of the eligible population have opened one. This is a problem because people with disabilities in Canada continue to be poor, underemployed and, due to current welfare restrictions, unable to save money. The RDSP has potential to empower people and to improve the quality of life for people who are eligible.

The research objective for this project was to identify and recommend policy options that the Federal government could implement to improve administration and participation of the RDSP. There were three research questions: 1) With the current delivery of the RDSP, what is working and what is not? 2) Based on people's experiences with their RDSP, what do they like and not like? 3) If people do not have an RDSP, why do they not?

The research questions were examined using mixed methodology: I gathered both qualitative and quantitative secondary data from two online surveys, face-to-face semi-structured interviews with people who have an RDSP or have attempted to open an RDSP, and field notes from meetings with community and government representatives. In the policy evaluation process additional interviews were conducted with community experts. Through thematic analysis of the surveys and interviews, five themes were identified. First, we find that the concepts of 'time' and 'savings' mean different things to different people. Second, there is a lack of RDSP information, and there are perceived

barriers because of eligibility requirements for opening an RDSP. Participants expressed concerns regarding access to savings and RDSP withdrawal restrictions. Finally, findings reveal that participants generally lack faith in the system, which is noted as being a barrier for some. Throughout the findings there was an over-arching theme of financial literacy, which refers to a person's knowledge of financial matters, outside of day-to-day banking. For some survey participants, the RDSP has been a starting point to learn about financial concepts like interest, investments, and advantageous savings methods.

From the findings, five policy options were designed, and each policy option was evaluated by both the researcher and four community experts according to a set of criteria. Based on the policy analysis, I recommend that the Federal Government pursue three complementary options to increase RDSP subscription: First, adjust some of the basic parameters that came out of the findings. Suggestions given in this paper include making it easier for people to reapply to the Disability Tax Credit, changing the ten-year holdback rule, and introducing guidelines for allowing one-time or emergency withdrawals. Second, consult with community experts, to determine teachable moments within the RDSP process to integrate financial literacy into the administration of the RDSP, for example by embedding tools into the existing RDSP delivery system, thereby equipping families and people with disabilities to participate in making financial decisions. Third, re-think a Canada-wide RDSP marketing campaign, and make the essential RDSP components more easily understood. Given there have been previous efforts to market the RDSP in the past, this policy option builds on what has already been done and involves people with disabilities to contribute to the design process of a campaign.

Both administration and outreach strategies need to work jointly in order for the RDSP to be maximized, and both need to address RDSP barriers. By addressing environmental factors, the opportunity for people with disabilities to be more fully included in the program is possible. The study concludes with a discussion of implementation and phasing in each policy option to keep costs low and to allow for options to be monitored to track improvements. Through increased participation in the RDSP, more people with disabilities and their families will be invited to imagine a life outside the limits of welfare and into the possibility of 'allowable' wealth and financial security.

*This work is dedicated to the memory of  
Mathew Alexander Ronald Smith*



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## List of Acronyms

|       |  |
|-------|--|
| DTC   | Disability Tax Credit                                      |
| CCFL  | Canadian Council Financial Literacy                        |
| HRSDC | Human Resource Skills Development Commission               |
| PLAN  | Planned Lifetime Advocacy Network                          |
| PWD   | Persons with Disability                                    |
| RESP  | Registered Education Savings Plan                          |
| RRSP  | Registered Retirement Savings Plan                         |
| RDSP  | Registered Disability Savings Plan                         |
| SEDI  | Social and Enterprise Development Innovations organization |

# 1. Introduction

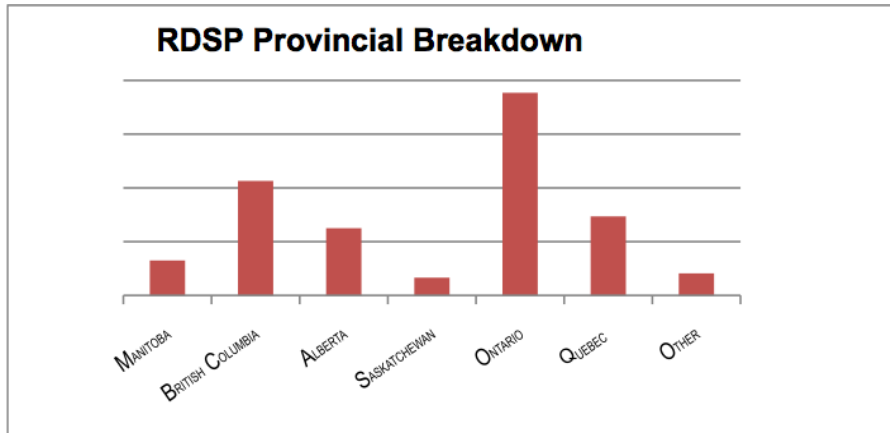
Canadians with disabilities experience significant financial pressures because of the additional costs associated with disability and the barriers to building assets. Further, they experience exclusion from society, which affects their ability to participate as full citizens. The Registered Disability Savings Plan (RDSP) is a “world’s first”, and this savings mechanism allows Canadians with disabilities to manage their money and make it grow. Although the plan has several attractive features, such as Federal matching grants/bonds, the subscription remains low at 9% and many potentially eligible Canadians with disabilities, approximately 450,000, still do not know about the RDSP.

In a recent report, the Government of Canada estimated approximately 500,000 people with disabilities are eligible for the RDSP. Qualifying for the Disability Tax Credit (DTC) is a key eligibility requirement for the RDSP and the uptake of the DTC has increased since the RDSP was introduced. The number of people who could be eligible for the RDSP is difficult to assess, as it would require estimating the number of people with new diagnoses and people applying to the DTC. Nevertheless, to date, only 9% of the eligible population has an RDSP. This translates into approximately 46,000 RDSPs and 200 million dollars invested in RDSPs by Canadians with disabilities and their families (PLAN, 2010). Generally, low subscription of the RDSP is a problem, as it does not meet the objectives of the program’s targeted population.

In addition, the distribution of RDSP’s across Canadian provinces is unequal. As shown in Table 1 below, nearly three quarters of the total number of registered plans are in the provinces of Ontario (38%), British Columbia (21%) and Québec (15%). The Prairie Provinces, namely Alberta, Manitoba and Saskatchewan, have a combined total of 22% of the registered plans and the remaining 4.1% of the plans are distributed amongst Atlantic Canada and the Territories. Not surprisingly, more than nine in ten plans were located in urban areas, as a majority of individuals with disabilities live in urban areas (Plan, 2010).



**Table 1: RDSP Subscription Provincial Breakdown**



Canadians should be concerned about low levels of RDSP subscription because the eligible population comprises some of the most marginalized in the country. There is ambiguity about whether or not the RDSP will save government money in the long run, given the amount of grant and bond contributions. However an argument could be made that the RDSP could alleviate government's welfare system, as individuals with disabilities would have additional wealth to pay for services and long-term care in the future. Furthermore, it could also assist in alleviating the personal financial burden that people face daily.

If RDSP subscription continues at current low levels, the government could remove the program on the premise that the program is not popular. Additionally, if low RDSP uptake continues, the government could reconsider the current matching grants/bond amount (\$). This may translate into more people with disabilities becoming or remaining poor and requiring more supports, e.g., for health, employment, and housing. In the long run, people with disabilities may stay poor and continue to have poor outcomes. As the background section of this thesis will explain, poverty contributes to social exclusion by preventing individuals from participating in the mainstream economy and society (Government of Canada, PRI, 2005), and if people do not take advantage of the significant savings opportunity represented by the RDSP, the number of people with disabilities who are poor will increase, making increased demands on government benefits and resources.

Using information gathered through surveys and interviews, this research attempts to find out why only 9% of the eligible population has an RDSP and identifies key barriers and facilitators to accessing the savings plan. Findings lead to five policy options that may increase subscription. Policy options are evaluated by effectiveness, ease of implementation, stakeholder acceptability, and improved quality of life for persons with disabilities. Results of the study show that by, 1) adjusting the basic parameters and 2) increasing RDSP awareness, subscription to the RDSP is anticipated to rise.

Section two of this thesis sets the background context for this study, arguing that the lives of people with disabilities could be substantially improved with greater financial resources. Section three describes the methodology and research design for this study. Section four provides a summary of the key findings from surveys and interviews. Section five presents the main themes that came from the findings presented in section four, and section six provides the policy options. Section seven presents the criteria used to measure each policy option. Section eight evaluates the options, and section nine provides policy recommendations, Finally, section ten considers the RDSP changes announced in the 2012 Federal Budget and offers suggestions for future research, followed by a conclusion in section eleven.

## 2. Background

This section illustrates some of the assumptions that shape disability policy in Canada. According to a Human Resource and Skills Development Canada (HRSDC) report, *Advancing the Inclusion of People with Disabilities* (Government of Canada, 2009), approximately 4.4 million children and adults live with disability in Canada. This represents an increase in the overall population reporting a disability from 12.4% in 2001 to 14.3% in 2006. Approximately one in seven Canadians has a disability and the disability rate among children aged 5-14 has increased from 4.0% to 4.6%. Approximately 1.5 million people have severe to very severe disabilities, and the prevalence rate of disability has been increasing, (see Table 2).

**Table 2: Prevalence of Disability by Age Group, 2001 and 2006 Comparable<sup>1</sup>**

| Age Group                   | 2001              |                              |                 | 2006              |                              |                 |
|-----------------------------|-------------------|------------------------------|-----------------|-------------------|------------------------------|-----------------|
|                             | Total Population  | Population with Disabilities | Disability Rate | Total Population  | Population with Disabilities | Disability Rate |
| <b>Total: 0 to 14</b>       | <b>5 546 010</b>  | <b>189 920</b>               | <b>3.3%</b>     | <b>5 408 580</b>  | <b>200 460</b>               | <b>3.7%</b>     |
| 0 to 4                      | 1 641 680         | 26 210                       | 1.6%            | 1 635 860         | 27 280                       | 1.7%            |
| 5 to 14                     | 3 904 330         | 154 710                      | 4.0%            | 3 772 720         | 173 180                      | 4.6%            |
| <b>Total: 15 &amp; over</b> | <b>23 445 760</b> | <b>3 420 330</b>             | <b>14.6%</b>    | <b>25 172 660</b> | <b>4 162 690</b>             | <b>16.5%</b>    |
| 15 to 64                    | 19 858 350        | 1 968 490                    | 9.9%            | 21 175 880        | 2 437 610                    | 11.5%           |
| 65 and over                 | 3 587 410         | 1 451 840                    | 40.5%           | 3 996 790         | 1 725 080                    | 43.2%           |
| <b>Total: All ages</b>      | <b>28 991 770</b> | <b>3 601 250</b>             | <b>12.4%</b>    | <b>30 581 240</b> | <b>4 363 150</b>             | <b>14.3%</b>    |

It is estimated that in coming years, disability prevalence will continue to increase globally, due to an aging population and the global increase of chronic health conditions such as cardiovascular disease, diabetes, cancer, and mental health issues (WHO,

<sup>1</sup> Taken and adapted from the "Advancing the Inclusion of People with Disabilities Report Government of Canada 2009.

2011). In Canada, reflecting the world-wide situation, people with disabilities have poorer health outcomes, lower education achievements, less economic opportunity and higher rates of poverty than people without disabilities (Federal Disability Report, 2010: 7), partly because people with disabilities experience barriers in accessing services that many of us have long taken for granted, including health and education services as well as employment and physical access to amenities.

More than one billion people in the world live with some form of disability (WHO, 2011). The international disability community has made significant progress in raising awareness that people with disabilities have specific human rights. In 2006, the Convention on the Rights of Persons with Disabilities took place in New York. The purpose of the convention was to "...promote, protect, and ensure the full and equal enjoyment of all human rights and fundamental freedom by all persons with disabilities, and to promote respect for their inherent dignity" (Kanter, 2007:1). Instead of looking at disability from a medical model perspective, the convention adopted a human rights or social model and recognized that people are often more disabled by the physical and attitudinal barriers that societies construct to exclude and stigmatize than by their physical or cognitive conditions.

## **2.1. Defining Disability**

Disability is not something that only happens to a minority of humanity. It is a universal human experience (Kostanjsek, 2011: 1).

Disability is often difficult to define because it is a complex concept with both objective and subjective characteristics (Stainton, 2012). It is multifaceted, often misunderstood and highly contested. When interpreted as an illness or impairment, disability can be seen as fixed in an individual's body or mind. When interpreted as a social construct, it is seen in terms of the socio-economic, cultural, and political disadvantages resulting from an individual's exclusion by society (Stainton, 2012). Over recent decades, people with disabilities have increasingly self-identified with the social model and physical and/or environmental barriers of disability. For this reason, the UN Convention's definition of disability as a social construct was an important signal to Convention participants.

The International Classification of Functioning (ICF), an accepted classification of health and functioning, defines disability as a "...dynamic interaction between health conditions and contextual factors, both personal and environmental" (WHO, 2011:4). This dynamism is located in the bio-psycho-social model of health (Stainton, 2012), and represents a workable compromise between medical and social models (WHO, 2011). These distinctions in classifications can become blurred when disability is used as a catch-all term for any impairment or activity limitation or when disability refers to any negative aspect of the interaction between an individual (with a health condition) and that individual's contextual factors (including environmental social, and personal factors).

The medical model and the social model are often presented as mutually exclusive, but, as the World Health Report states, disability should not be viewed as purely medical or purely social. Rather, it is important to acknowledge that persons with disabilities can often experience both realms. Therefore, when governments work on disability-related policy, it is important that they work towards a balanced approach and give appropriate weight to the different spheres of disability (WHO, 2011).

In Canada, no single definition of disability exists at the federal level. National surveys, such as the Participation Activity Limitation Survey (PALS), rely on self-identification based on a set of standardized questions designed to identify a broad range of individuals whose ability to carry out everyday activities is limited by a physical or mental condition or a health problem. In both provincial and federal programs governments target a more limited subset of the population in order to meet specific objectives. For example the RDSP is targeted at individuals who have a persistent, life-long disability. The rationale is that the cost of living for a person with a pervasive disability tends to be greater than for someone who has an episodic or temporary disability.

The medical model of disability has had impacts on policy design and on societal perceptions of disability. In subscribing to a medical model of disability, both society at large and governing institutions of health and social services have regarded disabled people as defective in some way. Therefore, the welfare system has been designed as 'treatment to normalize or fix disabled people according to societal norms and understandings of disability (Drake, 2001).

Defining disability as a dynamic interaction means that disability is not an attribute of the person; rather it is something that someone experiences. Therefore, progress on improving social participation can be made by addressing specific barriers that hinder persons with disabilities in their day-to-day lives. Since the inception of the RDSP, barriers such as financial exclusion are becoming acknowledged and highlighted. By bringing attention to the barriers RDSP seekers experience we consider the social and environmental contexts as contributory rather than focus on disability as defective.

## **2.2. The Registered Disability Savings Plan (RDSP)**

For people with disabilities who are on government benefit programs, saving money has been prohibitive and unthinkable. Available Canada-wide since 2008, the RDSP acts as a matched registered savings plan specifically for people with disabilities. In addition to the RDSP, the government has also set up the Canadian Disability Savings Grant and the Canadian Disability Savings Bond. Through these grants and bonds, self-sufficiency and contribution are fostered, while maintaining and encouraging shared responsibility between government and the individual for the wellbeing of people with disabilities. The Canada Disability Savings Grant is offered in partnership with the RDSP so that for every one dollar put into an RDSP account, the federal government can match with up to three dollars, if the family income is below \$83,088. For people living on a low-income, less than \$24,183, the Canada Disability Savings Bond contributes \$1000 each year for 20 years. People living on an income between \$24,183 and \$41,554 can still receive a partial bond, which is income adjusted. Any individuals or organizations can contribute to someone's RDSP, although contributions are not tax deductible people with disabilities can choose what to do with the money when it is withdrawn. There are no restrictions on how the money is spent. Per individual plan, the lifetime contribution is a maximum of \$200,000 and the government grant/bond limit is \$90,000 (Government of Canada, 2009).

The RDSP is exempt from the claw back that most provincial disability and income assistance benefits are subject to. In BC, people with RDSPs have full exemption from income- and asset-based programs such as Persons with Disability Benefits (PWD), income assistance (EI), student loans (part-time only) and some social housing. In terms of accessing information about the RDSP, information is available in American Sign

Language on the HRSDC website, however there are no other culturally specific RDSP information provided. Translated RDSP information and materials are available only through community non-profit organizations and private businesses, such as financial planners and financial institutions.

The RDSP signals an important shift away from a welfare-based approach to helping people with disabilities and moves towards an investment-based approach. Rather than increasing the amount of short-term disability benefits, the RDSP has the overarching purpose to provide a long-term sheltered savings vehicle. People with disabilities take an active role in their own income generation and future financial stability, no longer passive recipients of welfare handouts. Rather than imposing a limit or ceiling on what people with disabilities can own or save, the RDSP establishes a foundation or starting place for people with disabilities to save money. This shift from welfare to asset building has the potential in the years ahead to affect the way government considers traditional benefits for people with disabilities.

### **2.3. Welfare and Citizenship: a Clash of Paradigms?**

Nearly all countries have publicly funded programs targeted at persons with disabilities, but in poorer countries these are often restricted to people having the most significant difficulty in functioning. Programs normally include health and rehabilitation services, labour market programs, vocational education and training, disability social insurance benefits, social assistance disability benefits, provision of assistive devices, subsidized access to transport, subsidized housing and utilities, and various support services including personal assistants and sign language interpreters. In Canada, all of these programs are available in some form to those who qualify under the prescribed eligibility.

Traditional welfare-based approaches, which attempt to address poverty through monthly allowances, promote long-term dependency and undermine self-sufficiency (Eko Nomos, 2001). This problem is exacerbated by eligibility requirements for income assistance that exclude applicants on the basis of their assets and force applicants to deplete their assets before applying for assistance (St. Christopher House, 2003). As noted by Bashara, Cramer and Sherraden (2006: 4), the unintended consequence of this

approach is that it creates a disincentive for people to engage in activities that could help them transition out of poverty.

In Canada, as in most of the Western world, social security systems have been deliberate in distinguishing between contributory (earnings-related) benefits, and non-contributory (means-tested, income-tested) benefits. However, as Robert Drake (2001) points out, many disabled people do not work and may not have contributed to earnings-related schemes or private insurance. Therefore, many rely on safety net systems of social assistance or 'flat-rate' allowances. Drake's main point is "that states [government] may keep non-contributory levels of benefit deliberately low to discourage benefit dependency on social security and encourage unemployed people back to work" (Drake, 2001:412). As explained in later sections, Canadians with disabilities continue to be overrepresented in the low economic and under-employed category, which highlights the inadequacy of current benefits schemes and the financial exclusion people with disabilities face.

In recent years, people with disabilities have made enormous strides in securing rights. De-institutionalization has made visible people with disabilities within schools, communities, and public consciousness, no longer hidden from society's view. However, according to disability-advocacy agencies such as Planned Lifetime Advocacy Network (PLAN), these strides have not resulted in people with disabilities being recognized fully as citizens. The Vancouver-based, national disability organization PLAN, helps families answer the question, "what will happen to my child with a disability, once I'm gone?" PLAN believes that rights represent only part of the citizenship equation, and that rights and responsibilities together create citizenship (PLAN, 2006).

To be viewed as full citizens, people with disabilities must be recognized as contributors to society and, as such, must assume responsibilities within society. PLAN takes an asset-based approach to developing networks of care for people with disabilities and supporting families. They focus on what people can do and finds ways for them to participate and contribute as active citizens. PLAN was instrumental in the development of the RDSP, which acknowledges that current welfare/disability benefits are not financially adequate for people with disabilities to live a good life with full citizenship.



## 2.4. Living in Canada with a Disability

Canadians with disabilities are more than twice as likely to live in poverty than other Canadians (Federal Disability Report, 2010). Canadian adults with disabilities earn less than people without disabilities. The average income for working-age adults with disabilities is \$29,393, which is lower than the average of \$37,944 for working-age adults without disabilities (Federal Disability Report, 2010). Approximately half a million Canadians with disabilities are on welfare or welfare-like programs. Unfortunately, most provincial disability support program benefits leave recipients living in a cycle of poverty that is difficult to break. Even provinces with relatively 'generous' disability benefits still have much of the apparatus of traditional welfare, including benefits that restrict asset limits and amounts people can spend, and the government conducts frequent status reviews to ensure compliance. In combating poverty and social exclusion, it is important to consider the ways in which people with disabilities can generate wealth in order to work towards financial security. The welfare apparatus is problematic for people with disabilities because the system does not allow them to generate wealth in order to get out of poverty.

*Finding a Way* (2000), a report by the Roeher Institute, examines the multitude of challenges that families face when balancing the welfare system and caring for a child with disabilities. The report highlights that virtually nothing has been written on the particular barriers faced by parents on welfare who have children with disabilities, but who also wish to participate in the workforce (Crawford, 2000). Even though people with disabilities, and their parents face significant challenges and barriers, it is important to note that experience of such barriers is dependent on the individual. People with disabilities do not constitute a homogeneous group.

(Families with children with disabilities) are variously positioned along lines of disability, race, age, sexual orientation, education, work history, marital status, income, geographic location and ethnicity. Therefore, a host of social circumstances must be considered in an examination of the barriers faced by parents, both in accessing employment if they deem this feasible, and in getting the services they need. (Crawford, 2000: 23).

Issues of diversity within the population of people with disabilities and the challenges they face need to be recognized and addressed in the development of social policy

(Crawford, 2000). Canada's legislation already complies with the employment article of the recent UN Convention, and, consequently, there is no need to enact any new legislation, which guarantees the right to work for people with disabilities. Canadian laws aim to maintain equal opportunity, denounce discrimination, and require inclusion of people with disabilities. Nonetheless, in 2010, 81% of Canadians without disabilities were employed, compared to 60% of persons with disabilities and the number was even lower (45%) for those with mental health and intellectual disabilities (Federal Disability Report, 2010).

As indicated in the WHO report on disability (2011), benefits can sometimes act as a disincentive for people with disabilities to continue training or working, because of earning limits and restrictions. Current BC policies regarding people on Persons with Disability Benefits (PWD) allow a flat rate earning exemption of \$500 per month, and asset limits are set at \$3000. If a person earns more, his or her income is clawed back dollar for dollar, until it is at the \$500 limit. This policy stems from a longstanding societal view toward employment that sees individuals as either being on a payroll or on a welfare roll and nowhere in between.

The literature suggests that anti-discriminatory law is not an effective way to overcome the adverse consequences of disability policy, nor is it a "...particularly useful policy tool in terms of reducing inequalities" (Bambra, 2007: 425). The recent UN Convention is an example of a world-wide symbolic gesture of anti-discriminatory law-making, bringing people together and addressing challenges. However, domestic policies continue to discriminate: they determine to what degree people with disabilities are able to engage with their respective communities. On its own, anti-discriminatory legislation cannot adequately address the negative consequences of disability nor reduce inequalities and underemployment. Rather, domestic disability policies and participation within the disability job-finding sector must also address these systemic employment inequalities and barriers (Bambra, 2007).

### ***2.4.1. The Cost of Disability***

It is costly to live with disability. People with disabilities and their families often incur additional costs to achieve a standard of living equivalent to that of non-disabled people (Federal Disability Report, 2010). This additional spending may be needed for additional

health care services, medications, assistive devices, costly transportation, accessibility-related renovations, therapies, heating/cooling devices, special diets, or personal assistance.

Results from the last Participation and Activity Limitation Survey indicate that 32.3% of Canadian adults with disabilities visit a doctor at least once a month and that 24% of these adults have out-of-pocket expenses for these visits (PALS, 2006). Adults with severe disabilities spend approximately 50% more on visits to health professionals than those with mild and moderate disabilities. Of adults with severe disabilities, 24% reported having unmet needs for medication due to cost (Federal Disability Report, 2010). Health-related costs related to physician visits and medication is only one arena where people with disabilities pay more. Additional costs for special diets, home modifications, therapies, educational supports, assistive devices, for example, contribute to the financial burden that people with disabilities face. Having elevated costs for day-to-day expenditures increases the likelihood of poverty and limits participation in society.

## **2.5. RDSP as a Paradigm Shift**

It has been argued that many people with disabilities are held in poverty by the very thing that is meant to help them: provincial and federal benefits (PLAN, 2001). As previously mentioned, these benefits have paternalistic constraints that include spending restrictions and income and asset limits. For more than twenty-five years, PLAN has worked to change the way Canadians perceive people with disabilities. This change of paradigm represents a shift from a welfare model to a citizenship model for people with disabilities.

In the table below (see Table 3), we can observe a shift in a number of characteristics. Elements include empowering persons with the disability by removing barriers and providing supports. Unlike the old paradigm, recognizing civil rights rather than testing severity of impairment is central to an individual receiving benefits. One could argue that the RDSP has been birthed from this new paradigm, because it aims to remove barriers so people can become financially secure.

**Table 3: Contrast of Disability Paradigms for Research, 1999<sup>2</sup>**

| Characteristic                 | Old Paradigm  | New Paradigm  |
|--------------------------------|---|---|
| Definition of disability       | An individual is limited by impairment or condition                         | An individual with an impairment or condition requires accommodation to perform functions required to carry out life activities |
| Strategy to address disability | Fix the individual; correct the deficit                                     | Remove the barriers; create access through accommodation and universal design; promote health and wellness                      |
| Entitlements                   | Eligibility for benefits based on severity of impairment                    | Eligibility for accommodation understood as a civil right   |
| Methods to address disability  | Provision of rehabilitation services: medical, psychological, or vocational | Provision of supports: e.g. assistive technology, personal assistance services, or job coach                                    |

The RDSP has created a new vision for families and people with disabilities. For the first time, families and people with disabilities are invited to imagine a life outside the limits of welfare and into the possibility of wealth and financial security. However, as discussed in the following section, people face significant existing barriers when applying for their RDSP. This suggests that features of RDSP policies are still entrenched in the old paradigm.

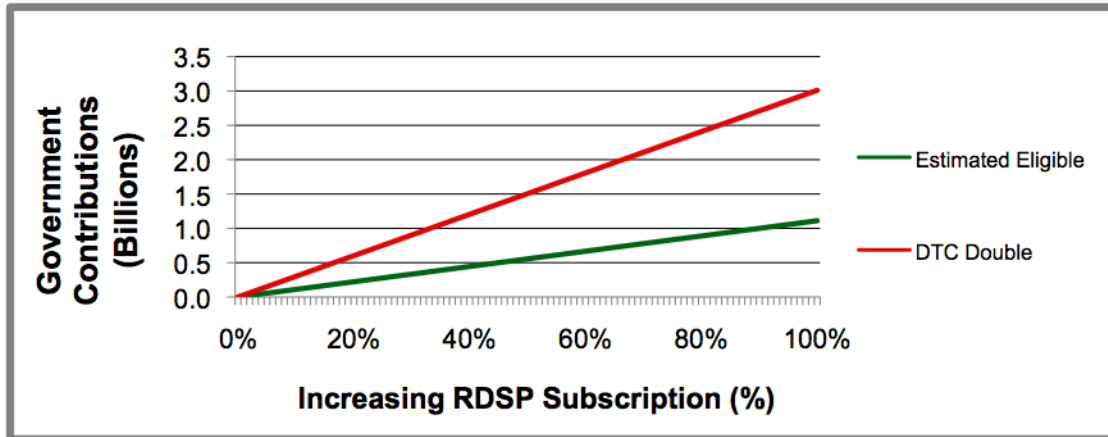
## **2.6. Anticipated Costs to Government if RDSP Uptake Increases**

It is important to consider anticipated expenses if the RDSP subscription increases. The chart below presents a snapshot of estimated costs to government if the subscription of the RDSP increases. The green line represents the predicted cost to the government with the estimated eligible population (500,000 people). The red line predicts the cost if the number of people eligible for the disability tax credit doubles (1 million people). In the event that the numbers eligible for the DTC remained at the current level, and if everyone who is eligible opened an RDSP, the government today would have to allocate

<sup>2</sup> Adapted from the "Methodological Paradigms", *Disability Studies as a Field in Critical Disability Textbook*

approximately \$1 billion dollars annually. If the population of eligible people doubled, their contributions would double as well, to approximately 3 billion.

**Figure 1: Estimated Cost to Federal Government of RDSP, by RDSP Take-up Rate**



The rationale for increasing the number of people eligible for DTC is that since the launch of the RDSP more people are attempting to qualify for the disability tax credit. After all, the Canada Disability Savings Bond holds the promise of “free money” for those people who are 49 and younger and who qualify. Jack Styan, Director of the RDSP Resource Centre, describes that, in the past, the credit was really not seen as being worth anything.

While I have no stats, I have no doubt that people are learning about the RDSP and applying for the DTC that wouldn't otherwise have. And the demand is significant; less than 10% of those who should qualify for an RDSP have opened one. While there are many reasons for this, qualifying for the DTC is a significant barrier. (*Styan Interview, 2012*)

The RDSP has been available to Canadians with disabilities for four years, with a subscription rate of 9%. As a comparison, the Canadian Learning Bond offered to low income individuals who set up an RESP has been available for six years and has a 22% subscription rate (see Table 4).

**Table 4: Canada Learning Bond Participation Rate by Year<sup>3</sup>**

| National Participation (average) | 2005 (%) | 2006 (%) | 2007 (%) | 2008 (%) | 2009 (%) | 2010 (%) |
|----------------------------------|----------|----------|----------|----------|----------|----------|
|                                  | 0.2      | 4.7      | 11.8     | 16.3     | 19.3     | 21.8     |

Despite its generous grants and bonds, as well as it being the first sheltered savings vehicle of its kind, RDSP subscription remains low with only 9% of the eligible population subscribing. Low subscription to the RDSP is a public policy problem because if low subscription continues the Government will not achieve the RDSP program objective. In addition if the RDSP uptake remains slow, people with disabilities will continue to be financially excluded from society, not able to participate as full citizens in Canada.

To understand why low levels of the RDSP subscription remain we must understand perceptions of RDSP holders, families, and community experts as to barriers people face when accessing the plan. Only when we understand the barriers can we identify possible facilitators contributing to success of opening an RDSP. Through survey data and individual interviews, we can access in-depth experiential information and therefore propose possible solutions to improve administration and uptake of the RDSP.

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<sup>3</sup> Adapted from the Canada Education Savings Program Annual Statistical Review, 2010

### 3. Methodology

The methodology used in this project is mixed method (including both quantitative and qualitative data collection and analysis) and consists of two online surveys, field notes from meetings, and semi-structured, face-to-face interviews. The methodology was heavily influenced by the fact that as a graduate, co-op student I worked with PLAN and assisted in a 3-Year review of the RDSP. All data was accessed through PLAN for the federal review and this is the data used in this study. This RDSP review data is subject to secondary analysis for the purposes of this capstone.

In the 2011 Federal Budget, the Government of Canada announced that it would undertake a review of the RDSP program, consistent with the commitment in the 2008 Federal Budget to undertake a review of the program in three years. The 2011 Federal Budget noted, “while there is broad agreement on the RDSPs overall structure and eligibility conditions, the review will provide an opportunity to seek input from individuals, families, groups representing Canadians with disabilities and financial institutions on specific features [of the RDSP]” (Budget Plan, 2011:127).

In the report, *Ensuring the Effectiveness of the RDSP* was released on the Department of Finance webpage in November 2011. Their federal consultation paper outlined the major elements of the RDSP program and sought the views of Canadians on important elements of the program, including issues related to establishing plans, accessing plan savings, terminating plans and administrating the RDSP program. The government encouraged interested Canadians to submit comments on these and other relevant issues.

In preparation for this national review, PLAN designed the *3-Year Review* survey and hosted an online blog series entitled “RDSPs Top Ten Barriers”. The purpose of both the survey and the blog was to collect data and increase understanding about the barriers and facilitators of the RDSP in order to report back to Government in the review.

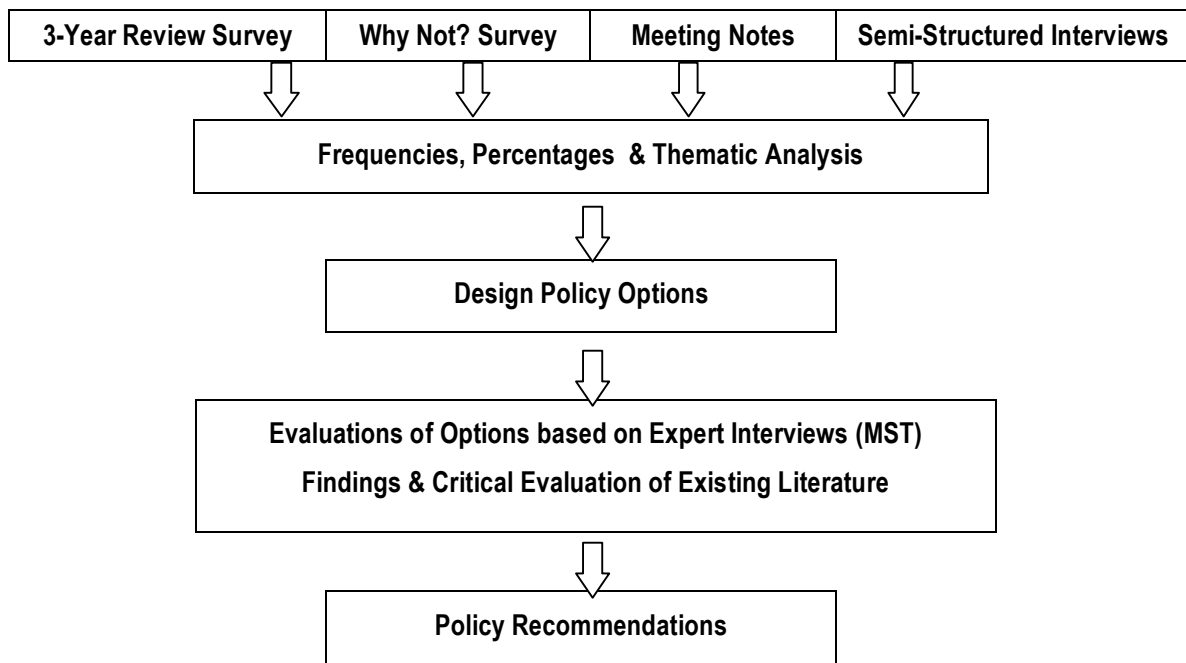
### 3.1. Research Objective and Questions

The objectives of this study were to identify and recommend options that the Federal Government could implement to improve RDSP administration and participation, and this is guided by the following research questions:

- The RDSP: What is working? What is not working?
- People’s RDSP experience: What did they like? What did they not like?
- Without an RDSP: Why do they not have one?

The research design is outlined in Figure 2.

**Figure 2: Research Design**



After initial data collection and analysis, I identified potential policy options through the surveys and interviews findings, and then consulted community members and agencies that had expertise in the areas of disability policy and the RDSP staff to ascertain their thoughts on the policy options. A multiple sorting task (MST (Sixsmith and Sixsmith, 1987) was used to enable them to rank the options according to a range of relevant criteria.



## **3.2. Surveys**

The two surveys included in this study were designed by PLAN staff, who had experiences assisting people through the RDSP process. However, there was little information about how the three-year review would take place and what the format would be. Therefore, due to time constraints, online surveys were chosen, rather than paper or random street surveying.

The *3-Year Review* survey was hosted by PLAN and ran for twenty-four weeks (May-November 2011). Fifteen questions were answered by 349 survey participants on the online survey, located at the [www.rdsp.com](http://www.rdsp.com) website. This website has been one of the most accessed websites regarding the RDSP and according to PLAN, has had 64,000 hits since it went live (Personal communication, Crocker, 2012). The *3-Year Review* survey contained both quantitative and qualitative data (open ended responses) and was an initial attempt to get information about peoples' RDSP experiences.

Responses to the *3-Year Review* survey indicate that most survey participants have an RDSP. In order to find out why only 9% of the population have successfully applied for an RDSP, additional information about why people have not opened an RDSP was needed. In September 2011, with PLAN's support, I designed the *Why Not?* survey. This survey garnered 283 participants, 192 of whom did not have an RDSP, and the survey ran online for ten weeks. This survey was hosted on an online platform due to time constraints and with the aim to reach as many people as possible. Unlike the *3-Year Review* survey, the *Why Not?* survey was not only hosted by PLAN (on the [rdsp.com](http://rdsp.com) website), but was advertised on Facebook and affiliated agencies across Canada were given the survey link to post on their websites.

### **3.2.1. Survey Limitations**

A lack of information about what the final review to government entailed highly influenced the survey design. Rather than launching one succinct survey with all the information and data required, there were two different iterations of the survey. The *3-Year* survey was designed by PLAN, guided by community experts, and it was active before I started working on this research with PLAN. Although I was responsible for analyzing results after survey completion, I had no opportunity to change the survey

design. Some questions were unclear and could be misunderstood. In addition, out of the fifteen questions, seven were multiple-choice, the remainder offered open text responses. Time constraints and large number of open-ended text responses resulted in PLAN choosing which questions they believed were central in answering the research questions and then I analyzed those questions.

Because both surveys were conducted online, no paper option was provided. Therefore, those without access to a computer could not participate. PLAN hosted both surveys on the rdsp.com website, and so one can assume that most people who participated in both surveys were already somewhat informed about the work that PLAN does and about the RDSP. Most survey participants would likely have been linked to a disability-support organization in order to access the survey, which creates sample bias as a majority of these people are either well-supported or gave access to support. In addition, the survey did not distinguish whether a survey respondent was a person with a disability, a family member, or someone else. Responses were anonymous, and this made impossible an analysis of the differences between the opinions of people with disabilities and others.

### **3.3. Face-to-face, Semi Structured Interviews**

Face-to-Face (FtF) interviewing is the preferred technique whenever thoughts, feelings, ideas, or attitudes are required to answer study research questions. This was an important aspect of the current study in order to understand what people's banking experience was before opening an RDSP. Author Kvale (2010) notes that research interviews are based on conversations of "daily life" yet are professional conversations.

It is an inter-view, where knowledge is constructed in the inter-action between the interview and the interviewee. An interview is literally an inter view, an inter-change of views between two persons conversating about a theme of mutual interest. (Kvale, 2010: 2)

The semi-structured interview "attempts to understand themes of the lived everyday world from the subjects' own perspectives" (Kvale 27). It also facilitates discussion by seeking descriptions of the interviewee's lived experiences while not having dichotomous answers or pre-conceived notions of the phenomena. As described by Kvale, semi-structured interviews have a specific purpose, and each involves a specific

approach: “it is semi-structured – it is neither an open everyday conversation nor a closed questionnaire”(Kvale, 27).

In FtF interviews, the researcher can document non-verbal cues, revealing useful information not available in verbal expression alone. Furthermore, FtF interviews allow the researcher to adopt a conversational approach to elicit more meaningful data results from participants. I conducted two sets of FtF interviews overviewed below.

### ***3.3.1. Interviews with People with Disabilities***

The first set of interviews provided data on key barriers that people faced in accessing their RDSP and identified factors that facilitated their access. The rationale for using interviews is that they complement primary sources of information where these sources of information are incomplete (such as the PLAN surveys). The interviews were semi-structured to allow for two-way communication and flexibility in ensuing discussions.

I held interviews with four people with disabilities, two men, two women. The goal of interviewing people was that it would provide insight into how they viewed their RDSP, what it meant to them and how previous banking experiences and support played a role in accessing an RDSP. PLAN was instrumental in identifying the individuals to interview, as well as providing me with office space. Three interviews were conducted in a quiet and private meeting room provided by PLAN, and the fourth was conducted in the participants' home.

Interviews were audio recorded and analyzed using thematic analysis (Braun and Clarke, 2006). The interviews provided insight on the action people took and additional information on their motives, which helped to explain different perspectives on why people have or have not opened an RDSP. After completing each interview, I made field notes because I used a recorder but did not take notes during any of the interviews. I listened to the recording several times in order to transcribe them. Once transcribed, I read and identified key quotes, themes and issues. A copy of the interview schedule is available in Appendix C.

### **3.3.2. Interview Limitations**

Due to time restrictions, I was unable to do more than four interviews and having a limited number meant that I was unable to generalize their responses as being reflective of a larger population. In addition, I only interviewed people identified by PLAN and so all participants were familiar with the work that PLAN does, as well as with the RDSP. Therefore the level of RDSP knowledge was likely greater than if I had done random interviews with people who were not affiliated with PLAN.

### **3.4. Meeting Notes**

For the past year, PLAN has consulted with the Province of BC, attempting to increase uptake of the RDSP. As part of PLAN's research team, I attended the meetings and had access to the information presented. In particular two working meetings included multi-ministry officials, disability agencies, parents of people with disabilities, and community funding agencies. The meetings were appropriately entitled "*Increasing Uptake of the RDSP: Supporting Increased Financial Security for Persons with Disabilities*" because a major focus was to consider how to get improve RDSP uptake in British Columbia. These meeting notes filled knowledge gaps from other sources of information.

### **3.5. Multiple Sorting Task (MST)**

After completing analysis of secondary data and designing policy options, I conducted four community interviews to evaluate the policy options. I recruited three representatives from key stakeholder groups, including a third party RDSP contributor (Vancouver Foundation), RDSP experts (RDSP Resource Centre), and PLAN. Jack Styan at the RDSP Resource Centre was a particularly important interviewee because he had assisted in the original RDSP proposal to the Department of Finance and had worked for over ten years with PLAN to advocate for the delivery of the RDSP.

In the community interviews, I presented each interviewee with five policy options and asked them to rate each policy option according to four criteria (described in Section seven). I used the Multiple Sorting Task or MST, (Sixsmith and Sixsmith, 1987) accompanied by a semi-structured interview. The MSTs were recorded and analyzed to

identify similarities and differences among options. The five options ranked in the top two was labelled high; the third option, moderate; and the last two options, low. I also used the MST technique once I completed the research analysis.

### **3.6. Quantitative Survey Analysis**

I analyzed the survey's multiple-choice questions by tabulating the number of responses using excel. I conducted descriptive analysis not correlation, and frequencies and percentages were calculated. For example, I counted the number of people who had an RDSP and the number of responses in multiple-choice questions. Final results were achieved by coupling the tabulated results with thematic examination of open-ended text survey questions and interview responses.

### **3.7. Qualitative Analysis: Thematic Analysis**

In order to answer the research questions I analyzed the interviews and the survey open-text responses using thematic analysis. This type of analysis is appropriate because it involves searching through data to identify patterns and themes. Authors Braun and Clarke (2006) describe themes as clusters of linked categories conveying similar meanings. The thematic analysis technique offers a kind of exploratory power, which can be enhanced if the researcher lacks previous knowledge of the topic because he or she is not guided by fixed ideas or presumptions. The schedule was intended to be flexible, so that it could be adapted depending on information gathered through document analysis and updated as the interview proceeded. To conduct the thematic analysis, I used the six steps described by Braun and Clarke (2006). First, I familiarized myself with the data by reading over the interview transcripts and took note of my initial ideas. Next, I generated initial codes that related to the areas of interest identified in the background section. Following that, I searched for themes. The themes that I chose represented each of the areas of interest. I then reviewed the themes and developed a thematic map for analysis. Next, I reviewed the themes to refine them, and I chose clear names for them. Finally, I analyzed the data and prepared the section of the report related to the interviews (Braun and Clarke, 2006).

### **3.7.1. Survey Analysis of Open-Ended Questions**

For the qualitative survey questions I used two different methods of thematic analysis. First I did a manual collection of the responses that I wanted to analyze. I exported responses into a Word document for printing and cut each individual response into strips of paper. I then read through each response, noting any themes or words that stood out. Using sticky notes, I made labels of the themes or words and placed the labels onto a large table. I then placed each response into a label/theme. Once grouped, I counted the responses in each category and read through the themes with the most answers. I read the top three themes, and looked for quotes that captured the theme. The second method was accomplished on a computer, using the same process. Once each response was themed, or coded, I sorted the codes and counted them. Then I went through all of the responses and highlighted any quotes that captured the theme. This type of analysis allowed me to synthesize the information and highlight similarities and differences between responses (Braun and Clarke, 2006).

### **3.8. Ethical Issues**

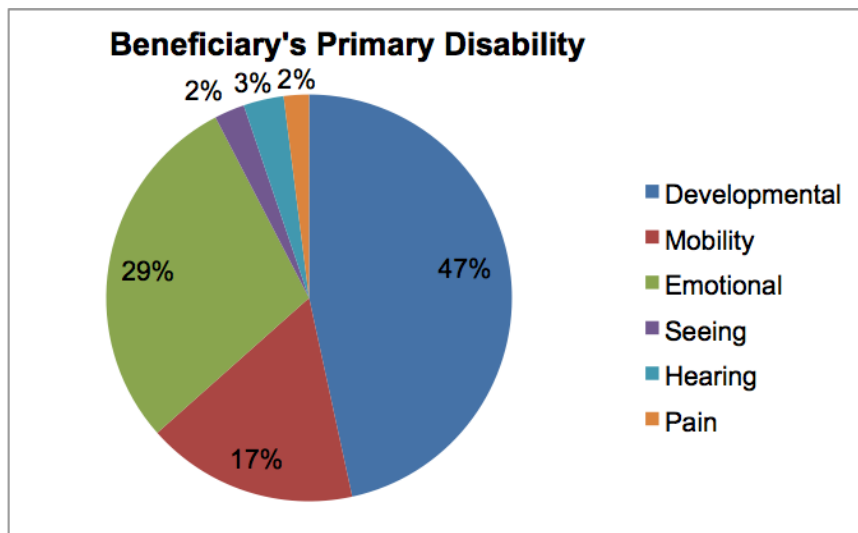
Ethical considerations are necessary when undertaking any research project. PLAN was very involved in the data collection and I received permission from them to use their data for the purposes of this research. For this project, I considered issues of anonymity, confidentiality and transparency for all the participants. I informed interview participants about the purpose of this research project. Participants received and read the information about this study and consented to participate. I assured participants that the Office of Research Ethics at Simon Fraser University had reviewed the study and I received ethics clearance with “minimal risk”. Participants had the opportunity to ask questions and to request any additional details. To assure confidentiality, I stored all recordings on one electronic data file. Accordingly, actual names of participants who were interviewed about their RDSP experience are not in this capstone or in the report resulting from this study. However, with permission, I have included names of community experts. I informed participants that they could withdraw their consent to participate in the study at any time without penalty.

## 4. Findings

This section presents a summary of the key results from the *3-Year Review* and the *Why not?* survey. As previously explained, these surveys were launched because the Federal Government was undertaking a three-year review of their own. For further information about the survey findings see Appendices B and C.

Perhaps because PLAN has a history of working with families who have family members with developmental disabilities, the survey indicated that largest number of people with RDSPs were those with developmental disabilities (see Figure 3). The second largest group represented people with mental health-related issues.

**Figure 3: Disability Type from 3-Year Review Survey**

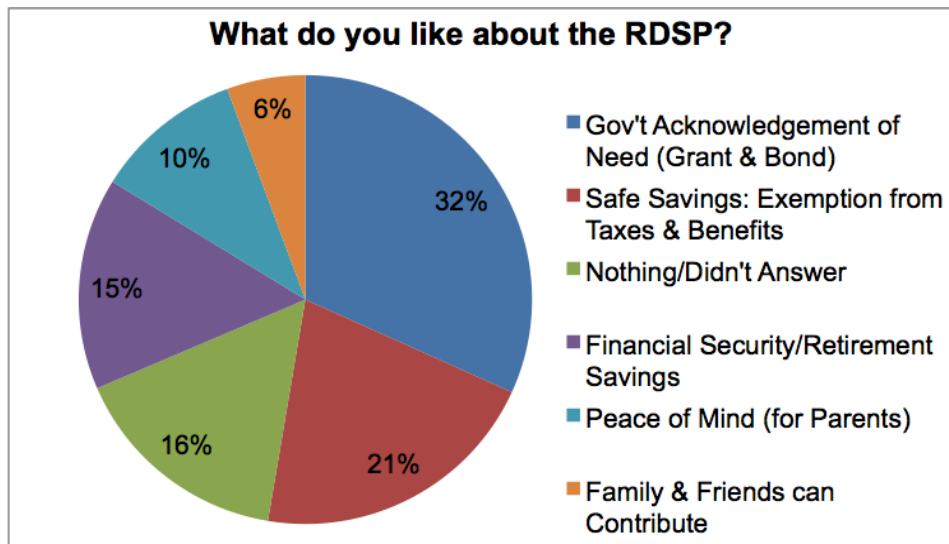


Generally, most people (51%) received both the grant and the bond, and most (65%) have been satisfied with the process of accessing their grant/bond. The majority of survey respondents (58%) stated that their experience in accessing an RDSP was somewhat easy, and many (65%) were satisfied with their bank of choice. However, in the open-text responses, people expressed frustration not knowing what the future held and if the RDSP would be flexible enough. Others were concerned about not having

enough information about the RDSP or about challenges with the Disability Tax Credit application. People indicated different motivations for opening an RDSP. For some it was a safe way to save money; for others, the RDSP was seen as a pension plan.

When asked what they liked about the RDSP, 32% said that they liked that the grants and bonds were an acknowledgment, by Government, that there is a need for support (See Figure 4).

**Figure 4: What People Like about their RDSP, from the 3-Year Review Survey**



21% of survey participants liked the fact the RDSP constituted “safe savings” which are exempt from provincial disability benefits. As these survey participants explained, the RDSP is more than just a savings vehicle.

I like the fact that our son is no longer lumped entirely in with the "welfare" system. This RDSP recognizes the fact that they are humans with needs and aspirations like the rest of us and they should be allowed to accumulate some wealth for the retirement too (*Why Not?* survey, 2011).

This is the first piece of financial support that truly feels honourable to my child. I am proud that Canada is the first country in the world to embrace its citizens by actually providing a grant and a bond to assist with people who need extra supports (*Why Not?* survey, 2011).

It's a savings plan that understands that it's important for persons with disabilities to save and gives us the incentives and assistance we need for saving for our disabilities (*Why Not?* survey, 2011).



When asked to share their experiences in opening the RDSP, some (40%) said that the process was fair, banks were helpful, and accessing the RDSP was easy. The majority (60%) of the respondents said that there is a great need to improve administration and reduce red tape around the RDSP. In the *3-Year Review* survey, families and people with disabilities identified the following key reasons why the administration of the RDSP was challenging:

- Lack of knowledge about the RDSP by bank staff
- Onerous DTC application
- Representation and guardianship issues
- Lack of coordination between Canadian Revenue Agency (CRA) and bank
- Lack of personal contact, e.g., some had to call a 1-800 number (no local bank)
- Amount of paperwork (too much)
- Length of RDSP process (too long)

Regarding their experiences of opening up an RDSP, survey participants commented on the lack of coordination and communication between Canadian Revenue Agency (CRA) and the bank. People told stories where they were given contradictory and even incorrect information. The survey suggests that financial institutions do not always have knowledgeable staff available to assist people in accessing an RDSP, and those in rural areas with limited bank choices feel this more significantly. Not having fully informed and prepared banks drastically affects the opportunity to establish plans.

The bank I was dealing with did not have experienced staff dealing with requests to open the RDSP (*3-Year Review* survey, 2011).

The people I was dealing with at the bank weren't sure what the issues were, but assured me that there wasn't much point in my calling the CRA because the CRA people would probably not talk to me (*3-Year Review* survey, 2011).

Despite the negative stories, many individuals and families also had positive experiences to tell about getting their RDSP. People identified that it may have been easier for them because they did the research and had access to support, or their disability did not make it prohibitive.

Contractual competency and legal representation were other issues arising from the research. The RDSP is a national program, however each province deals independently

with representation if a person is deemed as not being competent. Requirements in opening an RDSP are frequently cited by survey respondents as a significant barrier.

It (*the RDSP*) has to be in the name of the beneficiary, and our son, who has schizophrenia, cannot handle money now. We don't want to have him declared incompetent as he may improve with age. We don't know what to do (*Why Not?* survey, 2011).

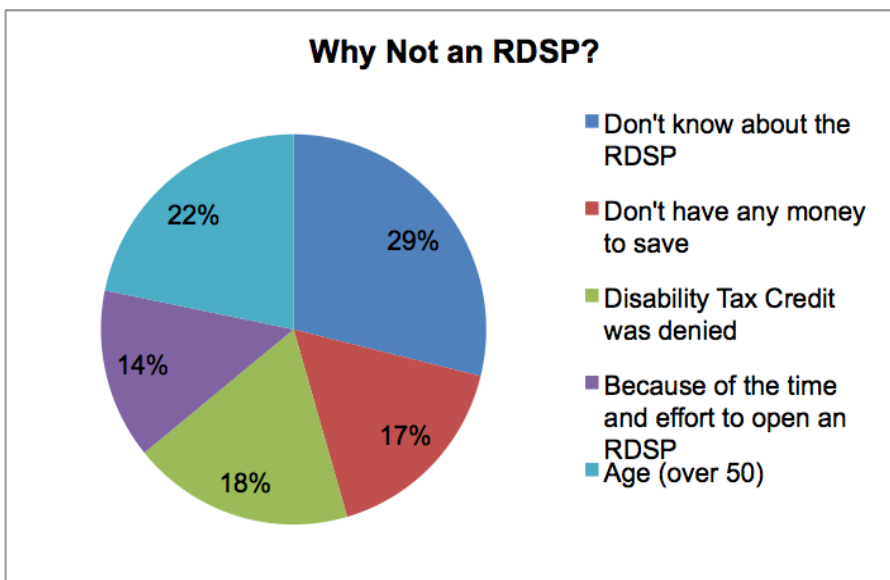
The bank (RBC) rep did not believe Jim could open his own because he couldn't understand all the implications of financial decisions. Jim does have a bank account, a bankcard and uses it regularly. He knows "his money" although we need to help him manage it (*Why Not?* survey, 2011).

Parents are sometimes caught between their desire to assure the future financial security of their son or daughter through an RDSP and their fear of the restriction of basic rights to liberty that they know comes with formally placing their son or daughter under a substitute decision-making or guardianship order.

Since my daughter is 22 and I am her parent (but not officially on paper her legal guardian) I had to fight to open an RDSP for her. But I stood my ground and kept telling (the bank) that it is for her benefit not mine and I wasn't willing to hire a lawyer just to get guardianship for an RDSP. Anything else financial or health have never been an issue but when it came to helping her in her future there seemed to be an issue (*3-Year Review* survey, 2011).

In the *Why Not?* survey, research findings show that the majority of people who do not have an RDSP (29%) simply do not know enough about it (see Figure 5). The second most common reason relates to age. Unlike the *3-Year Review* survey, the *Why Not?* survey aimed to raise awareness about the RDSP and increase traffic on the RDSP.com website.

**Figure 5: “Survey Results from Why Not an RDSP?”**

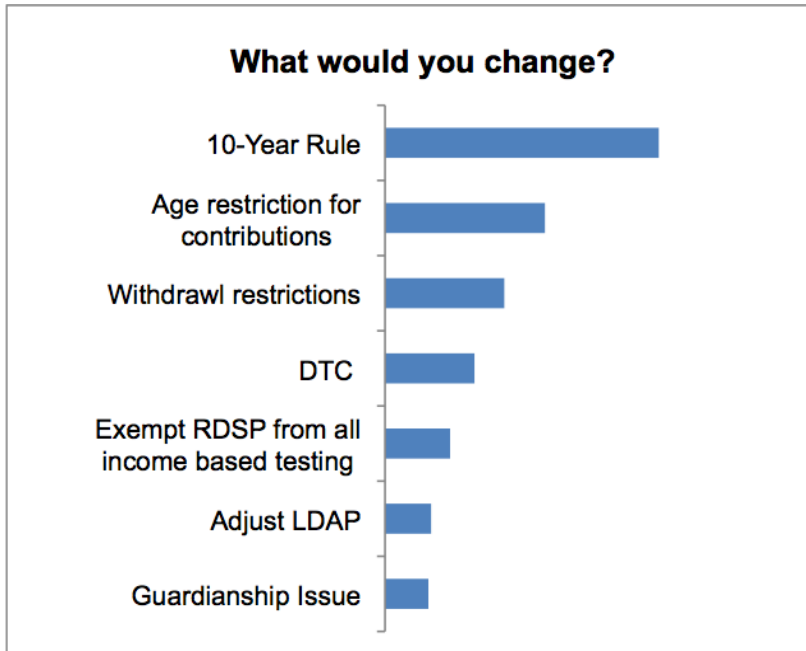


For years PLAN has supported families, assisting them to envision and prepare for a good life for their children with disabilities. This vision includes individuals with disabilities being fully active citizens in their community. Full citizenship requires access to be able to participate, and never before have people with disabilities been given legislative access to participate in building assets and saving money.

The RDSP is a giant leap for those who have not engaged in the financial sector, and for many, this is a major shift in thinking. Disability benefits can now be funds that provide day-to-day survival or funds that allow long-term, sheltered financial security. This shift is a change in narrative history and will continue to take time to reach the most affected, which is demonstrated by the fact that the vast majority of people (29%) with disabilities do not know what the RDSP is. The survey suggests that some (17%) have not opened an RDSP because they have little or no money to save, or some (14%) think the RDSP process is too long and takes too much effort. Other reasons include age restrictions on opening an RDSP (22%) and for some, their reasons may be a combination of many of these factors.

The top RDSP changes that families and people with disabilities would like to see focus on the ten-year rule, age restrictions for contributions, withdrawal restrictions and Disability Tax Credit (DTC) eligibility, as shown below (see Figure 6). In fact, alternatives to the ten-year rule are possible.

**Figure 6: Survey Results Regarding Changes to the RDSP**



The generous grants and bonds provided by the government send an important message to families, acknowledging that the cost of living for those with a disability is often so much higher than for those with no disability. The grants and bonds offer an opportunity for growth leading to future increased financial security.

People on the fringe of disability, those with no diagnosis, no family, or no support are even more restricted from accessing support within their community. Survey responses uncovered the experiences of people relying on informal financial services, such as cheque cashers and payday lenders. Families and adults with disabilities who frequent the fringe financial sector are less likely to connect with a bank or financial advisor to help navigate these decisions and less likely to find out about the RDSP and other important disability benefits. The RDSP requires people to make decisions around savings, investments, and long term financial planning. If people do not have information, access, support or capacity to approach their financial institution and find out about the RDSP, low subscription to the RDSP will continue.

In the next section I present the themes that emerged from the two surveys, and the perceptions and opinions expressed in the interviews with people with an RDSP and with community experts.

## 5. Identified Themes

This section presents the five main themes identified from the findings:

- Diverse interpretations of time and savings (5.1)
- Lack of information (5.2)
- Eligibility requirements (5.3)
- Withdrawal restrictions (5.4)
- Lack of faith in the system (5.5)

These themes are described, and findings from survey and interviews are used to provide context and evidence for the policy options. Throughout the findings there was an over-arching theme of financial literacy. Financial literacy concerning the RDSP refers to a person's knowledge of financial matters, outside of day-to-day banking. It entails the ability to make financial decisions pertaining to investing, savings, tax planning and retirement. For some survey participants, the RDSP was the starting point for people to learn about financial concepts like interest, advantageous savings methods and value of saving now for tomorrow. Financial literacy was a constant sub-theme throughout the study and is highlighted in the below five themes.

### 5.1. Diverse Interpretations of *Time & Savings*

In the *3-Year Review* survey, families and individuals were asked, "What difference does your RDSP make?" From this question, I identified two core themes.

#### 5.1.1. *Impact Today*

Over one hundred participants commented that the RDSP acts as a secure way to save money today. Responses reflect the present-day nature of their RDSP: increased savings today means more spending, or purchasing power today or generating income

today. Families and people with disabilities revealed an in-the-moment sense of increased utility and benefit from their RDSP.

My brother inherited some money and we were able to put \$200,000 in an RDSP before he turned 60. He has now turned 60 and will need to start taking money out – but that will not affect his disability payments. It has changed his life. (*3-Year Review* survey, 2011)

Participants also expressed that they feel better in the present, knowing that their future or their loved-one's future is a little more secured. Some people with disabilities have difficulty imagining the future, because the present is overwhelmingly difficult. The idea that a long-term savings vehicle can impact how people feel in the present may be difficult to understand. However, for some the RDSP lightens the heaviness of the present day, as these participants explain:

Today it gives me comfort knowing that they will have enough money for good care in the future (*3-Year Review* survey, 2011)

(The RDSP) means independence, enjoyment, happiness, and appreciation of good health today. (*3-Year Review* survey, 2011)

### ***5.1.2. Hope for Tomorrow***

The vast majority of survey participants mentioned the long-term benefit of the RDSP. Over two hundred people commented that the biggest difference that the RDSP has made is security for the future. The RDSP is considered to be a savings vehicle that will have positive impacts later on in a person's life.

As her mom, I view the RDSP as life savings for my young daughter who was born with Down syndrome...I see [the] RDSP basically as a security blanket for all disabled children to grow up free from poverty (*3-Year Review* survey, 2011)

A number of people commented on the fact that their RDSP is something that they do not really think about day-to-day, but it gives them peace of mind for the future. Parents, who want to ensure that their children can have a good life after they are gone, particularly feel this. Moreover, the RDSP offers a sense of relief for whatever the future may hold and independence for the beneficiary.

The difference it makes is financial security for my son if something happens to us [his parents]. The RDSP also allows us to not rely upon his siblings who are struggling in this economy. It will ensure that he gets adequate services when we cannot physically manage to support his basic living. We sleep better knowing the RDSP is there. (*3-Year Review survey, 2011*)

For others, the RDSP has provided an opportunity to begin to think about the future in new ways. In two of the interviews the men both talked about how they were not as fearful of the future anymore. The RDSP has given them hope. For 31-year-old Jim who was diagnosed with schizophrenia, the future had always been something he avoided thinking about.

I never thought of long-term savings. I feel happy about the RDSP because it's long term. And it makes me look forward to turning older now. The older I get the more I understand about money. For me, I'd rather have a little money that comes in steady than a lot of money at once, and then no money at all. (*Jim Interview, 2011*)

Jim's description of how he sees the RDSP being the "steady money" is something that other survey participants and other interviewees also commented on. For people on disability benefits, steady income is rarely achieved. The security of knowing that the RDSP payments will be paid out consistently is a comforting feature. Todd, who is 51, thinks a lot about the future and his RDSP, partly because of his age but also because he has contributed all he can to his RDSP in the past 3 years.

(In the future) I'm hoping to not be so lonely. I want to be – well I know I won't be rich... so the RDSP is just a part of the whole....I'm finished contributing to my RDSP, so I can sit back and watch it grow. (*Todd Interview, 2011*)

## **5.2. Lack of Information – Lack of Awareness**

The survey findings revealed that almost 30% of participants said that they did not open an RDSP because they did not know about the program. One possibility for a general lack of RDSP information relates to the timing of the RDSP launch. In December 2008, three weeks before the RDSP was announced, the Department of Finance also launched the Tax Free Savings Account (TSFA). Laura Mackenrot, a financial advisor

for people with disabilities, was the first person in Canada to open an RDSP. She believes that the launch of the RDSP simply happened at the wrong time:

I have not seen or heard one commercial of any kind in three years about the RDSP. Apparently the government has them – but I've never heard them. At the end of 2008 - what I did hear was everything I ever wanted to know about the TFSA. The TFSA came out January 2009. Talk about bad timing! You always hear advertisements and banks promoting the TFSA and RRSP...there's nothing about the RDSP. (*Mackenrot Interview, 2012*)

The Human Research Skills Development Commission (HRSDC) website contains two advertisements used in the early months of the release of RDSP. The radio advertisements entitled “Betty” and “Sean” have run thirty seconds each and refer people to the 1-800 O-Canada number for more information. According to PLAN minimal marketing was done by HRSDC directly, and according to interviewees, no one had heard these radio announcements.

One way that RDSP information is disseminated is through HRSDC funded information sessions. For the past three years, PLAN, through a HRSDC contract, has conducted RDSP information sessions and provided one-to-one telephone support to as many people as possible. Their RDSP outreach spans BC, Yukon, NWT, Alberta, Saskatchewan and Manitoba. These sessions were created with the intention to connect people at a grassroots/community level with information about setting up an RDSP. Since the sessions began, PLAN has conducted 200 in-person presentations and roughly 20 tele-seminars (group sessions over the phone). They also have one-to-one telephone support, which provides about 60 hours a month to individuals calling for RDSP help. Presenters and phone support walk people through the steps required to open an RDSP, providing tips and answering questions. These sessions are advertised through PLAN affiliates (disability/community organizations that have partnered with PLAN), service providers (health care) providers, and individual families. However, because the majority of people who are eligible for the RDSP have not opened RDSPs, these information sessions are not being fully utilized. Furthermore, since the presentations started, attendance has been slowly decreasing. Mary Crocker, Project Manager of RDSP for the Future, suggests that the decline is due to a combination of things.



The most eager people are well-informed. These are often active parents who are financially literate, well-resourced and most of them have already opened an RDSP. Now, we're seeing that there appears to be a second tier of people who don't have the information. These people are at the financial level (bank), professional level (financial planner), or non-disability medical sector. This is where our focus needs to be. (*M. Crocker Interview, 2012*)

Mary points out that front-line social workers, health care providers and financial institutions would be a good place to start in spreading the word about the RDSP. Families, according to her, are always going to be interested in the RDSP, and it is an "easy sell". It is harder to capture the secondary and tertiary levels of professionals who interact or work with people with disabilities. Furthermore, she believes that the model of service provision may have an impact on how information is being disseminated.

What I've experienced in aboriginal communities, in particular but not exclusively, is that disability services are often run according to the service provider model, rather than an ownership or membership model. PLAN's approach – to empower people with disabilities and encourage families to invest in the future hasn't effectively been translated yet (*M. Crocker Interview, 2012*).

PLAN has focused effort on reaching aboriginal communities, but issues of trust, hesitancy to sign up for government programs, and general lack of interest in long-term savings has made it difficult. Joel Crocker, Director of Planning, explained that PLAN has not had adequate resources required to conduct a national campaign, and financial institutions are not that interested

As far as we know, the banks haven't done any major campaigns. There's very little incentive for them to promote the RDSP (*Crocker Interview, 2012*).

Despite PLAN's attempt to advertise and get the word out to people through information sessions and the website ([www.rdsp.com](http://www.rdsp.com)), there is still a general lack of knowledge of the RDSP amongst financial advisors, tax specialists, financial institutions, the medical system and the general public. Two survey respondents summarized their experience of opening their RDSP:

It seems to be a complicated piece of legislation, requiring the clients to know as much and in most cases, more than the financial institution. (*3-Year Review survey, 2011*)

I had to research RDSPs on the CRA web site. My bank had very little information. After it was opened I continued to research other banks until another bank offered RDSPs with features that better suited me. (3-Year Review survey, 2011)

### **5.2.1. Information deficit amongst financial institutions**

Currently ten financial institutions across Canada offer the RDSP. In an attempt to discover what concerning bank personnel knew and did not know about the RDSP, PLAN conducted some preliminary research by cold-calling banks that offered the RDSP to ask some basic questions. Results showed that amongst the eight bank representatives who did phone interviews, information about the RDSP was unquestionably poor. Of the eight banks, two did not know anything about the RDSP, and two did not return calls after PLAN had left messages. All banks, except one, did not actually know how to prove whether someone was competent to open an RDSP and did not know if a specific document was required. In addition, two banks referred to their investment centres where people must call in and talk to someone over the phone, because their branch had no information about it. Although these findings are not conclusive, they do suggest that in general there may be a major deficit of information amongst bank staff about the RDSP product. If the frontlines of the RDSP – the financial institutions themselves – do not have accurate information about the RDSP, it is not surprising that individuals with disabilities and their families are also ill informed.

### **5.3. Eligibility Requirements: Disability Tax Credit**

The RDSP is available to Canadian residents who have a Social Insurance Number (SIN), who receive the Disability Tax Credit, and who are under the age of 60. The age requirement of 60 is the age when people consider beginning retirement and when Old Age Security (OAS) payments can be first issued. Most people in later stages of life acquire a disability, yet the RDSP is designed to benefit younger people: the grants, bonds, and withdrawal restrictions provide incentives for young people to save money for the long-term.

A person must be receiving the Disability Tax Credit in order to apply for the RDSP. Therefore, how does the DTC (and the Canada Child Tax Benefit for those under the

age of majority) function as the eligibility doorway? The DTC is the federal tax credit targeted to people who have severe and prolonged impairments in physical or mental functions. To determine eligibility, one of the following questions must be answered affirmatively (Canada Revenue Agency, form T2201):

- Do you have a mental or physical disability that is expected to last, or has lasted one year or more?
- Does at least one of the following statements apply to you?
  - You are blind
  - You need extensive therapy or treatment
  - You are limited in activities that people need to do regularly (for example: speaking, hearing, walking, using the bathroom, eating, getting dressed, remembering, banking, finding your way around, dealing with emergencies).

Qualifying for the Disability Tax Credit provides significant benefits beyond RDSP eligibility. The DTC reduces taxable income, comes with a supplement for people under 18 years, can be transferred to an eligible family member, and can be claimed retroactively for up to ten years. Eligibility for the DTC also provides eligibility for additional credits and benefits. The benefit translates to over 25 separate disability-related tax credits and benefits, which can result in a substantial amount in tax refunds and significant future tax savings.

To apply for the Disability Tax Credit, a person must submit a two-part Canada Revenue Agency form. The first part is to be filled out by the applicant, while the second part is to be completed by a qualified medical practitioner, depending on the nature of the disability, for example, medical doctor, optometrist, audiologist, occupational therapist, physiotherapist, psychologist, or speech-language pathologist.

Survey results show that the DTC is a major barrier to accessing the RDSP, however, and qualifying for the DTC can be particularly challenging for people in a number of groups: people with episodic disabilities, people with mild developmental or learning disabilities, or people whose disabilities are undiagnosed. As one family described,

The difficulty was not with the RDSP. The difficulty was with our family doctor, social services and Revenue Canada to get all of the proper paper

work done to have our daughter recognized as a person with a disability.  
(3-Year Review survey, 2011)

Survey respondents explained that some people have a harder time qualifying for the DTC than others. For example, people with mental health issues and certain medical conditions (e.g. multiple sclerosis) may be less impacted by their health issues for a short or long period. Full recovery is seldom achieved but the degree to which someone does recover may be sufficient to lose the disability tax credit. Furthermore, there is a prolonged disability criteria, requiring that the disability be occur for at least one year and therefore Canadian Revenue Agency assigns an expiry date to each DTC, qualifying people for fixed periods, that is one, five, or ten years.

People can be deterred from applying to the RDSP because they can be denied access to the DTC, and others are deterred from applying for the RDSP because they are concerned about their re-qualification and their long-term eligibility for the DTC. Jack Styan, from the RDSP Resource Centre, has seen an increase in the number of people who have requested assistance in completing the DTC application form and appeal process once they are denied. There would be no financial loss of private contributions should an RDSP collapse due to DTC ineligibility, but government contributions would be lost. Styan believes improvements can be made to the flexibility of the DTC and RDSP for people with an episodic disability and/or disabilities that have a slow onset or are progressive.

## **5.4. Withdrawal Restrictions**

People with disabilities have different needs when planning for their future, and sometimes planning can be particularly difficult due to precarious health and shortened life expectancy. These needs could include health care, transportation, home support, equipment, medications, special dietary requirements, workplace supports and educational/training supports. However, a person receiving an RDSP grant and/or bond from the government must wait ten years after the last contribution before withdrawing money from the RDSP account without penalty. In other words, the RDSP is a (very) long-term savings plan. See scenario given in Figure 7.

**Figure 7: Scenario—Facing Restrictions When Withdrawing Money**

Paul is 20 and has just opened an RDSP. He wants to access the full grant or bond (and not return any funds to government) so he must wait 30 years from the time of making his first deposit before accessing his (or the government's) contributions.

The 30 years represents 20 years of contributions plus 10 years of waiting for the holdback amount to diminish to 0. Paul must wait until he is 50 years of age to withdraw his money

There are two main reasons for the ten-year rule. Firstly, it is to prevent tax “slippage”: a person could use the same money to get government contributions year after year. For example, Paul contributes \$1,500 in 2008 and receives a matching \$3,500 from the federal government. In 2009, he withdraws \$1,500 from the RDSP and then re-deposits it. Paul gets another \$3,500 from the federal government. In other words, he would receive \$7,500 from the federal government for his \$1,500 contribution, thus defeating the purpose of encouraging personal saving.

Secondly, the holdback rule exists to make the RDSP a true long-term savings plan. The RDSP was not intended to act like a bank account, where a person could make contributions and withdrawals as needed, nor was it intended to act like an income program, where federal contributions are considered an income supplement each year. However, survey respondents expressed their dislike of the government policy to hold onto the grants and bonds:

We considered the RDSP for our son. He is 12. However we are not impressed with the concept of having to pay back any CDSG's (Canadian Disability Savings Grant) from the past 10 years! Once you make a withdrawal from the plan. It is not a grant therefore, but a LOAN, and should be labelled as such. Taking a small amount out of the plan to, say, purchase a vehicle would result in a drastic reduction in funds. This is ludicrous. (*Why not?* survey, 2011)

There is, amongst stakeholders, a perceived disparity between the RDSP and other sheltered savings programs, regarding accessing savings. People who have a Registered Retirement Savings Plan (RRSP) are given an opportunity to withdraw money for real estate or educational purposes, tax-free. However, a one-time RDSP withdrawal is not allowed if someone wanted to buy an important medical equipment purchase. A person may keep any growth (interest) on the RDSP total but must return

the government contribution. As Jim explains in the quote below, for people who have a harder time maintaining steady employment, the ten-year rule is challenging.

I would like it if you didn't have to wait so long, because not everyone has as long of a lifespan as me and some people are older when they first get it (an RDSP). For me, I would really like the 10-year rule to be changed. It's harder to get a cushy office job if you have a mental illness; it's much harder. (*Jim Interview, 2011*)

Recently the Department of Finance did make some changes in the latest federal Budget, by reducing the ten-year rule to five years if, and only if, the beneficiary has five years or less to live. In this scenario, an individual would need to provide the CRA with a doctor's letter, proving that he or she has five years or less to live before being allowed to take out money without penalty. This may be a step in the right direction and shows the willingness of the Canadian government to make adjustments to the RDSP. However, most people do not know what the future holds, and it seems reasonable to be able to access saved funds when they are needed most. The RDSP is an acknowledgment that people with disabilities do not have to be poor just because they have a disability, so it does not make sense to make it difficult for people to access their money when they most need it.

As this participant explains, some people would like to use their RDSP for end of life, and for most, when this will happen may not be something a doctor can predict:

I'd like to use the (RDSP) for critical care help at home for me if I choose to die at home, it will also enable me to have simple comforts in my time of need. (*Why not? survey, 2011*)

## **5.5. A Lack of Faith in the System**

For people with disabilities in Canada who have been received benefits, the RDSP is a big shift from welfare to allowable 'wealth'. In most provinces, the income earned from an RDSP will not affect eligibility for important disability-related benefits or income assistance. In BC, Alberta, Saskatchewan, Manitoba, Ontario, Nova Scotia, Newfoundland, Yukon, Northwest Territories and Nunavut, people can withdraw as much as they want without affecting disability benefits. This means people can receive any amount from their RDSP and use it for any purpose they would like, without affecting

their disability benefits. Quebec, New Brunswick, Prince Edward Island have not fully exempted the RDSP from disability benefits. It is still unclear whether the RDSP will affect eligibility to other important provincial social programs Canada-wide.

Most government programs utilized by people with disabilities have income/asset testing as part of the screening process. In BC, for example, an individual who wants to access child-care, low-income housing, long-term care and/or education aid, is required to undergo separate financial assessments for each program. Each assessment has unique regulations and restrictions. Even though a person is technically eligible for any of these programs, he or she still requires independent income and asset assessments and that could mean the RDSP counts as income or an asset. Because there is uncertainty about which programs would or would not exempt the RDSP, some survey respondents stated that they were fearful the government would take their savings away.

Even though the province has exempted it (RDSP), I am afraid it would lead to reduction or cancellation of his welfare/disability payments in the future. That's why I haven't opened an RDSP. (*Why not?* survey, 2011)

I barely have enough to pay for the basics, never mind save. Also I'm sure the provincial government would find a way to take it from me. Claiming it as earnings or something. (*Why not?* survey, 2011)

In interviews with people who have an RDSP and in discussion in a recent meeting with the BC Ministry of Social Development (December 2011), fear and lack of trust were identified as major barriers for people accessing the RDSP. The meeting focussed on increasing BC uptake of the RDSP and supporting financial security of people with disabilities. Meeting participants included representatives from several ministries, community partners, people with disabilities and family members. Participants acknowledged that government benefits have, in the past, kept people from being independent because there was a lack of control for people who benefit from them.

Some people who have an RDSP do not really understand why it exists because it is so different from the disability benefits program. As one interviewee suggests, some people with disabilities have had little reason to trust the government when it comes to financial benefits and programs:

I have no trust in the government. I'm sorry, but I don't feel that anybody (other than my closest friends) understand why I'm fearful the way I am. I've tried to get over it, but to have money is very stressful....I inherited

some money, and keep it at home because I don't like it in the bank. I just don't trust them....Even though I'm not even on PWD (government benefit) anymore, I'm worried that they're going to take my money away. (*Susan Interview, 2012*)

Susan's fear is rational considering the painful historical relationship between government and people with disabilities. Institutionalization, incarceration, involuntary sterilization, and educational exclusion name just a few of the experiences that some people with disabilities have experienced. Canada's history is no different from other countries who have focussed on people's deficits rather than strengths when devising government programs for people with disabilities. Increasing opportunities for people like Susan to own and have control over her financial decisions is imperative for building trust with government programs like the RDSP. Susan explains how she felt safer when she was working and earning her own money.

Susan: The money that is in my Trust, is my parents money. The money that I saved when I was working was *my* money. But I don't like using my parent's money. I feel like I have to pay it back – even though they're gone and I know that I don't have to. I've been thinking about this – I have a fear about money. It is very real.

Interviewer: Where do you think your fear comes from?

Susan: From being on income assistance. (*Susan Interview, 2012*)

Amongst people with disabilities, fear of the system is systemic, deep rooted and pervasive, and this fear may be a result of governments' desire to promote norms and values of a certain kind of work ethic. This work ethic has not traditionally included in the equation people with disabilities. As one RDSP recipient remarked, people who get the best assistance in opening an RDSP already have money. Those who do not are sometimes not taken seriously

When I went to open an RDSP - I had a fully paid, free and clear property at the age of 29. If you're getting \$900 a month (PWD benefit) you're not going to get that service. I don't think you can go in and take hours of someone's time when you have no money in the bank. (*Mary Interview, 2011*)

These themes derived from the analysis suggest there are several opportunities for policy initiatives to increase RDSP uptake. Current barriers of diverse interpretations of time and savings, lack of RDSP information and awareness, eligibility restrictions, and a



lack of faith in the system all contribute to the program's limited popularity. Through identifying themes, policy options are developed. The next section outlines a variety of policy options that attempt to positively impact RDSP subscription.

## 6. Policy Options

Based on findings from the two surveys, key informant interviews, and field notes from community experts, I present the following five policy options regarding increasing the uptake of the RDSP:

- Maintain status quo (6.1)
- Adjust basic parameters (6.2)
- Improve RDSP marketing (6.3)
- Integrate financial literacy into the administration of the RDSP (6.4)
- Address legal representation (6.5)

### 6.1. Status Quo

Maintaining the status quo requires no change to the current way that Human Resource and Skills Development Canada (HRSDC), the Office for Disability Issues, and the Department of Finance administer the RDSP. This means HRSDC will continue to issue the RDSP, the Canadian Disability Savings Grant, and the Canada Disability Savings Bond and inform people through current strategies. Typically, HRSDC monitors the number of plans, by province and by the amount invested. The main advantage of the status quo policy option is that it imposes no additional, present-day costs to government. The disadvantage is that it does not provide specific opportunities to increase uptake more than 9%, nor to assist people with disabilities and their families to access the RDSP, now or in the future.

### 6.2. Basic Parameters

**Policy Option:** Adjust basic parameters that prohibit maximum accessibility to the RDSP. As the findings show, there are key RDSP barriers concerning eligibility

requirements and withdrawal restrictions and so it is important to address these parameters.

This section describes three examples of possible reforms to the basic parameters. I have bundled these three separate components and labelled them Policy Options A-C. The options propose a) improving eligibility of Disability Tax Credit; b) reducing the ten-year holdback amount; and c) introducing guidelines for allowing emergency withdrawals. The first parameter offers a potential solution for re-applying to the DTC without losing eligibility to the RDSP. The other two adjustments address a need for increased flexibility in accessing RDSP funds. These adjustments also attempt to respond to issues expressed in the surveys, interviews with participants and the interviews with consulting experts.

### **6.2.1. Basic Parameter Policy Option A: DTC Eligibility**

**Policy Option:** Address challenges that applicants face when DTC applications become ineligible. Currently no bridging mechanism exists for a person whose DTC has expired and who needs to re-apply. A ‘temporary DTC re-application’ could be shorter or simpler. Instead of using the “prolonged” criteria of a one-year rule, the application could be extended to include the number of years the disability has persisted.

Several factors can trigger an RDSP to terminate. One is the cessation of DTC eligibility. Survey participants communicated that, for a number of reasons, filing for the DTC can be one of the hardest parts of qualifying for an RDSP and reapplying is equally daunting. DTC eligibility is identified as an obstacle, especially for those who have brain injuries, mental illness, or mild developmental or episodic disabilities.

Few people with disability are singularly disabled in one area...This [the DTC] seems very much determined on who your family doctor is; how they choose to interpret and fill out the form (*Why not?* survey, 2011).

Qualifying for the DTC provides significant benefits beyond the RDSP; however access remains a barrier for many people. To address situations when a person is no longer eligible for the DTC, but there is a medical likelihood that he or she would be eligible in the foreseeable future, families and people with disabilities want to see greater flexibility in the re-application process.

For many people, health can be affected by life changes, trauma, weather, or other unrelated health issues. Similarly some people with disabilities experience changes that can make the disability 'episodic'. For periods of time the disability is intensified or, alternatively weakened. For people with an episodic disability, re-applying for the DTC once it has expired may be challenging, which may affect the accessibility of an RDSP. Consequently some people are denied access to the RDSP through the application process while others are deterred because they are concerned about their re-qualifying and their long-term eligibility.

Families and people with disabilities would like this to change and suggest that the DTC criteria be adjusted so people who have an episodic disability would not have to go through the same process, as a first time applicant would have to do. A bridging mechanism or a separate application for people with certain disabilities is worth considering if the DTC eligibility process is adjusted to make it more accessible.

### ***6.2.2. Basic Parameter Policy Option B: Holdback Rule***

**Policy option:** Reduce the holdback rule from ten to five years. Such a reduction acknowledges the issue that families are significantly constrained if they must build a significant asset that cannot be accessed without penalty in times of need. Ten years is too long for a population with financial, employment and health uncertainties, and often a shorter lifespan.

The second component of the policy option to adjust basic parameters addresses the amount of time RDSP holders must wait until they can access their funds without penalty. People have different reasons for opening an RDSP – some would like to take money out earlier because of health concerns, while others expect to live a long life and would like to be able to use it (and continue to contribute) much longer. The RDSP should be able to serve these motivations equally. As mentioned in the Findings section (Section 4), the foremost changes that families and people with disabilities would like to see focus on the ten-year rule, age restrictions for contributions, withdrawal restrictions and Disability Tax Credit (DTC) eligibility, as shown in Figure 6 (page 38). People expressed that the 10-year rule is contradictory – the RDSP is supposed to acknowledge the extra cost for families, yet access to funds are very restricted. As a result, and in combination with shortened life expectancies, the ten-year rule ties up families' funds for

too long and is perceived by many as a prohibitive and punitive rule.

The length of time that people must wait is linked to the programs age restriction rules. Survey participants asked why people can contribute to RRSPs until they are 71, yet people can only contribute to RDSP until they are 59. Treating the RDSP like other savings programs means people could open an RDSP up to 65 years of age and contribute up to 71 years of age. One survey participant posed a question:

If people with disabilities are living on average until 83 years (age used in the calculation of the RDSP Lifetime Disability Assistance Payments) it's puzzling that the RDSP cut-off is 59, and the grants/bonds end at age 49. Why is this? (*Why Not?* survey, 2011)

A policy option that recognizes families and people with disabilities face unforeseen circumstances includes provisions made to exempt them from the ten-year rule. There are several reasons why reducing the ten-year rule to five years makes sense for families and people with disabilities:

- Access to savings is critical – families have extra-ordinary expenses when caring for a person with a disability
- Ten years is too long to wait – the average age of people with disabilities is less than the average age of people without disabilities
- The 10-year rule targets the minority not the majority of people – the rule acts as protection against the minority of unscrupulous people who may want to misuse government contributions; the majority of people want to access RDSP funds appropriately and responsibly.

### **6.2.3. Basic Parameter Policy Option C: Emergency/One-Time Withdrawals**

**Policy Option:** Increase flexibility by allowing emergency or one-time withdrawals for prescribed reasons. This would empower families and people with disabilities to use their savings when needed most.

Survey results show that the families and people with disabilities believe some of the basic parameters of the RDSP need to have the capacity to respond to people's differing

and changing life situations. While the concept of a savings plan is very beneficial to those who qualify, the possibility of long-term financial security is still a very complex concept for those who cannot work or who can work less than most.

The RDSP grants and bonds acknowledge that extraordinary expenses are associated with living with a disability and that people with disabilities do not have to live in poverty. It is difficult to create parameters workable for everyone, but increased symmetry or compatibility between the RDSP and other similar programs is an important feature.

As already mentioned, there is, amongst stakeholders, a perceived disparity between the RDSP and RRSP regarding accessing savings. Families and people with disabilities have suggested that provisions be made for withdrawals that would not trigger the ten-year holdback rule but would allow access to funds. Improving access to savings, while still supporting the long-term savings objective of the RDSP, is possible if people are allowed to withdraw for prescribed reasons. These reasons could include emergencies and expenses related to health (including therapies and equipment), school/training, and purchase of a home, specialized transportation, and renovations that make a residence more functional.

This could work a number of ways, for example the government provides to the banks/CRA a list of items that are recognized as eligible for a forgivable loan from a persons' RDSP. Once the transaction is made, the RDSP holder provides proof of purchase to the bank/CRA or the money must be returned. If the money is not returned, the RDSP is frozen (with no interest growth) until the amount is paid back.

### **6.3. Canada-Wide Marketing Campaign**

**Policy Option:** Re-think and build on previous RDSP Canada-wide marketing campaigns. Currently, important RDSP information is quite complex and is relatively inaccessible. The goal of the campaign is to make essential components more easily understood. People need information about managing savings so they can maintain disability benefits, maximize government contributions, and find additional RDSP resources.

During the expert interviews, new information surfaced regarding what the government has already done in marketing the RDSP. Although the data suggests that there is a general lack of information and awareness about the RDSP, there has been a diverse outreach and communications strategy. Examples of past, ongoing, and planned RDSP activities include the following:

- plain-language web site and program brochure
- in-person meetings with community-based organizations
- exhibition booths at conferences
- information kits (paper-based and electronic) to:
  - community-based organizations, provincial/ territorial income and social support offices, health care facilities and social work departments, and Special Education Resource Teachers
- mail-outs to Canada Pension Plan Disability and Disability Tax Credit recipients
- pan-Canadian print, radio and Internet advertising campaigns
- contracts with non-governmental organizations to provide information sessions and one-on-one support

More information was requested about these particular campaigns, but with the details not being publicly available, it is not realistic to design a campaign for this study. I suggest that the government re-think strategies and build on what has been done in the past and that future marketing strategies consider the following:

- Conduct two separate campaigns:
  - One for people with disabilities and their families
  - One for financial institutions, schools, child development and rehabilitation centres
- People with disabilities and their families participate in the campaign design

Through an improved marketing campaign, accurate messages about the RDSP could be disseminated. For uptake of the RDSP to occur, people with disabilities as well as friends, family, banks, and community resource people need to know about it. To increase trust and people's faith in the system, the government needs to break down the intimidating messages. Furthermore, as one senior government representative said,

“Government often does not have many good-news stories to tell – the RDSP is a great story to tell people about” (Anonymous – Field Notes, 2011).

There is extensive literature on which marketing campaigns are effective for particular purposes. Authors Randolph and Viswanath (2004) suggest that campaigns have conventionally been approached as “focussed and time-bound efforts” (Randolph, Viswanath 2004, 421). Randolph discusses how current data on public health mass media campaigns spend a great deal of time and money getting the ‘right message’ out to the ‘right audience’ the greatest number of times (2004). Further research is required to determine the best approach for targeting the RDSP population through marketing and advertisement. Public health campaigns tend to truncate the distribution (target population) instead of addressing the whole population. The strength of the RDSP is that it does involve not just people with disabilities but a larger segment of the population. It is designed to allow for third-party contributors, which opens the invitation to friends, neighbours, family-members as well as people with disabilities. Also, as stated in Identified Themes (Section 5), there is a deficit of information amongst financial planners and advisors. Therefore, a marketing campaign would also need to capture those who could better support the RDSP process.

Survey results showed that some people did not open an RDSP because they did not know about the program; they did not understand how to access one; or they were concerned that their provincial benefits would be affected. As mentioned in section four, the survey found that the majority of people with no RDSP simply lacked information, and this, combined with lack of faith in the system, means the RDSP has been out of reach for many eligible participants.

## **6.4. Financial Literacy**

**Policy Option:** Integrate financial literacy into the administration of the RDSP by embedding tools into existing RDSP delivery. Equip families and people with disabilities with the implements to participate in making financial decisions.

This policy option aims to limit the hidden barriers that participants encounter when attempting to access an RDSP. One way to improve administration is to develop



financial literacy amongst the RDSP eligible population. Many people with disabilities who receive disability assistance have had fairly limited need for financial literacy outside of day-to-day money managing (SEDI 2008). Many people budget to live on a low income and have a savings account that does not exceed the income assistance cut-off limit. With the adoption of the RDSP, however, people are required to make decisions around savings, investments, and long term financial planning. This knowledge gain is accompanied with a philosophical shift in thinking. Instead of the long and powerful narrative of 'having-not, there is now potential to think of living a 'can-have' life.

In 2008, Social and Enterprise Development Innovations (SEDI) conducted a national environmental scan of financial literacy products and services for people with disabilities. One of the main gaps found was a shortage of government support for financial literacy for people with disabilities. Key informants felt that although governments are good at providing lists of benefits, improvements can be made to illustrate clear and accessible pathways to receive those benefits. As the report suggests, when people could access a valuable asset but have little knowledge of it, they are usually more vulnerable (SEDI, 2008).

The RDSP requires people to work through a rigorous application process, and then once they have an RDSP, they must make important investment choices. The survey findings suggest that success in opening an RDSP depends on a person's financial literacy and ability to access the right information. As one financial planner stated,

Only certain financial advisers at the bank can open an RDSP, and some of those that can are not aware you do not need money to open a plan. I am a financial adviser so I regularly open them for clients. It would be very difficult without my financial experience. (*3-Year Review survey, 2011*)

Canada has a strong financial literacy sector and an information base that could be activated to address the existing knowledge gap and to prepare people for a different way of planning for their future. One cannot underestimate the impact that isolation and loneliness have on the financial security of people with disabilities. Many current tools may only be activated with the help of other people: trusts require trustees, RDSPs may require a representative to assist with investment decisions and implementation, and RDSPs build financial security when others contribute. Financial literacy that combines

identifying trustworthy informal supports to assist with decision-making is the key to reducing vulnerability. In the surveys and interviews, people commented that having a disability made it difficult for them to access an RDSP. One person wrote about her experience:

I tried. I made an appointment with the bank - was told that I had to go to a special division to do it, so I went home and phoned them. When I went to phone, they required a pin number but I did not have one. I have not had the time to get it started again...it's hard for me to go out and I'm not sure I have the energy (*Why Not?* survey, 2011).

Financial tools such as trusts, the RDSP and savings accounts need to be explained, each with different roles and rules. Plain language, accessible communication is essential in the design of any resource or education (PLAN, 2006). Building financial literacy of people with disabilities receiving government benefits and supports will

- Inform people of their financial options and increase the use of financial planning tools (e.g., RDSPs, TFSA's, Trusts,) and industry knowledge
- Identify informal relationships to reduce vulnerability and build financial security
- Connect financial security to long-term life needs, goals, and dreams rather than to thinking about financial security day-to-day

The Canadian Centre of Financial Literacy (CCFL) is a division of the national charitable organization, SEDI. The CCFL delivers money management training to low-income groups and works through partnerships with community-based social agencies. Adam Fair, Program Manager at CCFL, suggests that when informing people about products like the RDSP, a staggered approach is important.

You often hear people say: "What's to decide? It's free money. It's a no-brainer". But it's more complicated than that. You have to sell the idea to people and convince them it's worth their time and effort. And then, once you have buy-in, you have to provide tools to assist them in approaching the product in all it's complexities. Most people need one-to-one support of some kind. (*Fair Interview*, 2012)

Financial literacy, according to Fair (2012), is identified as having three distinct dimensions, including the following: financial knowledge and understanding; financial skills and competence; and financial responsibility. CCFL has spent the past three years

working with community groups across Canada to improve access for low-income children to the Canada Learning Bond (CLB), a product offered through the RESP (Registered Education Savings Plan) that has had low uptake. A report by SEDI/CCFL (2008) suggested that increased CLB uptake can only be achieved by addressing barriers that prevent low-income Canadians from saving. The report also states that a family might not open an RESP, for many personal reasons, for example families' preferences and financial constraints and priorities. However, significant barriers inherent to the design and delivery of the RESP product prevent access to it. One of the final recommendations included additional training resources for all providers, to increase the knowledge through additional training, online courses, and/or a checklist that providers must follow when opening an RESP account. The same approach could be implemented for the RDSP and include a coordinated training effort targeting financial institutions that carry the RDSP.

The literature suggests that targeted approaches to building financial literacy are important to consider and can be done through embedding educational modules and tools into existing programs. These resources are not common in Canada (SEDI 2008); however, the RDSP could be a suitable program to pilot this kind of approach. Financial institutions that carry the RDSP would benefit from incorporating RDSP modules and tools in their existing delivery of the program. Through RDSP training and collaborating with banks, RDSP tools could be integrated into the administration. The goal would be to increase subscription of the RDSP while building financial literacy capacity amongst both RDSP seekers and bank staff.

## **6.5. Legal Representation**

**Policy Option:** Continue to review the guardianship issue and implement a federal solution to allow access to people who do not have contractual capacity. Announce that persons with disabilities can “enjoy legal capacity on an equal basis with others in all aspects of life” by changing legislation or creating a mechanism that allows all eligible people to open an RDSP.

Amendments to the Income Tax Act in 2008, which created the RDSP, appear to disqualify adults with disabilities who would be eligible except that they are deemed not to be 'contractually competent'. The RDSP allows for the possibility to think of people with disabilities as having net worth in financial terms. However, for some families who have a child with questionable contractual competency, the RDSP is a stark reminder of substitute decision-making.

Recently, Canada ratified the UN *Convention on the Rights of Persons with Disabilities*, which declared that persons with disabilities must "enjoy legal capacity on an equal basis with others in all aspects of life" (Convention, 2006).

Unfortunately contractual competence rules remain in place, which prevent people with intellectual disabilities from opening accounts such as RDSPs.

The BC Representation Agreement provides a supported decision-making solution for British Columbians, but in the rest of Canada the only option is for someone to be placed under a restrictive substitute decision-making or guardianship order. A group of disability organizations, including PLAN, has been researching solutions. They considered replicating the BC Rep Agreement across all provinces but it determined that a nationwide federal solution would be more suitable because it would allow families better mobility within the country. Furthermore, it would provide for concordance with the UN Convention and have the support of the disability community and financial institutions.

The group developed a proposed form and presented it to Finance Canada. The form will enable a person without contractual capacity to authorize qualifying persons and will enable persons who have special relationships to the beneficiary to be self-appointed, in cases where a beneficiary may not be able to give direction. Finance Canada has received the proposed form, and further meetings are scheduled. PLAN, along with the support of families, believes this is an important step for the government to take. Disability groups working on this issue undertook extensive legal research to examine potential solutions based on the principles of supported-decision making and they anticipate a decision soon.

## 7. Criteria and Measures

My study uses four criteria and related measures to evaluate the proposed policy options, including maintaining the status quo. The first criterion assesses the effectiveness of the options designed to increase the uptake of the RDSP. The other three criteria assess stakeholder acceptability, ease of implementation, and the perception of improving the life of a person with disability. Table 5 presents a brief definition of each criterion and the measures used to assess the policy options, which I describe in detail below. Cost was not used as a criterion in the evaluation of the policy options and the rationale for that is that government costs are largely unknown with respect to the options.

**Table 5: Criteria and Measures**

| <b>Criteria</b>                  | <b>Definition</b>  | <b>Measure</b>  | <b>Value</b>  |
|----------------------------------|--|---|---|
| <b>Effectiveness</b>             | Degree to which policy option leads to an increase number of people with an RDSP | Predicted effectiveness of the policy increasing the number of people with an RDSP  | Low: Policy is not effective (no change)<br>Moderate: Policy is somewhat effective (+20%)<br>High: Policy is effective (+50%)   |
| <b>Ease of Implementation</b>    | Amount of restructuring or reform required in order to implement policy          | The estimated ease of implementing the policy option  | Low: Requires expansion/reform of existing programs<br>Moderate: Requires restructuring of government departments and/or intergovernmental agreements<br>High: Requires legislative changes   |
| <b>Stakeholder Acceptability</b> | Degree to which the policy option will be accepted by stakeholders               | The estimated acceptance of policy option by<br>1. Eligible person without an RDSP<br>2. Government<br>3. Banks<br>4. Community at large (e.g., families/individuals, disability-support organizations) | Low: Policy seen as inappropriate or unacceptable by majority of stakeholders<br>Moderate: Some significant opposition, but policy acceptable to most stakeholders<br>High: Policy seen as acceptable and appropriate by majority of community, with opposition minimal |

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|   |  |  |   |
|---|--|--|---|
| <b>Improved Quality of Life for Persons with Disabilities</b> | Degree to which policy option would improve quality of life and increase opportunity for inclusion & citizenship | The predicted improvement of quality of life for persons with disabilities | Low: Policy does not improve quality of life not increase opportunity for inclusion & citizenship<br>Moderate: Policy somewhat improves quality of life and increases opportunity for inclusion & citizenship<br>High: Policy improves quality of life and increase opportunity for inclusion & citizenship |
|---|--|--|---|

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## 7.1. Effectiveness

Effectiveness evaluates the degree to which a policy would increase the number of people with an RDSP and is based upon my own study's findings as well as interviews with community experts. In exploring the issue of low subscription of the RDSP, this criterion attempts to address how the policy could increase the number of RDSPs that will be opened.

## 7.2. Ease of Implementation

This criterion measures the administrative ease in implementing the policy option, based on anticipated levels of multi-sectoral or inter-agency cooperation required. Policies receive a high ranking if they would expand or reform existing programs, while policies receive a lower ranking if they require extensive legislative changes or department restructuring. Cost can be considered a key component in the ease of implementation, and although I did attempt to predict the cost of each policy option, information about internal costs is difficult to attain.

## 7.3. Stakeholder Acceptability

This criterion evaluates the degree to which the policy would be supported by particular stakeholder groups (Patton and Sawicki, 1986). I define stakeholder acceptability as the, program and legislation changes, and overall acceptability to the policy. I chose the stakeholders based on the research (survey and interviews), realizing that groups can be determined by various means, for example, by types of disabilities, with subsets by

income, province, or age. However, PLAN identified specific stakeholder groups as being the key groups. These include people without an RDSP but could be eligible, government, banks, and the community at large (community organizations, family and friends of people with disabilities, and the general public). My list of stakeholder groups is not exhaustive, but the ones chosen represent relevant populations.

## **7.4. Improved Quality of Life for Persons with Disabilities**

This criterion measures the perception of improvement to the quality of life for persons with disabilities. The definition of “quality of life” is derived from the PLAN’s concept of “prosperity agenda”. PLAN suggests that there is an abundance of resources and untapped programs, but we often fail to see most of them (PLAN, 2001). These resources will increase inclusion and improve quality of life for those with disabilities, but it is important to note that these are not exclusive to this population. The components of the prosperity agenda are key features to all people, those with and without disabilities. The prosperity agenda is comprised of these elements:

- Asset accumulation: where people with disabilities are able to acquire, own and utilize assets to achieve financial well-being
- Social networks: where people with disabilities are able to enjoy the security and quality of life that social connectedness and belonging bring
- Work and Contribution: where participation and giving by people with disabilities are welcomed and recognized
- Personal Supports: where the personal supports that people with disabilities utilize enhance their social image (Adapted from PLAN, 2001)

Interviewees were asked to rate each policy option on their perception of the policy’s potential in creating new opportunities for furthering the prosperity agenda and inclusion and citizenship for persons with disabilities. Inclusion was a major reason for creating the RDSP – to increase financial involvement of people with disabilities. Therefore, this criteria informs how well the policy option accomplishes this.

## 8. Policy Evaluation

In this section, the five policy options are evaluated according to the four criteria, outlined in Section 7 (see page 54). Assessments are made from the research findings outlined in Section 4 and 5. I evaluate the policy alternatives using the Goeller scorecard method (Patton and Sawicki, 1986). This evaluation approach does not aggregate results to a single figure but instead uses visual cues, by use of colours, to illustrate trade-offs among policy options. In the following matrices, green indicates the best, yellow the moderate, and red the worst of the policy options. Through the assessment, I do not intend to analyze each policy's inherent value; rather I aim to illustrate the strengths and weaknesses of the options relative to each other. The policy evaluation is informed first by the findings and critical evaluation of existing literature, and then by community expert responses. Table 6 presents a summary of the evaluation from the survey and interviews with people with disabilities.

**Table 6: Evaluation Matrix – Survey & Interviews Data**

| Policy Options                          | Status quo | Adjust parameters | Marketing campaign | Financial literacy | Legal representation |
|---|------------|-------------------|--------------------|--------------------|----------------------|
| Effectiveness                           | Low        | High              | High               | Moderate           | Moderate             |
| Ease of implementation                  | High       | Moderate          | Low                | Low                | Moderate             |
| Acceptability - government              | Low        | Moderate          | Low                | Moderate           | Moderate             |
| Acceptability – persons without an RDSP | Moderate   | High              | High               | Moderate           | Moderate             |
| Acceptability - banks                   | Moderate   | Low               | Moderate           | High               | Moderate             |
| Acceptability – community at large      | Low        | High              | High               | High               | Moderate             |
| Improved quality of life for PWD        | Low        | High              | Moderate           | High               | High                 |



There was a notable lack of consensus on the evaluations of the stakeholder, indicating that there are diverse opinions about what can be done to increase RDSP uptake. However, when the three experts did agree, I identified these rankings by placing an asterisk (\*). Table 7 below provides an overview of my policy analysis using the MST approach, followed by a more detailed discussion of policy evaluation.

**Table 7: Evaluation Matrix – Community Experts**

| Policy Options                          | Status quo | Adjust parameters | Marketing campaign | Financial literacy | Legal representation |
|---|------------|-------------------|--------------------|--------------------|----------------------|
| Effectiveness                           | Low*       | High              | Moderate           | Low                | Low                  |
| Ease of implementation                  | High*      | Low               | Moderate           | Moderate           | Low                  |
| Acceptability - government              | High*      | Low               | Moderate           | Moderate           | Low                  |
| Acceptability – persons without an RDSP | Low*       | High*             | Moderate           | Moderate           | High                 |
| Acceptability - banks                   | Moderate   | Low               | Moderate           | High               | Low                  |
| Acceptability – community at large      | Low*       | High              | Low                | High*              | Moderate             |
| Improved quality of life for PWD        | Low*       | Moderate          | Low                | High               | High                 |

## 8.1. Status Quo

The features of this policy option reflect no change to the current way the RDSP functions. Reporting would occur every three years. Regarding effectiveness, experts consistently ranked status quo low and conversely, ranked the ease of implementing status quo high. Doing nothing requires no changes so RDSP uptake would continue to be slow. Through interviews and survey findings, respondents shared the challenges with the current design of the RDSP and articulated the need for a change and for the

government to get RDSP information out to those who could benefit. As one survey respondent noted

Information about the RDSP is not sent to potentially eligible users. If the user doesn't search for this online they will never be made aware of it (*Why Not?* survey, 2011).

Stakeholder acceptability of the status quo amongst banks was ranked moderate by both evaluations. Vancouver Foundation's Andria Teather suggested that regarding banks' acceptability of the status quo, it might also be the best option for them.

I don't really think banks care about the product (RDSP) – it hasn't been fully realized what is in it for them. In large part, because they're not profiting from the RDSP....at least not yet. (*Teather Interview*, 2012)

## **8.2. Adjusting Basic Parameters**

Both expert interviewees and critical evaluation scored this policy option as high in effectiveness. Throughout the expert interviews and the surveys/interviews data, participants expressed that the current plan has some basic design flaws. One expert interviewee explains that the RDSP is a 30-year program because it was designed with families in mind. However, many RDSP subscribers are unattached adults. The government could have easily incorporated some of the characteristics of a tax-free savings account, where withdrawals could be made easily, or, like with an RESP, could allow people to withdraw personal contributions without collapsing the RDSP. These adjustments would make the RDSP more user-friendly.

Adjusting basic parameters also scored in both evaluations as high in stakeholder acceptability, amongst people without an RDSP, and improving the quality of life for persons with disability because program barriers are addressed. In the surveys and interviews, the three basic parameter components (DTC, ten-year rule, and emergency withdrawals) were identified as key barriers to accessing the RDSP. However, in the interview with Director of Planning at PLAN, Joel Crocker stated that the specific adjustments are less relevant than making the RDSP easier to use. In contrast, Styan commented that government is already thinking about making adjustments to the RDSP, and that reducing the years from ten to five would be very important for people.

Access to the money is huge. I think reducing from 10 to 5 years would make a huge psychological difference. When it comes down to it, the reduction would only reduce it from a 30-year plan to a 25-year plan. But psychologically, people would never be more than 5 years away from their money – and that would be a big difference for some people (*Styan Interview, 2012*).

Based on PLAN's recent consultations with federal government departments, Joel Crocker suggests that changing these basic parameters of the RDSP would not require significant reform or restructuring. He ranked adjusting parameters as being high in regards to ease of implementation and stakeholder acceptability.

They (Federal government) are seriously considering these options, and it seems to me, they have the ability to make these changes quite easily. They know the DTC is a major problem, along with access to the money and timeframes - and I believe that at the end of the day they want to make it easier for people (*Crocker Interview, 2012*).

The DTC was identified in the surveys as being a major barrier for people applying for the RDSP. In the past year, CRA has introduced a new supplemental form to verify people's eligibility. The RDSP Resource Centre assists people with their DTC and RDSP application, and Styan comments that it would be natural for Canada Revenue Agency to make the process more rigorous to ensure that people being qualified actually meet the eligibility criteria.

The new supplemental questionnaire that we are seeing about 50% of qualified practitioners receive ...is making it difficult... It's not completely clear, however, whether the process is effective. That is, whether the people who are being declined are those who actually don't qualify rather than those who aren't able to navigate the system and have no support to do so (*Styan Interview, 2012*).

Community experts all agreed, and survey findings confirm that the RDSP will become more user-friendly if the DTC application is made more accessible, and access to RDSP funds can be increased by adjusting withdrawal rules and allowing people to use their funds when they need them most.

### **8.3. Canada-wide RDSP Marketing Campaign**

The main reason why people do not have an RDSP is that they do not know enough about it. For the government to raise awareness about the RDSP on a national scale, they will need to identify who will be key to someone getting an RDSP. According to survey results, participants found out about RDSP through word of mouth – mostly from family, friends, neighbours, organizations and/or financial planners. However it is accomplished, a campaign will presumably make a difference as survey findings suggest that the RDSP message has not come through fully.

Information about the program is not sent to potentially eligible users. If the user doesn't search for this online – they'll never be made aware of it. (*Why Not?* survey, 2011)

Community experts identified the marketing strategy policy option as being high related to effectiveness (increasing the number of people with an RDSP), stakeholder acceptability (amongst government and the community at large), and ease of implementation. Nonetheless, it consistently ranked 'low' for improving the life of persons with disabilities. This suggests that people could still technically 'know' about the RDSP through a marketing campaign, but if they have little or no support or if the process is too onerous, they likely will not apply (*Fair Interview*, 2012).

### **8.4. Financial Literacy**

Evaluations of both surveys and interviews as well as community experts, indicated that integrating financial literacy into the RDSP should be a very acceptable to banks and the community at large. Financial literacy consistently ranked high in these categories as well as improving quality of life for persons with a disability. Experts agreed that the banks would benefit considerably if financial literacy increased because it would translate into more customers; customers with wealth. As Laura Mackenrot, financial expert for people with disabilities, states the RDSP could fundamentally change the way financial institutions treat people with disabilities in the future:

There is going to be a huge shift. (The RDSP) is going to change the way people view disabilities... 20-30 years from now, my friends who have

RDSPs, are going to have a lot of money. You're going to see people with disabilities across Canada having a lot of money in their account – half a million, million dollars. And do you know what money brings? Money brings power. And they can demand better services, because they're going to have their additional income coming in so that they can pay for their own services...And all of a sudden you're going to have a lot of people with disabilities with a lot of money, demanding for more. When you have money behind you – it really switches the tables around. People with disabilities will be more powerful....I hope that I'll still be alive to see that day. (*Mackenrot interview, 2012*)

In addition, Mackenrot describes the future with the RDSP may ultimately change how people with disabilities are perceived and treated. Through interviews with people who have an RDSP, stories were told of people's banking experiences, before and after RDSP. All interviewees acknowledged that now they have more interactions with their bank than they did before getting an RDSP. However, as Jim explains, he still does not like visiting his bank in person so he does most of his banking online or by phone:

I still go to the bank as little as possible, I don't like going in because I find it confusing and they treat me like I'm stupid (*Jim Interview, 2011*).

It is a safe assumption that the RDSP has changed and will continue to change the experiences of people with disabilities. Specifically, the power dynamics between bank personnel and the customer is highly likely to change as people with disabilities become more empowered through greater choice and control of their own financial situations (Williams, 2007). As Styan describes,

A person with a disability, with an RDSP will walk into a bank and the stereotype of "why would I want to invest any time on this person" will have changed; bank managers won't know if they have \$500, \$500,000, or a million dollars to their name. (*Styan Interview, 2012*)

Improving the treatment of people with disabilities who have an RDSP can only happen if recipients understand how their RDSP works and what its potential is. A study conducted by SEDI discovered that out of the total available supply of financial literacy products and services, a very small supply are accessible to persons with disabilities (SEDI 2006). Integrating financial literacy into the administration of the RDSP is one way recipients could be empowered, with information communicated throughout the continuum of managing their RDSP.

## 8.5. Legal Representation

The impediment created by the contractual competence/legal authorization for opening an RDSP is frequently cited in survey responses as a barrier that prevents people from opening a RDSP. Each community expert noted that this policy option, although important, would only benefit a particular subset of the population and not the majority. An estimated 20-30% of those currently eligible would benefit from a federal solution to legal representation, although this figure has not been verified (Styan Interview 2012). All of the experts ranked Legal Representation as low in terms of effectiveness because there would likely not be a sudden spike in the number of RDSPs once legal representation was addressed. However, regarding improving the life of persons with disability, this policy option consistently ranked high in both evaluations.

Not everyone agreed about how easily this option could be implemented. The current legislation requires that an RDSP must be opened by a qualified person who is “legally authorized to act on behalf of the beneficiary” (Government of Canada). As mentioned in the Policy Options (see Section 6), the government is currently considering the solution proposed by PLAN and other disability organizations and stakeholders. Styan commented:

It's a simple one-line change in the Income Tax Act and a form that people will have to fill out. We're hoping it will only take a simple step, and it will bypass a very challenging obstacle faced by many. (Styan Interview, 2012)

Both Styan and Crocker (*Interviews*, 2012) agree that given the progress already made, the government appears ready to move on this issue. This would not be a new policy option because work on changing representation legislation is under way.

This option was ranked low and moderate in the evaluations, related to bank acceptability. Changing the legislation introducing a new form would affect the banks as they would no longer be responsible to determine contractual competency. In the long run, the experts all believe that it is in the banks best interest to support such a change.

## **8.6. Evaluation Summary:**

In the two comparative evaluation matrices above (see Table 6 & 7), options are considered dominant if they are superior on one or more criteria and no worse on others (Patton and Sawicki, 1986). The two tables present summaries of responses from both surveys and interviews and from community experts who analyzed policy options through the Multiple Sorting Task (MST). Although the status quo ranks high regarding ease of implementation and government stakeholder acceptability, these gains are offset by low effectiveness and low community acceptability. All the remaining proposed policy alternatives dominate the status quo. Adjusting basic parameters scored high in effectiveness and high amongst most stakeholders.

Legal representation through a supported-decision mechanism for the RDSP would address a small subset of the population and, therefore, the evaluations of this policy tend to be scored low in effectiveness but consistently high in increasing quality of life for persons with disabilities. Through community expert interviews, we also learn that there has already been considerable work done in this area.

A national marketing campaign for the RDSP is presented as a viable policy option because survey results show that many people do not have an RDSP because they do not know enough about it. The evaluations on this option are high in stakeholder acceptability (all groups, except government), but they diverge in effectiveness. Through community expert interviews, we discovered some coordinated effort to market the RDSP has already been done through the Department of Finance and HRSDC.

Integrating financial literacy into program administration is ranked high in all categories of acceptability in both evaluations, which suggests that there are no losers if financial literacy improves. This policy option did rank low on effectiveness, which could imply that there would not be a sudden increase in RDSP subscriptions.

## **8.7. Policy Strands**

Due to the lack of consensus amongst stakeholder groups, and to acknowledge that some of the policy options are under consideration, I have grouped the policy options

into three policy strands. This allows for a comparative evaluation, and the design of each strand includes a bundle of policy alternatives. Because of this, some options of the proposed policies could be interchanged. For example, adjusting the Administration Strand could include allowing for withdrawal restrictions to be changed, but would not necessarily include the DTC. The proposed alternatives are additions to the status quo; some options expand upon existing initiatives, e.g., legal representation, while others introduce completely new directions, e.g., integrating financial literacy (see Figure 8).

**Figure 8: Policy Alternatives**



The Administration Strand encompasses policy options that address features for RDSP system delivery. There are two policy options within this strand: adjusting basic parameters and finding a federal solution for people who have questionable contractual competency. The Outreach Strand includes policy options that disseminate RDSP information and equip people with tools to understand how the RDSP could move them towards financial security. This strand incorporates two policy options: two coordinated



market campaign for the RDSP targeted to individuals with disabilities and their families with children, as well as a campaign for banks, financial planners, and the medical sector. The second policy option in this strand integrates financial literacy into RDSP administration. More research in the area of financial literacy and marketing campaigns for people with disabilities is required to determine the best approach for targeting the RDSP population through marketing and advertising.

## 9. Policy Recommendations and Implementation

As suggested by my findings, gaps and problems in the current RDSP delivery system keep subscription of the RDSP low. Both administrative and outreach strategies need to work jointly for the RDSP to be maximized and both need to address RDSP barriers. By drawing attention to barriers, the social model rather than medical model of disability is promoted; by addressing environmental factors, people with disabilities can be included.

Therefore I suggest that policy recommendations address both administrative and outreach strategies and contain the following three policies: 1) adjust basic parameters in order to remove barriers facing RDSP applicants 2) integrate financial literacy into RDSP administration 3) re-think current strategies and launch an improved national RDSP marketing campaign. These options seek to address some of the barriers and concerns raised by individuals with disabilities, their families and community experts.

To implement these policies I suggest three separate phases. The rationale for phasing in policies is that costs remain low, and policy options can be monitored to track improvements. The priority is to adjust the acute administrative barriers. The second phase can be launched once the parameters are operational, and then finally the third phases can be implemented if subscription is still low.

**Phase 1:** Decide which parameters, based on the federal 3-Year Review analysis, would be easily implemented. This paper suggests adjustments to DTC applications and flexible access to funds.

**Phase 2:** Consult with community experts to determine teachable moments within the current RDSP system. For example, emphasize effective financial tools and share information at the application stage.

**Phase 3:** Once policies are operational, conduct a media campaign drawing attention of the larger community. Build trust by articulating why the government thinks the RDSP is important to people with disabilities and why it should be important to all Canadians.

## 10. RDSP 2012 Federal Budget Update & Future Research

In March 2012, the Federal budget was released and three pages were dedicated specifically to the RDSP. The government made a commitment to continue to address the issue of legal representation by facilitating conversations and convening a province-wide working group on the issue. In addition, the government responded to the 3-Year Federal review of the RDSP with the budget announcement of six changes to the program:

1. Changing the current ten-year rule into a “proportional repayment rule”
2. Providing more flexibility around maximum and minimum withdrawals
3. Allowing a rollover of RESP assets into an RDSP
4. Extending the period for which an RDSP remains open when a beneficiary becomes DTC ineligible
5. Reducing the administrative burden around transferring RDSPs from one financial institution to another
6. Allowing certain family members to become plan holders of the RDSP for an adult individual who might not be able to enter into a contract

In sum, the findings and policy recommendations in this research thesis are reflected in three of the government’s changes to the RDSP: changing the 10-year rule; providing more flexibility of withdrawals; extending the amount of time a RDSP remains open if the DTC become ineligible.

Although these changes address basic parameters and administrative barriers, the amendments do not include outreach strategies, marketing or increasing financial

literacy amongst RDSP seekers and financial institutions. As the findings from this research project suggest, there is a lack of understanding about what the RDSP is, and both administrative and outreach strategies must be implemented for RDSP subscription to rise.

## **10.1.Future Research**

Policy options aside, there is more research to be done. When conducting this research project, significant gaps were identified in the academic literature. To more fully understand the financial decisions made by people with disabilities, three main areas require further research. These areas are

- Financial literacy tools and tactics for people with disabilities that take into consideration cultural and language factors
- Banking behaviour amongst people with, versus those without, disabilities
- Marketing strategies that target people with disabilities

As this project's findings suggest, financial literacy plays a role in whether or not RDSP seekers are successful in their applications. As people with disabilities increasingly become included in the financial sector, they will also become increasingly attractive and competitive customers at banks. There is limited academic research on this subject and research is necessary because marketing information and the banking behaviour of people with disabilities will become more important for banks and governments to understand.

## **11. Conclusion**

The RDSP allows Canadians with disabilities to manage their money and make it grow. Through surveys and interviews, key barriers and facilitators are identified and policy options are presented as possible ways to increase RDSP participation. By adjusting key parameters of the existing plan and integrating financial literacy opportunities into administration of the RDSP, a rise in subscription is anticipated. Furthermore, the Federal government has a unique opportunity to tell a powerful story through marketing the RDSP, a story of how the RDSP is more than just a financial plan. It changes the way we see people with disabilities and offers an invitation for all to participate as contributors to community and full citizens of Canada.

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## Appendix A: Questions in the 3-Year Review Survey

1. Have you opened an RDSP for yourself or another person?
  - a. Yes
  - b. No
2. If you answered 'no' to question #1 and have not opened an RDSP – why haven't you?
3. What is the age of the beneficiary?
  - a. 0-6
  - b. 7-19
  - c. 19-49
  - d. not sure
4. What difference will the RDSP provide for the beneficiary?
5. How easy was it for you to open an RDSP?
  - a. Very Easy
  - b. Somewhat easy
  - c. Somewhat difficult
  - d. Very difficult
  - e. I have not yet opened my RDSP
  - f. I don't know

6. Please share with us your experience in opening/accessing the RDSP?
7. From 2008-2010, did you receive an RDSP grant and/or bond?
  - a. Grant
  - b. Bond
  - c. Both grant & bond
  - d. Neither
  - e. Not sure
8. If you did receive a grant and/or bond, what was your experience accessing it?
9. What financial institution did you open your RDSP account with?
  - a. RBC/Royal Bank
  - b. BMO/Bank of Montreal
  - c. Scotiabank/Bank of Nova Scotia
  - d. TD Waterhouse Canada
  - e. CIBC Securities Inc.
  - f. Desjardin Trust
  - g. Les Fond d'investissement FMQ inc
  - h. Credit Union
  - i. I don't know
10. How satisfied have you been with the service at this financial institution?
  - a. Very satisfied
  - b. Somewhat satisfied

- c. Neutral
- d. Not satisfied
- e. Very unsatisfied – I would like to transfer my RDSP

11. Please share your experience that you've had with the financial institution managing your RDSP?

12. Overall what did you like about the RDSP?

13. What, if anything, would you liked changed?

14. Below is a list of potential RDSP barriers. Which one, if any, causes the most difficulty for you?

- a. Withdraw 10-year limit
- b. Government contribution age limit
- c. Withdrawal restrictions
- d. Inflexible of the Lifetime Disability Payments (LDAP) formula
- e. Creditors contacting RDSP holders
- f. Inability to appoint a new beneficiary
- g. Disability Tax Credit eligibility
- h. Contractual competency
- i. Re-Applying to the Disability Tax Credit
- j. Eligibility to other income/asset tested benefits may be affected
- k. None of these

15. What is the beneficiary disability?

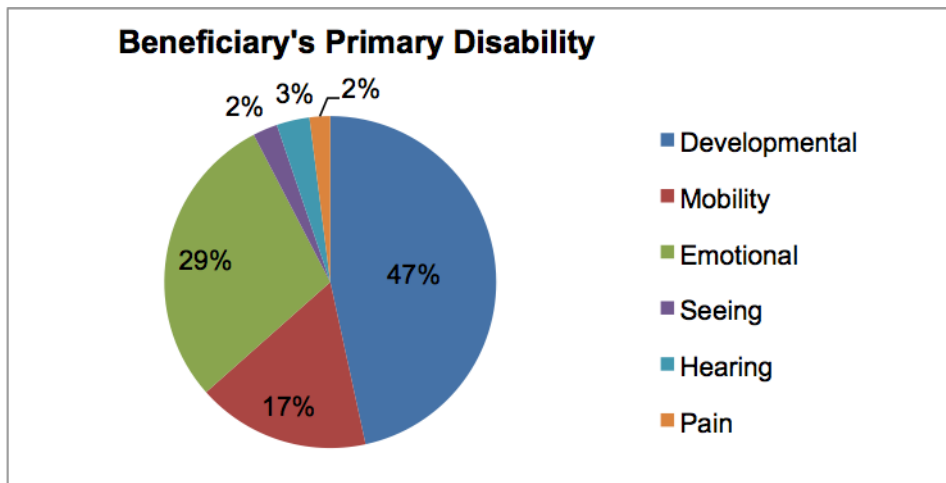
# Appendix B: Tables from the RDSP 3-Year Review Survey

Total number of survey respondents: 349

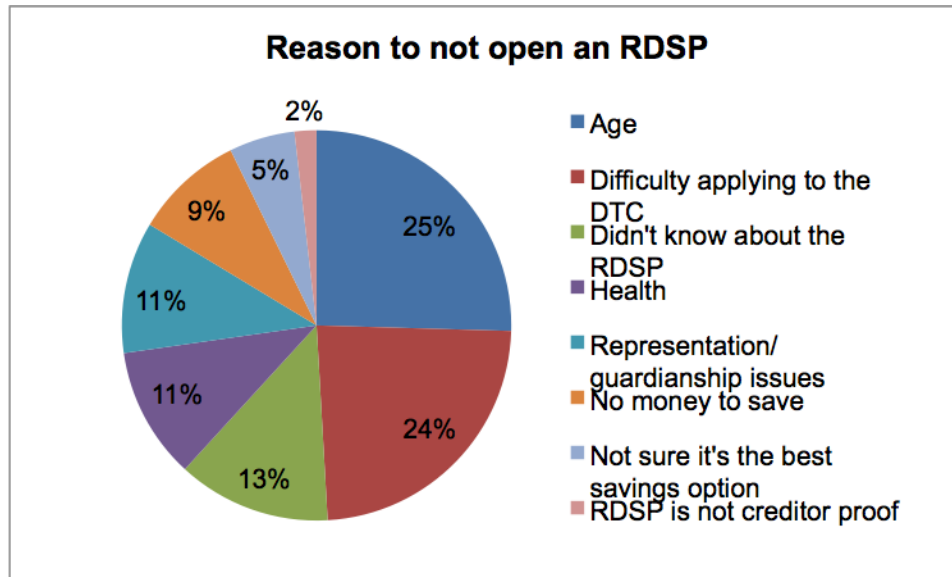
293 have an RDSP, 57 responded that they did not have an RDSP

Average age-range of beneficiary: 19-49

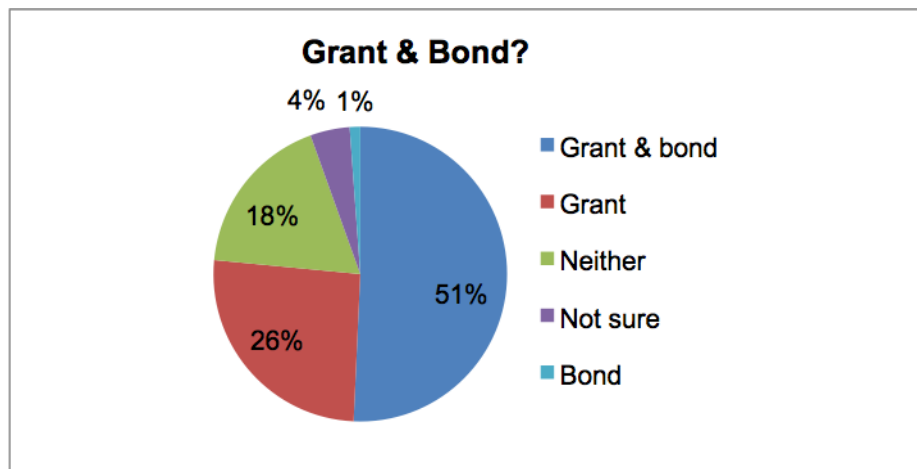
## 1.1. Most people who took the survey, identified the beneficiary as having a “developmentally disability”



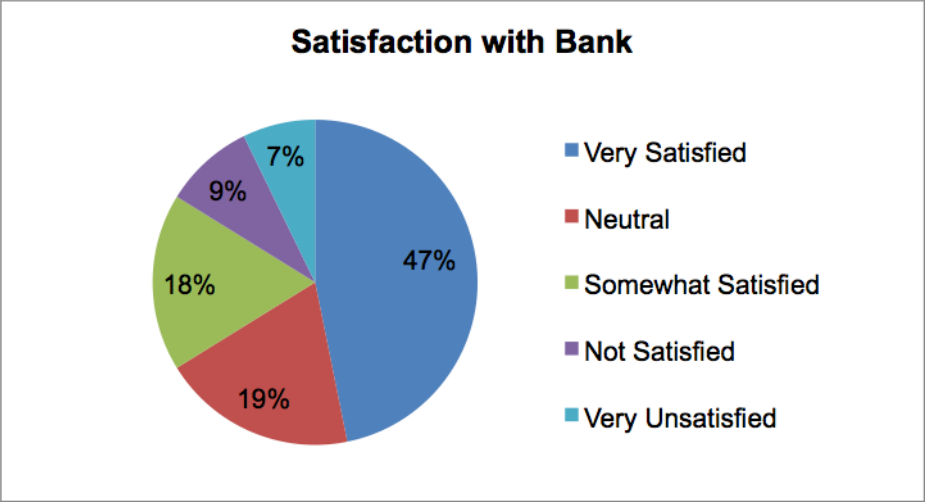
1.2. Those who did not open an RDSP, did not because of their age and/or they found the DTC too difficult to apply for



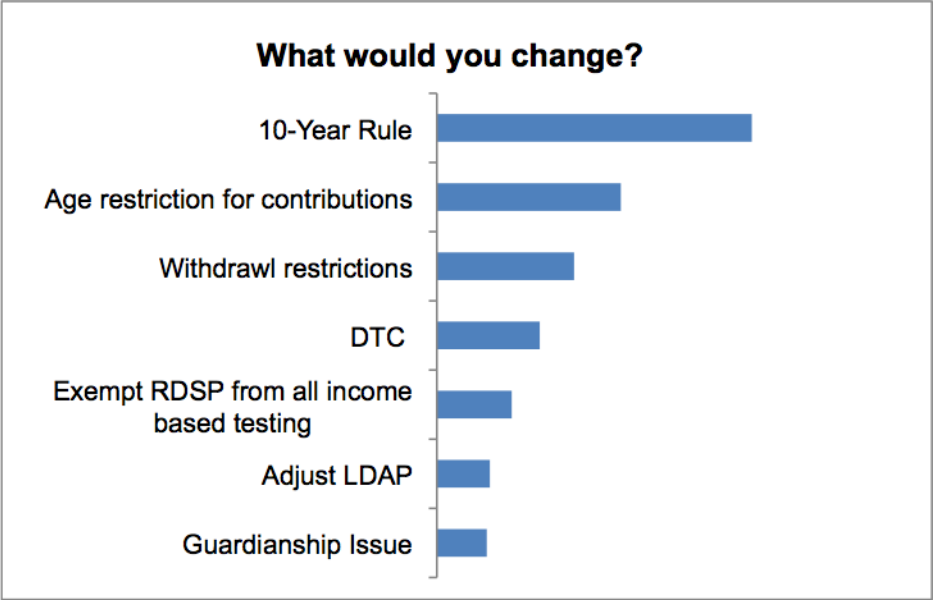
1.3. Most people who answered the survey received both the grant and bond and the majority were satisfied with the process of accessing the grant/bond.



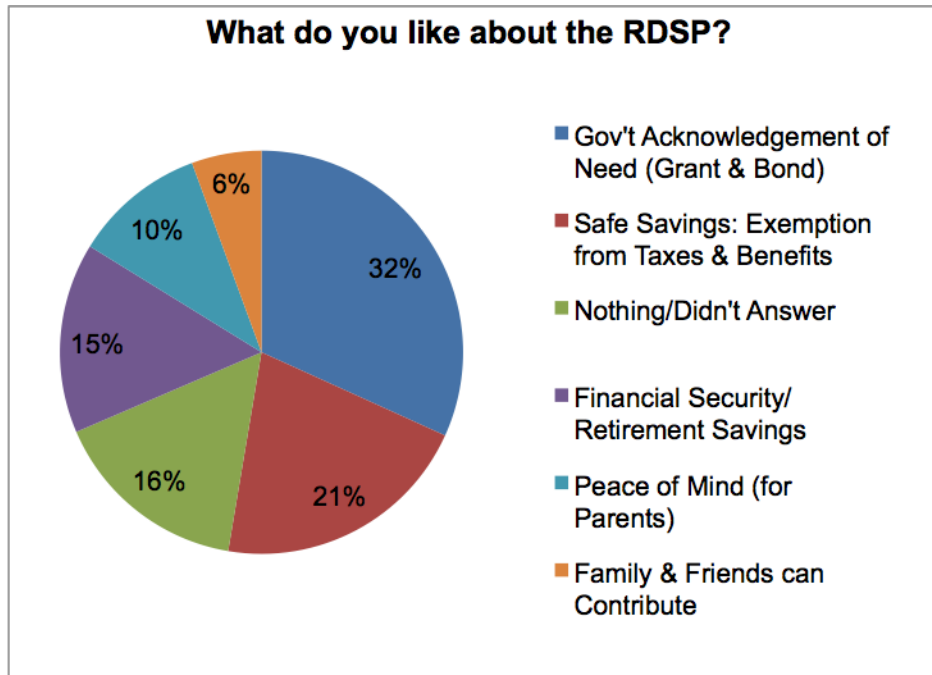
1.4. In our survey, most people chose RBC as their RDSP Bank and the majority of people have been satisfied with their bank.



**1.5. Majority of people would like to change the 10-year rule, government contribution limits and the withdrawal restriction**



1.6. When asked what people liked about their RDSP top answers were the government's acknowledgement of need for people with disabilities – shown by the generous grants and bonds. Others stated that they liked that the RDSP was exempted from provincial benefits and taxes.



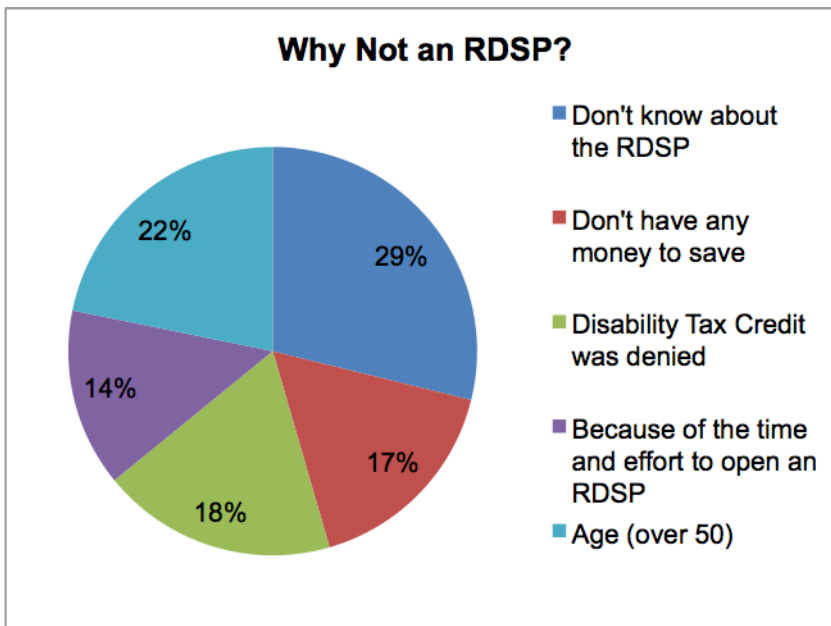


## Appendix C: Charts from the Why not? Survey

Total number of survey respondents: **283**

Number of respondents who have an RDSP **91**

Number of respondents who do not have an RDSP **192**



Other written responses included these reasons

- Worried that provincial benefits would be affected
- No SIN number
- Not a Canadian citizen
- Local bank does not know anything about the RDSP
- Fear of becoming ineligible for Income Assistance
- 10 Year rule is too restrictive – TFSA is a “safer option”

## Appendix D: Interview Schedules (Person with Disabilities)

### Briefing

I am curious about what people think financial literacy is? More specifically, whether or not financial literacy, or experience with banks/financial institutions affects people's ability to save money. You were chosen as an interviewee because you were successful in getting an RDSP. You can expect the interview to be approximately 45 minutes. Your rights as the participants is as follows:

- You have the right to be anonymous – I will not use your names in my report
- You have the right to end the interview at any point
- You have the right to not answer a question that you're not comfortable answering
- You have the right to ask me to clarify any questions that I may ask.

### Questions and prompts

#### 1. Topic: I'd like to know about your knowledge and experiences

Opening your first bank account – what was that like?

Where or from whom, have you learned about financial systems, or financial strategies?

What do you know about financial systems or strategies?

Have you ever gone into a bank and requested a loan?

If so, can you, what was that like?

Would you do it again?

#### 2. Topic: I'd like to know about what you think about long-term savings?

What do you think about long-term savings?

Is it important to you?

3. Topic: I'd like to know about what you share with other people about money

Who do you talk to about money issues?

Are there people in your life that talk to you about money?

4. Topic: Your RDSP

What do you like about it?

Is there anything that you wish could be changed with the RDSP? If so what?

What was your experience getting an RDSP?

Do you think the RDSP is important? If so, why?

How do you think it's impacted you?

# **Appendix E: Interview Questions for Semi Structured Interviews (Consulting Community Experts)**

## **Briefing**

I am curious about what you think of the policy recommendations to improve the uptake of the RDSP. The interview will be approximately 45 minutes. Your rights as the participants is as follows:

You have the right to be anonymous

You have the right to end the interview at any point

You have the right to not answer a question that you're not comfortable answering

You have the right to ask me to clarify any questions that I may ask.

## **Questions and prompts**

Please tell me what you think the major barriers are to the Registered Disability Savings Plan?

1. Topic: The proposed recommendations:

What do you like about them?

Is there anything that is incorrect or misleading

Is anything missing? If so, what?

What suggestions, if any do you have for me in my final recommendations?

## Appendix F: Multiple Sorting Technique Responses

|   | PLAN      | RDSP Resource | Vancouver Foundation |
|---|-----------|---------------|----------------------|
| Effectiveness                           | 4,5,2,3,1 | 5,2,4,3,1     | 2,3,4,5,1            |
| Ease of implementation                  | 1,2,4,3,5 | 1,4,5,3,2     | 1,3,4,5,2            |
| Acceptability - government              |           | 1,4,5,2,3,    | 1,5,3,2,4            |
| Acceptability – persons without an RDSP | 1,2,3,5,4 | 2,5,3,4,1     | 2,5,3,4,1            |
| Acceptability - banks                   | 5,4,2,1,3 | 4,5,1,3,2     | 1,3,4,5,2            |
| Acceptability – community at large      | 5,2,3,4,1 | 4,5,2,3,1     | 2,5,3,4,1            |
| Improved quality of life for PWD        | 3,5,4,2,1 | 5,3,2,4,1     | 2,5,3,4,1            |

## PLAN Responses

| Policy Options                          | 1. Status Quo | 2. Adjust parameters | 3. Legal representation | 4. Marketing campaign | 5. Financial literacy |
|---|---------------|----------------------|-------------------------|-----------------------|-----------------------|
| Effectiveness                           | Low           | Moderate             | Low                     | High                  | High                  |
| Ease of implementation                  | High          | High                 | Low                     | Moderate              | Low                   |
| Acceptability - government              | High          | High                 | Low                     | Moderate              | Low                   |
| Acceptability – persons without an RDSP | Low           | High                 | High                    | Low                   | Moderate              |
| Acceptability - banks                   | Low           | Moderate             | Low                     | High                  | High                  |
| Acceptability – community at large      | Low           | High                 | Moderate                | Low                   | High                  |
| Improved quality of life for PWD        | Low           | Low                  | High                    | Moderate              | High                  |

## RDSP Resource Centre

| Policy Options                          | 1. Status Quo | 2. Adjust parameters | 3. Legal representation | 4. Marketing campaign | 5. Financial literacy |
|---|---------------|----------------------|-------------------------|-----------------------|-----------------------|
| Effectiveness                           | Low           | High                 | Low                     | Moderate              | Low                   |
| Ease of implementation                  | High          | Low                  | Low                     | High                  | Moderate              |
| Acceptability - government              | High          | Low                  | Low                     | High                  | Moderate              |
| Acceptability – persons without an RDSP | Low           | High                 | Moderate                | Low                   | High                  |
| Acceptability - banks                   | Moderate      | Low                  | Low                     | High                  | High                  |
| Acceptability – community at large      | Low           | Moderate             | Low                     | High                  | High                  |

|                                  |     |          |      |     |      |
|----------------------------------|-----|----------|------|-----|------|
| Improved quality of life for PWD | Low | Moderate | High | Low | High |
|----------------------------------|-----|----------|------|-----|------|

### **Vancouver Foundation/Endowment 150**

| Policy Options                          | 1. Status Quo | 2. Adjust parameters | 3. Legal representation | 4. Marketing campaign | 5. Financial literacy |
|---|---------------|----------------------|-------------------------|-----------------------|-----------------------|
| Effectiveness                           | Low           | High                 | High                    | Moderate              | Low                   |
| Ease of implementation                  | High          | Low                  | High                    | Moderate              | High                  |
| Acceptability - government              | High          | Low                  | Moderate                | Low                   | High                  |
| Acceptability – persons without an RDSP | Low           | High                 | High                    | Moderate              | Low                   |
| Acceptability - banks                   | High          | Low                  | High                    | Moderate              | Low                   |
| Acceptability – community at large      | Low           | High                 | Moderate                | Low                   | High                  |
| Improved quality of life for PWD        | Low           | High                 | Moderate                | Low                   | Low                   |