

## Converting RRSP to RRIF

If you have a **Registered Retirement Savings Plan (RRSP)**<sup>1,2</sup> you're required to convert it to a form of retirement income and close out your RRSP no later than December 31 in the year you turn 71. You can choose to convert your RRSP to a **Registered Retirement Income Fund (RRIF)**, an annuity, or withdraw all of the funds in your RRSP as a lumpsum (subject to withholding tax immediately upon withdrawal).

We've answered some of the most common questions about that process below.



### What is a RRIF? >

A Registered Retirement Income Fund (RRIF) is an account registered with Canada Revenue Agency. It may help fund your retirement, by drawing income from your savings and investments that were previously in your RRSPs.

### RRIF vs RRSP: What's the difference?

A Registered Retirement Savings Plan (RRSP) is a tax-deferred savings account designed to encourage saving for retirement. It can be helpful to think of a RRIF as an extension of your RRSP. While a RRSP helps you to save for retirement, a RRIF provides income during retirement through regular withdrawals of prior savings from your RRSPs. You can hold the same investment options (**mutual funds**, ETFs, **GICs**, etc.) within a RRIF, with one key difference: rather than focusing on putting money into your account, you're regularly taking it out. RRIFs have a minimum annual withdrawal amount, more information below.

### When to Convert a RRSP to a RRIF?

You must convert a RRSP to a retirement income option such as a RRIF by December 31 of the year that you turn 71. If instead of transferring into a RRIF, you choose to withdraw your RRSP as a lump sum, then it is treated as taxable income – which could result in a substantial tax hit.

Once you convert your RRSP to a RRIF you're required to take minimum annual withdrawals from your RRIF in the next calendar year following the year in which you opened it, but there is no maximum withdrawal limit.

After age 71, you can only contribute to a **spousal RRSP** if it's in your spouse's name, your spouse is under 71 years old, and you have remaining **RRSP contribution room**.

### How do I convert my RRSP to a RRIF?

Convert your RRSP to a RRIF online, in person, or over the phone by calling **1-866-222-3456**.

- Complete the RRIF Application:** You'll need to complete an application in order to open a RRIF as it's a new account. An advisor may prepare the application on your behalf.
- Consolidate your retirement income:** If you have multiple RRSPs you may choose to consolidate them into the same RRIF, as this could make it easier to keep track of your investments, withdrawals and potential taxes.
- Choose a Beneficiary:** When opening a RRIF account you may name a beneficiary. The RRIF can also become part of your estate and distributed according to your will.
- Choose a Withdrawal Schedule:** You must begin withdrawing money from your RRIF in the next calendar year, following the year in which you opened it. You can choose to take money from the account monthly, quarterly, semi-annually, or annually, as long as the total minimum amount is withdrawn each year.

### How much do I have to withdraw from my RRIF each year?

After opening a RRIF you must take minimum annual withdrawals each year. The amount is set by the federal government based on your age and a percentage of the balance of your total investment at the beginning of the year. The percentages increase each year as you get older.

### How are RRIF withdrawals taxed?

You don't have to pay tax on the money in your RRIF as long as it stays in the RRIF. Any money you withdraw from your account is considered income for tax purposes – including the minimum withdrawal amount – but you'll likely be taxed at a lower marginal tax rate during your retirement years than when you were saving for retirement.

Should you take out additional income above the minimum withdrawal amount, taxes will be withheld at the time of withdrawal, as financial institutions are required to collect tax right away. For example, John's minimum withdrawal amount for the year is \$21,000, but he wants to withdraw \$25,000. John would only pay withholding tax on the \$4,000 (about \$400).

### Learn More about RRIFs

We have several RRIF options designed to meet your unique retirement needs. A TD advisor can help you determine the RRIF that's right for you, and answer any questions you may have along the way.

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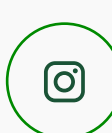
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