

## **BMO Investments Inc. (BMOII)**

### **ROLLOVER FROM A REGISTERED EDUCATION SAVINGS PLAN (RESP) TO A REGISTERED DISABILITY SAVINGS PLAN (RDSP)**

Under the Income Tax Act (Canada) a rollover of an RESP Accumulated Income Payment to an RDSP is now permitted.

The subscriber and promoter of the RESP and the holder and issuer of the RDSP can use form 579 (RC435) to transfer or “rollover” RESP investment income to an RDSP. It includes information that must be exchanged by the promoter and issuer before the rollover of an accumulated income payment (AIP) can occur.

This transfer can originate either with the promoter or the issuer.

Both the RESP promoter and the RDSP issuer shall retain a completed signed copy of form 579 (RC435) and any relevant documentation as a record of the rollover transaction. The RESP subscriber and RDSP holder should also keep a copy for their records.

A separate form must be completed for each rollover transaction.

**Form 579 (RC435) is valid only if completed, signed, dated, and given to the promoter or issuer, as the case may be. Do not send directly to the Canada Revenue Agency (CRA).**

#### **RESP requirements**

- Confirm that the beneficiary named under the RESP is also the beneficiary named under the RDSP.
- Confirm that one of the following conditions has been met to qualify for an RESP rollover:
  - The RESP beneficiary has a severe and prolonged mental impairment that would prevent him or her from enrolling in a qualifying educational program at a post-secondary educational institution;
  - CRA has approved the beneficiary's application for the *Disability Tax Credit*, requested via form T2201. This document was completed by a qualified practitioner who certified that the beneficiary has a severe and prolonged mental impairment;
  - All the beneficiaries under the RESP are at least 21 years old and not pursuing post-secondary education, and the RESP has been open for at least 10 years; or
  - The RESP has existed for at least 35 years.

#### **RDSP requirements**

- The holder of the RDSP must sign if different from the beneficiary.
- The beneficiary must sign if he or she has reached the age of majority and is contractually competent.
- Confirm that the RDSP beneficiary is eligible for the DTC at the time of the rollover.
- Confirm that the beneficiary is resident in Canada at the time of the rollover.
- Confirm that the beneficiary is under age 60 at the time of the rollover.



## Rollover from a Registered Education Savings Plan to a Registered Disability Savings Plan

Legislative references on this form are from the *Income Tax Act*.

This is an optional form that can be used by the subscriber of a registered education savings plan (RESP) and the holder of a registered disability savings plan (RDSP) to capture the prescribed information required for the transfer or "rollover" of RESP investment income to an RDSP. This form can originate either from the RESP promoter or the RDSP issuer. A copy of this form (or any other form used to capture the prescribed information required for the rollover transaction) must be kept on file by the RESP promoter and the RDSP issuer along with any relevant documents. The RESP subscriber and RDSP holder should also keep a copy for their records. **Do not send this form directly to the Canada Revenue Agency (CRA).**

A separate form must be completed for each rollover transaction.

- The RESP subscriber must complete Sections 2 and 4 (part A)
- The RESP promoter must complete Sections 1 and 4 (part B)
- The RDSP holder must complete Sections 3 and 5 (part A)
- The RDSP issuer must complete Section 5 (part B)

### Section 1 – Rollover amount

### Section 2 – RESP identification

RESP promoter name (print)	RESP specimen plan name (print)
RESP specimen plan number	RESP contract number
RESP beneficiary name (print)	RESP beneficiary social insurance number (SIN)
RESP subscriber name (print)	RESP subscriber SIN/Business number (BN)
RESP joint subscriber name (if applicable)	RESP joint subscriber SIN

### Section 3 – RDSP identification

RDSP issuer name (print)	RDSP specimen plan name (print)
RDSP specimen plan number	RDSP contract number
RDSP beneficiary name (print)	RDSP beneficiary social insurance number (SIN)
RDSP holder name (print)	RDSP holder SIN/Business number (BN)

### Section 4 – Authorization and confirmation – RESP subscriber and promoter

#### Part A – RESP subscriber

I authorize the payment of the amount identified in Section 1, from the RESP identified in Section 2, as referenced in subsection 146.1(1.1) of the Act.

I confirm that the beneficiary named under the RESP is also the beneficiary named under the RDSP.

I confirm that **one** of the following conditions has been met to qualify for an RESP rollover:

the RESP beneficiary has a severe and prolonged mental impairment that would prevent him or her from enrolling in a qualifying educational program at a post-secondary educational institution;

the CRA has approved the form T2201, *Disability Tax Credit Certificate*, which was completed by a qualified practitioner who certified that the beneficiary has a severe and prolonged mental impairment;

all the beneficiaries under the RESP are at least 21 years old and not pursuing post-secondary education, and the RESP has been open for at least 10 years; or

the RESP has existed for at least 35 years.

Signature of the RESP subscriber	Name (print)	Year	Month	Day
Signature of the joint subscriber (if any)	Name (print)	Year	Month	Day

**Section 4 – Authorization and confirmation – RESP subscriber and promoter**

<b>Part B – RESP promoter</b>				
We acknowledge payment from the RESP of the amount identified in Section 1. This amount will be paid as an accumulated income payment (AIP) under subsection 146.1(1.2) of the Act. We confirm that this transfer of the AIP to the RDSP occurs on a tax-deferred basis as outlined in subsection 146.1(7.1) of the Act. We confirm that once the RESP investment income is rolled over to the RDSP, we must terminate the RESP before March of the year after the year in which the rollover occurred.				
Signature of authorized person	Name (print)	Year	Month	Day

**Section 5 – Authorization and confirmation – RDSP holder and issuer**

<b>Part A – RDSP holder</b>				
I authorize the payment of the amount identified in Section 1, to the RDSP identified in Section 3.				
Signature of the holder	Name (print)	Year	Month	Day
<b>Part B – RDSP issuer</b>				
When the amount identified in Section 1 is received it will be credited to the RDSP of the beneficiary identified in Section 3. This amount will be taken into account for the beneficiary's lifetime contribution limit and when determining if the RDSP is a PGAP. This amount will be reported as taxable income when it is paid out of the plan.				
Signature of authorized person	Name (print)	Year	Month	Day

Privacy Act, Personal Information Bank number CRA PPU 005

**Definitions**

**Accumulated income payment (AIP)** – a distribution of earnings from an RESP.

**Disability tax credit (DTC)** – a non-refundable tax credit available to individuals who, in a given taxation year, have one or more severe and prolonged impairments in physical or mental functions. A medical practitioner, using the appropriate form, must certify the effects of the impairment and the CRA must approve the application. See section 118.3 of the Act for more information.

**Primarily government assisted plan (PGAP)** – when government contributions in an RDSP are greater than private contributions at the beginning of a calendar year.

**Registered disability savings plan (RDSP)** – a savings plan that is intended to help parents and others save for the long-term financial security of a person who is eligible for the DTC (disability amount).

**Registered education savings plan (RESP)** – a savings plan that is intended to help parents and others save for an individual's post-secondary education.

**RDSP holder** – an individual who enters into an RDSP with an issuer.

**RDSP issuer** – a corporation licensed to provide trust services in Canada as described in subsection 146.4(1) of the Act, with whom a holder has an arrangement that is an RDSP.

**RESP promoter** – a person or organization described in subsection 146.1(1) of the Act, with whom a subscriber has an arrangement that is an RESP.

**RESP subscriber** – an individual (other than a trust) who enters into an RESP with an RESP promoter.

**Rollover amount** – an AIP under an RESP transferred on a tax-deferred (or “rollover”) basis to an RDSP.