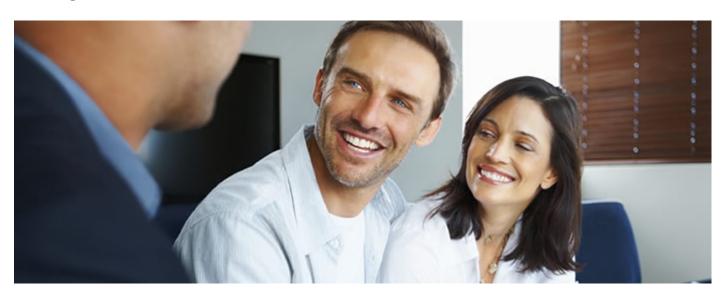
FAQs about RRSPs



What is an RRSP?

- A Registered Retirement Savings Plan is a personal savings plan registered with the Canadian federal government, allowing you to save tax-sheltered funds.
- An RRSP portfolio can contain a variety of investments, including: RRSP savings deposits, treasury bills, GICs, mutual funds, bonds, and even equities.

What are the benefits of an RRSP?

- Immediate tax credit
- Tax-sheltered savings
- RRSP savings are not taxed until withdrawn—if you're in a lower tax bracket when you withdraw than when you invested, you'll be taxed at the lower rate.

What types of RRSPs are there?

- Individual RRSP (registered to contributor).
- Spousal RRSP (registered to your spouse, but your contributions do not affect the contribution limits of the spouse).
- Group RRSP (collection of individual RRSPs offered to employees by an employer).
- Self-Directed RRSP (self-managed RRSP portfolio).

How much income do I need to retire?

- You need to ask yourself what kind of retirement you want. Do you want to travel? Will you work part-time? Will you volunteer? Do you want to retire early, or retire late? Did you plan for 30 years of retirement?
- This will determine how much you need to retire.

How often should I contribute?

- This will depend on each individual; however putting your money to work sooner is better.
- Setting up pre-authorized payments can be an easy way to make saving manageable and have your investment growing sooner.

How much can I contribute?

- Your allowable RRSP contribution for the current year is the lower of 18% of your earned income from the previous year or the maximum contribution limit for the taxation year.
- You can contribute to your RRSP until December 31st of the year you turn 71.

When is the contribution deadline?

• To view this year's contribution deadline, visit: http://www.cra-arc.gc.ca/tx/ndvdls/tpcs/rrsp-reer/dts-eng.html

Can I carry-forward unused contribution room?

• Yes. Your unused contribution room is shown on your federal Notice of Assessment.

Can I over-contribute to my plan?

- Generally, you have to pay a tax rate of 1% per month on your unused contributions that exceed your RRSP deduction limit by more than \$2,000.
- Always seek advice from a qualified expert before making any over-contributions to your plan.

What if I have a Company Pension Plan or Deferred Profit Sharing Plan?

- The amount you can contribute must be reduced by the total value of the pension credits you earned for the year.
- You must transfer certain payments directly to ensure that these funds are transferred taxfree. Be sure to ask the payer to transfer them directly to avoid needing to claim as income.

Can I transfer my RRSPs?

• You are not subject to tax at any time you wish to transfer RRSPs between financial institutions or between investments within your RRSP portfolio.

Can I withdraw funds from my RRSP?

• Funds withdrawn from an RRSP will be charged withholding taxes. In all provinces except Quebec, a 10% tax rate is applied for withdrawals up to \$5,000, 20% for more than \$5,000 to \$15,000 and 30% for more than \$15,000.

What is an RRIF?

• A Registered Retirement Income Fund (RRIF) is an extension of your RRSP. A RRIF is used to withdraw income during your retirement while still allowing for tax-deferred growth. With a RRIF you cannot make annual contributions, and you must make a minimum withdrawal each year.

Contact a credit union professional for more information on any of these topics.