**RRSP Contribution**

**Tax Tips**

RRSP Contribution Limit

Check your last year’s Notice of Assessment or call the CRA to ensure you have sufficient RRSP contribution room. Contributions over the limit may result in a penalty of 1% per month.

Home Buyers’ Plan

If you are a first-time home buyer, you can withdraw funds on a tax-free basis from RRSP under the Home Buyers’ Plan (HBP) of up to $25,000 to finance the purchase of a home. You are a first-time home buyer if you did not occupy a home that you or your current spouse/common-law partner owned in the last 4 years.

RRSP contribution must remain in RRSP for a period of at least 90 days prior to withdrawal to avoid adverse tax consequences. Amounts withdraw should be repaid to RRSP equally over a period of 15 years. The funds should be used by October 1 of the following year otherwise the tax benefit may be revoked.

To apply, complete Form T1036 together with the “RRSP issuer” (eg. financial institution such as a bank). You are not required to submit the form to CRA but you need to keep it for your records.

Lifelong Learning Plan (LLP)

If you enroll in a full-time training or a qualified educational program, you can withdraw funds on a tax-free basis from RRSP under the Lifelong Learning Plan (LLP) of up to $20,000 to finance the program.

RRSP contribution must remain in RRSP for a period of at least 90 days prior to withdrawal to avoid adverse tax consequences. Amounts withdraw should be repaid to RRSP equally over a period of 10 years. You should be enrolled or has received a written offer to enrol before March 1 of the following year otherwise the tax benefit may be revoked. You can participate in the plan as many times as you wish over your lifetime, as long as the balance in your existing LLP has been fully repaid.

To apply, complete Form RC96 together with the “RRSP issuer” (eg. financial institution such as a bank). You are not required to submit the form to CRA but you need to keep it for your records.

Spousal or Common-Law Partner RRSP

The benefit is greatest if a higher-income spouse or common-law partner contributes to an RRSP for a lower-income spouse or common-law partner. The contributor receives the short term benefit of the tax deduction for the contributions, while the annuitant, who is likely to be in a lower tax bracket during retirement, receives the income and reports it on his or her income tax and benefits return.

If you have contributed to a spousal or common-law partner RRSP, your spouse or common-law partner should wait for 3 years before withdrawing the funds to avoid revoking the tax benefits. For example, if you made spousal RRSP contributions at any time in 2016, your spouse must wait until January 1, 2019 before making withdrawal otherwise it will be taxed in your hands (and not your spouse).

**Definition**

Registered Retirement Savings Plan (RRSP) is a plan designed to assist employed, self-employed and other individuals to defer tax on a limited part of their income for the purpose of retirement savings. Individuals may take a tax deduction in the current year for the RRSP contributions made if they have sufficient contribution room.

You can find your RRSP contribution room by checking your latest Notice of Assessment of by calling the CRA.