

RRSP Fast Facts

AGF SOUND CHOICES

A Registered Retirement Savings Plan (RRSP) enables investors to save money on a tax-deferred basis until you retire – a tax-efficient way to build your retirement savings.

To Open an RRSP, an Investor Needs:

- A Canadian Social Insurance Number
- To have filed an income tax return the previous year and declared earned income
 - Can also contribute to an RRSP if investor has Canadian employment or business income or unused contribution room

RRSP Contributions Reduce Taxes Now

- Canadians can enjoy immediate tax savings because an RRSP allows you to deduct from your income on your tax return the amount of the contribution made in the same tax year and/or the first 60 days of the following year.
- RRSP contributions can defer and potentially lower the amount of income tax you pay because, when you withdraw the money from a RRIF and pay income tax on it, you're likely to be in a lower tax bracket than today.

Example

- \$5,000 RRSP contribution made at different marginal tax rates
- The actual cost of the contribution is reduced because of lower taxes

Marginal tax rate ¹	32%	39%	46%
RRSP Contribution	\$5,000	\$5,000	\$5,000
Reduced Taxes	\$1,600	\$1,950	\$2,300
Actual cost of contribution²	\$3,400	\$3,050	\$2,700

¹ Source: Canada Revenue Agency; this is a hypothetical example to be used for illustrative purposes only.

² Excludes taxes to pay upon withdrawing the money from the RRSP (e.g. RRIF).

* Pension Adjustment (PA) represents the value of any pension benefits accruing from participation in a registered pension plan or deferred profit-sharing plan. A Past Service Pension Adjustment (PSPA) arises in rare instances when a pension plan has benefits for a post-1989 year of service upgraded retroactively.

Key Reasons to Invest in an RRSP:

1. Immediate tax savings as RRSPs allow the holder to deduct the amount of their contribution from their income on their tax return.
2. Savings are tax-deferred and grow until they are withdrawn, when the holder is potentially in a lower tax bracket.
3. Benefit from the power of compounding growth. A pre-authorized contribution (PAC) can help build retirement savings with minimal effort.
4. Government retirement programs may not be enough.

Contribution Deadline

- March 2, 2026 – for tax year 2025
- Contributions made during the first 60 days of 2026 can be applied against either the 2025 or 2026 taxation year

Contribution Limit

- The lesser of \$32,490 for 2025 / \$33,810 for 2026 and 18% of earned income from your previous tax year, minus any pension adjustments*, plus unused contribution room from previous years
- To find your contribution limit:
 - See your latest Notice of Assessment from the Canada Revenue Agency (CRA)
 - Access your information online using the My Account feature on the CRA website
- If you are unable to maximize your RRSP contribution, your unused contribution room can be “carried forward” to a subsequent year

Over-contributions

- \$2,000 lifetime over-contribution limit
- Penalty tax of 1% per month on the amount over the \$2,000 limit may apply until withdrawn from the plan

Age Limits

- No minimum age for contributing to an RRSP
- If you turn 71 this year, by Dec. 31 you:
 - Must convert your RRSP to a Registered Retirement Income Fund (RRIF) or an annuity or cash it in
 - Can contribute to your RRSP if you have unused contribution room or earned income last year and filed a tax return*

Spousal RRSP

- Contributor receives a tax deduction, but their spouse or common-law partner is the registered owner (annuitant)
- With a Spousal RRSP, couples can split income and reduce their combined tax rate. The spouse with the higher income makes the contribution and takes the immediate tax deduction. The money in the RRSP is taxed to the other spouse when it is withdrawn – often at a lower rate
- All or a portion of RRSP contributions can be contributed to an RRSP in a spouse's name.
- The spouse does not need to have earned income or their own contribution room
- An annuitant can have a spousal plan and a non-spousal plan
- Once a plan is designated as spousal, it can only be changed to a non-spousal plan upon death or marriage breakdown. Certain conditions must be met
- After 71, if you continue to have earned income, you can contribute to a spousal RRSP up until December 31 of the year your spouse / partner turns 71 (subject to contribution room)

Withdrawals

RRSP withdrawals are subject to withholding taxes.** The amount withdrawn would be taxed at your personal marginal tax rate when added to your tax return.

RRSP Withdrawn Amount	All provinces except Quebec	Quebec
Up to \$5,000	10%	19%
\$5,000.01 to \$15,000	20%	24%
Over \$15,000	30%	29%

Home Buyers' Plan (HBP)

- Allows Canadian residents to take up to \$60,000 (\$120,000 per couple) out of their RRSP to put towards the down payment on their first qualifying home – or a home for a related person with a disability
- Multiple withdrawals need to be made within the same calendar year
- Qualifying withdrawals won't be taxed or have any withholding tax taken on the amount withdrawn and must be paid back into the RRSP over a 15-year period
- There is a one tax-year grace period, so repayments must start by the end of the second tax year following the withdrawal

Lifelong Learning Plan (LLP)

- Use your RRSP to finance full-time training or education for you and/or your spouse
- Withdraw up to \$10,000 in a calendar year up to a \$20,000 maximum per person
- Eligible withdrawals are not added to your income and your RRSP issuer will not withhold tax on the amounts withdrawn
- You must repay these withdrawals within 10 years or add the proportionate annual repayment amount to your income

Visit [AGF.com/RRSP](https://www.agf.com/RRSP) for more information on retirement saving.

*The amount of the final contribution is calculated in the same way as a regular RRSP contribution – the lesser of \$32,490 for 2025 / \$33,810 for 2026 or 18% of earned income from your previous tax year, minus any pension adjustments, plus unused contribution room from previous years.

** These rates do not apply to qualifying redemptions for the Home Buyers' Plan or the Lifelong Learning Plan or for transfers to another registered plan.



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