

Making RRSP Withdrawals: What You Should Know

RRSPs (Registered Retirement Savings Plans) can be effective vehicles to save for retirement; but making withdrawals from these tax-advantaged plans may impact your tax bill. To make the most of your RRSP, learn more about the potential cost of withdrawing from an RRSP.

RRSPs could help you meet your financial goals

Meet with us in person or over the phone and let us show you how.

Book an Appointment

When can I withdraw from my RRSP?



You can make a withdrawal from your RRSP any time¹ as long as your funds are not in a locked-in plan. The withdrawal, however, is subject to withholding tax and the amount also needs to be included as income when filing your taxes.

There are situations in which tax-deferred withdrawals can be made from your RRSP. For instance: If the funds are used for the purchase of a home for the first time through the Home Buyers' Plan or for funding education through the Lifelong Learning Plan. For each scenario, no withholding tax is paid, and the withdrawal will not be considered income (provided the withdrawal is paid back into the RRSP within the applicable timelines).

Mandatory RRSP Withdrawals at Maturity

Your RRSP reaches maturity on the last day of the calendar year you turn 71.

At this point, you can access your RRSP assets through 3 maturity options. The tax implications of your decision depend on the option that you choose.

Maturity Option #1: Make a Lump Sum RRSP Withdrawal

You can choose to withdraw all the funds in your RRSP as a lump sum, but the withdrawn amount will be subject to withholding tax. The withholding tax gets taken out of your withdrawal immediately and paid to the government.

Additionally, this amount must be added to your income when filing your taxes.

Maturity Option #2: Convert RRSP to RRIF

You can choose to convert your RRSP to a RRIF (Registered Retirement Income Fund). A RRIF gives you a steady flow of retirement income, with a minimum amount that must be withdrawn each year.

When converting from your RRSP to a RRIF, it's important to keep a couple things in mind:

Annual withdrawals: You must make annual minimum withdrawals from your RRIF. These minimum withdrawals must be included in your taxable income each year but are not subject to withholding tax at the time of the withdrawal. Any amount withdrawn over the minimum amount will be subject to withholding tax. See the [schedule for RRIF withdrawals](#).

You could run out of money: Your return might not exceed your RRIF withdrawal rate, in which case you could eventually outlive your savings.

Maturity Option #3: Purchase an Annuity

You can choose to withdraw from your RRSP to an annuity which offers a guaranteed income for life or for a specified period. Withholding tax is not applied on amounts that are used to purchase an annuity. You may have to pay tax on the income when you start receiving payments.

Withdrawing from an RRSP Before Maturity

Understanding the tax implications of withdrawing from your RRSP before maturity can help you decide if and when you should. If you make an early RRSP withdrawal:

- You pay a withholding tax:** The withholding tax varies depending on the amount withdrawn and your province of residence.
- You pay income tax:** Your withdrawals must be reported on your tax return as income. If your current income is higher than your retirement income, you'll pay more taxes now.
- You lose out on tax-deferred compounding:** Because RRSP contributions can compound over time, even a small withdrawal made today can have a big impact on your savings later.
- You lose your contribution room:** When you withdraw funds from an RRSP, you permanently lose the contribution room you originally used to make your contribution.

Withdrawing from your RRSP Without Paying Taxes

You can withdraw from your RRSP, tax-deferred, if the funds withdrawn will be used to buy your first home or finance your education.

Home Buyers' Plan (HBP)

Planning on buying a home for the first time? With the Home Buyers' Plan, you can withdraw up to \$60,000 without paying withholding tax or including the withdrawal as income to put towards your first home, as long as you meet the Canada Revenue Agency's (CRA) eligibility criteria and other conditions.

Repayments begin two years after you withdraw the funds and you have fifteen years to complete your repayments to your RRSP. You'll receive an annual statement of account from the CRA outlining your balance, payments made and the minimum payment amount for the following year.

Lifelong Learning Plan (LLP)

The Lifelong Learning Plan allows you to withdraw from your RRSP to help pay for full-time education or training for you or your spouse or common-law partner. The withdrawal is not taxable as long as the funds are paid back to your RRSP over a 10-year period, typically starting five years after your first withdrawal.

Up to \$10,000 can be withdrawn annually with a maximum lifetime withdrawal of up to \$20,000 if you meet the criteria.

Spousal RRSP Withdrawals

Withdrawals from a Spousal RRSP, can only be made by the annuitant (generally, the person for whom the plan provides a retirement income).

If you contribute to a Spousal RRSP in the year of the withdrawal, or the two preceding years - you, not the annuitant, may be required to include the withdrawal amount as income. This is known as the attribution rule.

[Learn more](#) about Spousal RRSP withdrawal rules.

You may also be interested in:

Registered Retirement Income Fund (RRIF)

An RRIF offers you the flexibility to determine the amount of income you withdraw each year from your retirement savings, subject to an annual minimum amount.

Learn more

Compound Interest Calculator

Use our compound interest calculator to see how your investments could grow over time.

Calculate now

See what types of RRSPs TD offers

RRSPs can help you meet your retirement goals. Open a RRSP with TD and start saving for your retirement.

Get started

Legal

¹ Subject to any restrictions on the investments held.

Ways to apply

Book an appointment

Meet a banking specialist in person at the branch closest to you.

Book now

Call us

Our banking specialists are ready to answer your questions and can assist you in opening a RRSP.

1-800-386-3757

Have a question? Find answers here

🔍 What's your question?

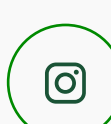
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