

## 2025 RRSP Contribution and Deduction Limit Rules

Making an RRSP contribution is a great way to plan for your future. By contributing to an RRSP, you may claim a tax deduction which can help to reduce the total amount of income tax you pay. Income earned within the RRSP is also tax deferred until it's withdrawn which may allow you to potentially build a larger retirement fund. To help you get started, we break down the rules on making RRSP contributions, so that you can make the most mileage out of your plan.

### RRSPs could help you meet your retirement goals

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

Book an Appointment

### Benefits of Contributing to an RRSP

Saving in an RRSP has a number of benefits.

- With an RRSP, your contributions may be tax-deductible, meaning that you can possibly claim a tax deduction for the amount you contribute and potentially reduce taxable income when filing your taxes. This means potentially paying less tax and saving more money.
- Growth of your investments inside an RRSP are tax deferred until withdrawn
- While RRSPs are primarily used to save for retirement, if you are a first time home buyer you may withdraw funds from your RRSP to help with the down payment on a qualifying home through the **Home Buyers' Plan** or to fund your education through the **Lifelong Learning Plan**<sup>1</sup>.
- With a **Spousal RRSP**, couples can potentially reduce the family's overall tax liability by shifting retirement income from higher-income spouse to the lower income spouse.

Learn more about the benefits of investing in an RRSP >

### When can I start contributing to an RRSP?

When it comes to RRSP eligibility, here are a few basics worth knowing.

- There is no minimum age for opening an RRSP. In fact, those under the age of majority in their province may be able to set one up with their parent or guardian.
- However, some financial institutions may require customers to be the age of majority.
- You may set up and contribute to an RRSP as long as you have employment income, RRSP deduction limit, and file a tax return.

### What is an RRSP Deduction Limit?

Your RRSP deduction limit, also known as your "RRSP contribution limit" is the maximum amount you can contribute to your personal or a spousal RRSP in a given year. Based on your earned income from the previous year and any unused contribution room from previous years.

It can be found on the bottom of your latest Notice of Assessment or Reassessment or CRA My Account.

### How is my RRSP contribution limit calculated?

The Canada Revenue Agency generally calculates your annual RRSP contribution limit as follows:

- your unused RRSP deduction room at the end of the preceding year

Plus

- The lesser of the two following items:
  - 18% of your earned income in the previous year
  - the annual **RRSP limit**
- Other adjustments where applicable

For additional information, please visit the [Canada Revenue Agency](#).

### How much can I contribute to an RRSP this year?

As outlined by the Canada Revenue Agency page, the RRSP dollar limit for 2025 is \$32,490.

[Click here to view RRSP dollar limits of previous years >](#)

### What happens if I overcontribute to my RRSP?

Generally, if you go over your RRSP contribution limit by \$2,000 or less, you may not be penalized; however, you can't deduct these excess contributions from your taxable income. Excess contributions over \$2,000, on the other hand, are penalized and you may pay a 1 percent tax per month unless you: withdrew the excess amounts before the end of the month when the excess contribution was made or contributed to a qualifying group plan.

If you determine that you have to pay this 1% tax, you have to send your completed T1-OVP return and pay the tax no later than 90 days after the end of the year in which you had the excess contributions.

- A request to cancel or waive the tax.
- Supporting documents such as your RRSP, PRPP, specified pension plan (SPP) or RRIF statements that show the date you withdrew your excess contributions.

Any other correspondence that shows that your excess contributions are due to a reasonable error.

### Frequently Asked Questions

+ When is the RRSP contribution deadline for 2024?

+ How much RRSP contribution room do I have?

+ What does RRSP deduction limit mean?

+ What are unused RRSP contributions?

+ What is the lifetime limit for RRSP?

+ Are employer contributions to a group RRSP tax deductible?

### You may also be interested in:

#### What is an RRSP?

The basics of RRSPs are explained and common questions are answered in this helpful guide.

Learn more

#### Rules on Withdrawing from an RRSP

What should you consider when withdrawing from an RRSP? Follow this guide to learn more about RRSP withdrawal rules.

Learn more

### See what types of RRSPs TD offers

#### Start saving for what's essential to you.

Open a RRSP with TD and start saving for your retirement.

Get started

#### Legal

<sup>1</sup> Subject to eligibility and conditions.

### Ways to apply

#### Book an appointment

Meet with a TD advisor in person at a branch near you

Book now

#### Call us

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

1-800-386-3757

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