RRSP FACTS

CONTRIBUTING TO AN RRSP

To see how much you can contribute to your RRSP for the current year, refer to your Notice of Assessment, which can be found on your previous year's tax return.

Contribution limits

The maximum RRSP contribution and deduction limits are:

- 2018: 18% of previous year's earned income up to $26,230
- 2017: 18% of previous year's earned income up to $26,010
- 2016: 18% of previous year's earned income up to $25,370
- 2015: 18% of previous year's earned income up to $24,930
- 2014: 18% of previous year's earned income up to $24,270

Plus:

- Current year's Pension Adjustment Reversal (PAR)
- Unused deduction room earned in previous years

Minus:

- Previous year's Pension Adjustment (PA)
- Current year's Past Service Pension Adjustment (PSPA)

Contribution rules

- Unused contribution room can be carried forward indefinitely (subject to age limits)
- Contributions are deductible for the previous year if made within 60 days of year end
- Contributions may be carried forward indefinitely and deducted in a future year
- Contributions to an individual RRSP may be made up to and including the year in which the annuitant turns 71.
- By December 31 of that year, RRSPs must be deregistered or transferred to a Registered Retirement Income Fund (RRIF) or an annuity

What is earned income?
Earned income is income that you receive for the work you have done. It includes the annual total of:

- Net employment income
- Net income from a business or partnership
- Net rental income
- Net research grants
- Taxable disability benefits
- Supplementary unemployment benefits
- Taxable alimony, maintenance or child support
- Certain royalty income

Not included in earned income:

- Investment income
- Taxable capital gains
- Limited partnership income
- Death benefit
- Retiring allowance
- Pension or DPSP income payments from RRSP, RRIF, Old Age Security (OAS), CPP or QPP

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Age limit

You can make contributions to your RRSP up to and including the year in which you turn 71. Your RRSP must mature by December 31 of that year, at which time, you will have three options:

1. Cash out the plan – the full value will be added to your income for the year and taxed accordingly
2. Use the proceeds to purchase an annuity
3. Convert the plan to a Registered Retirement Income Fund (RRIF)

Overcontribution

You may contribute up to $2,000 (cumulative) above your contribution limit without penalty. However, the overcontributed amount will not be allowed as a tax deduction and amounts over $2,000 will be subject to a 1% per month penalty tax. Unused contribution room can be carried forward indefinitely (subject to age limits).

Spousal RRSP rules

- Contributor claims the deduction for a spousal RRSP
- Deduction limits are based on the contributor and not the spouse
- Plan and assets are controlled by the spouse
- Contributor (not the spouse) pays taxes on withdrawals, unless the contributions are held in the plan for at least two years after the end of the year in which the last contribution was made
- Contributions to a spousal plan may be made up to and including the year the spouse turns 71, as long as the contributor has earned income

Talk to your Financial Advisor about including the following in your RRSP:

- Wide variety of mutual fund investments
- Securities of corporations listed on Canadian stock exchanges or certain foreign exchanges
- Certain small business shares
- Investment-grade gold and silver bullion and bars
- Some government-insured mortgages
- Government or municipal bonds
- Segregated funds
- Annuities
- GICs
- Cash

RRSP FACTS

WITHDRAWING FROM AN RRSP

You may withdraw cash from your RRSP at any time. The amount will be included in your income for that year and taxed as ordinary income. However, the amounts you withdraw cannot be recontributed.

Tax withheld on a withdrawal

Gross withdrawal amount	Quebec	Rest of Canada
$5,000 or less	21%	10%
$5,001 to $15,000	26%	20%
$15,001 or more	31%	30%

For RRIFs, tax is withheld only on withdrawals in excess of minimum.

Tax deferral for transfers and rollovers

Taxes may be deferred for transfers and rollovers in the following situations:

- Lump-sum distributions of shares from a Deferred Pension Savings Plan (DPSP)
- Lump-sum distributions from a US IRA if the payment is subject to tax in Canada and is not treaty protected
- Lump-sum payments from foreign pension plans if the payment is subject to tax in Canada and is not treaty protected
- Retiring allowances: $2,000 per year of service prior to 1996 plus $1,500 per year of service prior to 1989 in which there was no vesting of employer contributions to an RPP or DPSP
- Between spousal RRSPs due to a legal separation or divorce
- In the event of death, at which point the taxpayer's estate is taxed on the entire amount of any RRSPs or RRIFs unless:
  - The funds are transferred to the surviving spouse's RRSP or RRIF
  - The surviving spouse uses the funds to acquire an annuity
  - There is no surviving spouse, in which case the funds can be transferred to a child or grandchild up to age 18 and taxed in their hands or used to buy a term annuity

Home Buyers' Plan

The Home Buyers' Plan allows you to borrow up to $25,000 from your current RRSP balance, tax free, in order to buy or build a qualifying home. The plan is restricted to first-time buyers who have not owned and lived in a principal residence during the five years up to and including the current year. From the date of withdrawal, you will have up to 15 years to repay the amount withdrawn from your RRSP.

The home cannot be acquired more than 30 days prior to the withdrawal and must be acquired by October 1 of the year following the year of withdrawal. Otherwise, the amounts withdrawn must be returned to the RRSP by the end of that year in order to avoid penalty. Any amount not repaid will be taxed as income.

Lifelong Learning Plan

The Lifelong Learning Plan allows you to finance a full-time training or education program by borrowing up to $10,000 per year, tax free, from your RRSP to a maximum of $20,000.[1] The student may be you, your spouse or common-law partner and must be enrolled as a full-time student in a qualifying educational program. Any amounts withdrawn must be repaid to your RRSP within a ten-year time frame in order to avoid penalty.

[1] Note: It is not possible to withdraw more funds than currently exist within your RRSP account. If you only have $5,000 in your RRSP, the maximum you can withdraw is $5,000.

For more information about investing in an RRSP, contact:

Customer Relations Centre

Toll free: 1-800-268-8186

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514-908-3217 (French)

Fax: 416-363-4179 or 1-800-361-4768

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