



# Trustee Times Trustee Times

*Support & Trustee Advisory Services is pleased to acknowledge the receipt of a generous grant from the Pendle Fund at the Community Foundation of Mississauga in recognition of our work with and for families with a family member who has a disability. This grant will help STAS to continue and expand upon the work started over the last three years. Thank you, Pendle Fund at the Community Foundation of Mississauga for this honour. We salute your vision and look forward to reaching new heights in the year to come.*



## UPCOMING SEMINARS - BRAMPTON:

✓ Wills and Trusts - March 17, 2009 7:00 - 9:00 p.m.

19 Rutherford Rd. South, Brampton. Call Brampton Caledon Community Living at 905-453-8841 for more information or to register.

The following fact sheet was released by PLAN Canada

[http://www.rdsp.com/documents/RDSP\\_Financial\\_Institutions.pdf](http://www.rdsp.com/documents/RDSP_Financial_Institutions.pdf)



## Financial Institution Update

### Who is offering the Registered Disability Savings Plan?

On December 1<sup>st</sup>, 2008 the Registered Disability Savings Plan (RDSP) officially became a financial savings mechanism in Canada. Officially a Registered Plan in Canada, the RDSP can now be issued to Canadians by Financial Institutions interested in offering the plan.

Due to the timing and requirements of the plan, there are only a few financial institutions prepared to issue the RDSP. The Federal Finance Minister Jim Flaherty has

announced that any contributions made by March 2<sup>nd</sup>, 2009 will be considered 2008 contributions, and will be matched by 2008 Grants.

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

#### National

- Royal Bank of Canada began offering RDSPs on February 16<sup>th</sup>, 2009 to Canadians from across the country. People wanting to open an RDSP with RBC are advised to call 1-800-463-3863 to get more information and book an appointment with an RBC Advisor. To view RBC's press release on the

RDSP visit <http://www.rbc.com/newsroom/2009/0209-plan.html>

- Bank of Montreal (BMO Financial Group) began offering the Registered Disability Savings Plans on December 22, 2008.

- Canadian Imperial Bank of Commerce (CIBC) began offering RDSPs to Canadians on February 24<sup>th</sup>, 2009.

\* In the next year, it is expected that there will be 14-16 financial institutions issuing the RDSP.

#### **Things to look out for when buying a RDSP plan**

Since there are now three financial institutions offering RDSP plans nationally, BMO and RBC and CIBC, it is useful to cover what to look for in an RDSP Plan. One important difference between an RDSP and the more familiar RRSP is the fact that, while people may have multiple RRSP's, there can be only one RDSP plan per beneficiary. You will be able to transfer the RDSP from one institution to another, but it is important to get the best plan possible for your loved one.

Here are some questions to ask.

##### 1. What are my investment options?

You want the widest range possible of investment options to best suit your investment tolerance and time horizon. A financial advisor can help you choose among these options. BMO and RBC offer all these options for their RDSP plans. CIBC offers only a choice among their mutual fund line up which means that none of their investment options carry CDIC insurance.

##### 1.1 Savings Accounts

The same as a regular bank account, these accounts will offer low interest rates, typically 0.1%-2.0% per year. The interest rate may also be linked to the amount of money in the account. These rates will fluctuate with market conditions. The advantages to these accounts are the transparency, liquidity and CDIC insurance of up to \$100,000 per account.

##### 1.2 Guaranteed Investment Certificates (GIC)

As the name suggests these investments offer a guaranteed rate of return for a certain time (the maturity length). GIC's are available from a 1 month maturity to 5 years or longer. At present, rates run from 1.0%-3.5% depending on the maturity length. The disadvantage to a GIC is that your money is tied up for a length of time. The advantages are the fixed rate of interest and CDIC insurance of up to \$100,000 (does not apply to GIC's of longer than 5 years maturity)

### 1.3 Mutual Funds

Mutual funds can contain a wide variety of investments ranging from the conservative ( money market, government bonds) , to balanced ( bonds and equities), to more volatile ( stocks, both Canadian and global). The advantage to equity mutual funds is that you may achieve a higher rate of return over a long time horizon compared to fixe income investments. The disadvantages are the volatility (as you all have seen over the last year) and the lack of any guarantees.

2. What is the investment transparency? You should expect regular reports and they should state where your money is invested and what the returns are.

3. What are the administrative fees? There may be fees to purchase the investment, ongoing administrative fees and fees to take the money out. Of particular importance are transfer fees. What will the fee be to transfer your RDSP to another institution if you are not satisfied with your existing plan?

While BMO and RBC have stated they have no fees to maintain the account they do have other fees. BMO has a transfer fee of \$50, while RBC has a \$25 transfer fee, a \$25 termination fee and a \$5 fee for duplicate statements. CIBC has stated (Feb 27, 2009) they will have a \$12.60 annual fee and a transfer fee but they haven't decided yet what it will be.

4. What are the ongoing management fees? A management fee of 2% will greatly reduce your return if the investment is making 3-4% a year.

Remember an RDSP is still an investment, so treating it like your other investments makes common sense.

Dennis Mullins Ph.D. - If you have any questions you can e-mail Dennis at [dmullins16@cogeco.ca](mailto:dmullins16@cogeco.ca) February 2009

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*Sleighride* – Joyce Betts - 34”w x 25”h



*Marvin the Martian* –P. Vought –  
25-1/2" x 25-1/2"



*Voices from the North Shore*  
–Paul Livingston –  
32" w x 26-1/2" h



*Carousel*– Virginianne  
– 27" w x 33-1/2 h

To order, simply contact the STAS office and we will be happy to assist you in purchasing a picture. These beautifully mounted and framed prints are available at the amazing price of \$100.00 each.

Contact Sue at 905-542-2694 or Margarete at 905-453-8841