PLAN

PLANNED LIFETIME ADVOCACY NETWORK

July 8, 2014

Paul Halucha

Director-General
Marketplace Framework Policy Branch
Industry Canada
235 Queen Street, 10th Floor, East Tower
Ottawa, Ontario, K1A 0H5

Re: Exempt RDSP Assets from Insolvency Proceedings

Dear Mr. Halucha:

Twenty-five years ago, **Planned Lifetime Advocacy Network** (PLAN) was started by a group of families who had a single burning question: *What will happen to my son or daughter with a disability after I die?* Since that time PLAN has initiated a number of innovative solutions to protect our vulnerable sons and daughters, including the concept for the Registered Disability Savings Plan.

The RDSP was officially implemented in 2008 and PLAN families have continued working closely with government to improve this savings plan and make it more accessible for people with disabilities.

The disability savings plan has clearly been a game changer. It enables those with disabilities to move from a place of dependency to financial security—many for the first time in their lives. To date over one billion dollars of new wealth has been invested in RDSPs across the country, helping to ensure that over 85,000 people with disabilities have a good life well into their golden years.

Most provinces have worked to help protect this investment. With few exceptions, the RDSP allows a person to maintain his or her safety net of provincial disability incomes while building assets within the plan. RDSPs, however, require further protection, as they are not yet safe from creditors.

Currently the Bankruptcy and Insolvency Act protects RRSP's and RRIF's. PLAN believes RDSP's serve the same purpose, just for a different segment of the population. It would be fair and prudent to exempt RDSP’s the same way as other registered savings plans are exempted. Each of these financial instruments are long-term savings plans created to provide Canadian citizens with a degree of financial stability in their later years.

Furthermore, RDSPs are intended for a more vulnerable group. It is important that funds established for the care of people with disabilities receive the same measure of protection from creditors as the rest of the population.

The concern has been expressed that exempting RDSPs may create the potential for abuse that would adversely impact other creditors' interests. There are, however, various legislative restrictions and obligations already in place to prevent, reduce and remedy misconduct such as taking money from one creditor to pay another. When RRSPs became exempt from seizure in bankruptcy in 2009, it was subject to a clawback of contributions made in the twelve months before the filing. The same, or similar restrictions could be applied to the RDSP.

On behalf of the families we serve, we ask that you add the Registered Disability Savings Plan to the list of financial savings instruments exempt from seizure in the case of a bankruptcy.

We also ask you to work with your provincial counterparts to ensure parity across the country. In Alberta, registered plans are protected including RDSPs, and British Columbia has indicated they are going in the same direction.

PLAN would like to thank you for the efforts this government is making in consulting with Canadians to see improvements made to the RDSP. Our hope is that this process will help further protect and improve the lives of some of Canada’s most valuable citizens.

Sincerely,

Joel Crocker

Director of Policy and Planning
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