Invest in your future with an RRSP

Whether you are entering retirement or just beginning to save, make a Registered Retirement Savings Plan (RRSP) the cornerstone of your retirement plan. Your RRSP is a powerful tool to help you save for your future while benefitting from tax deferral opportunities.

RRSP Quick Facts

- The allowable contribution room for 2018 is 18% of your earned income* from 2017 to a maximum of $26,230.
- The last day to contribute to your RRSP for the 2018 tax year is March 1, 2019.
- RRSP contributions made during the first 60 days of 2019 can be used towards either your 2018 or 2019 RRSP limit.

*Earned income includes salary or wages, alimony received and rental income, but does not include investment income.

Minimize Taxes

- RRSP contributions can minimize income taxes in two ways:

  1. Contributions up to your RRSP contribution limit can be treated as a deduction from your annual income.

  2. Capital gains and income can compound tax-free inside your RRSP. Taxes are payable only when the funds are withdrawn – typically in retirement, when you may be in a significantly lower tax bracket.

- If you have invested less than the maximum allowable RRSP contribution in the past, the unused contribution carries forward until December 31 of the year you turn 71. This means you can take advantage of past years' extra contribution room to further mitigate tax.
- Consider a spousal RRSP. Spousal RRSPs allow you and your spouse to effectively split your retirement income to potentially reduce your household's overall tax burden.

Early Withdrawals

Your RRSP is designed to help you make a long-term investment for retirement. Before making early withdrawals from your RRSP, consider:

- The impact of time on the value of the investment
- That the contribution room represented by the withdrawn amount will be lost
- That amounts must be reported as income for tax purposes in the year they are withdrawn

Here are two options to avoid the consequences of early RRSP withdrawals:

1. Home Buyers Plan: The Home Buyers' Plan (HBP) allows first-time home buyers to borrow up to $25,000 in a calendar year from their RRSP to buy or build a qualifying home. The entire amount must be repaid within 15 years, starting in the second year after the withdrawal, generally at a rate of 1/15th per year.

2. Lifelong Learning Plan: The Lifelong Learning Plan (LLP) allows you to borrow up to $20,000 from your RRSP to pay for full-time training or education at a qualifying institution. A maximum of $10,000 may be withdrawn from the RRSP per calendar year and the total amount withdrawn must be repaid over 10 years, with the timing of the repayment period based on the length of enrolment of the student.

RRSP or TFSA?

Both an RRSP and a Tax Free Savings Account (TFSA) can help you to benefit from compound savings.

Here are some key differences between the two:

RRSP	TFSA
Structured primarily for retirement savings	Can be used to save for financial needs and goals before and during retirement
Allowable contribution room for 2018 is 18% of your earned income from 2017 to a maximum of $26,230	Allowable contribution room is $6,000 plus withdrawals from the previous year
Contributions are tax-deductible and reduce your taxable income	Contributions are not tax-deductible
Withdrawals are added to your income and taxed at your current marginal rate	Withdrawals are tax-free
By December 31 of the year you turn 71, you need to wind down your RRSP	There are no requirements to wind down your TFSA
Once a contribution is made, that contribution room is "used up", whether or not a withdrawal is made	The amount of a withdrawal is added back to your contribution room at the beginning of the following year

Your Investment Advisor can help you to determine the right investment plan for your circumstances and needs.

After Age 71

By December 31 of the year you turn 71, you need to wind down your RRSP. You have two options:

- Deregister all of the assets in the RRSP — the entire value of the assets withdrawn are treated as taxable income in the year withdrawn — or,
- Transferring the RRSP to a retirement income option like a **Registered Retirement Income Fund (RRIF)**

A RRIF can be viewed as an extension of your RRSP. Your RRSP is used to save for your retirement, while a RRIF is used to withdraw income during your retirement – and, like an RRSP, a RRIF allows for tax-deferred growth, offers several investment options and is government-regulated.

While withdrawals from an RRSP are optional, you must make mandatory minimum withdrawals from your RRIF each year according to a schedule based on your age. Excess withdrawals are subject to withholding tax.

Although RRIF contributions are not allowed, you can still maximize RRSP contributions in the year you turn 71, including any unused contribution room from previous years. Just be sure to make these contributions in plenty of time to convert them to a retirement income option before year-end.

After age 71, you can also contribute to a spousal RRSP if your spouse is 71 or younger on December 31 of the year you make the contribution.

The Canaccord Genuity Wealth Management Advantage

Opening your RRSP at Canaccord Genuity Wealth Management (CGWM) means benefitting from a wide range of bespoke investment solutions along with the customized service of a boutique wealth management firm.

Your CGWM Investment Advisor has access to global investment ideas and opportunities, and the freedom and independence to deliver only those solutions that work best for you.

We can help you to:

- Establish and implement the right investment strategy for your RRSP based on your goals, risk tolerance, responsibilities and values
- Manage your RRSP within the context of your comprehensive financial plan, so you have the best chance of achieving your goals

Contact your CGWM Investment Advisor today to discuss your RRSP strategy.