

## What is a Spousal RRSP?

A Spousal RRSP (Registered Retirement Savings Plan) is a savings vehicle that you can contribute money to each year and save for your spouse or common-law partner's retirement. The difference between a spousal RRSP and a personal RRSP is that, with a spousal RRSP, one spouse is the annuitant (the plan holder or owner of the RRSP), while the other spouse (or common-law partner) is the contributor to the plan.

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### How do Spousal RRSPs work?

A spousal RRSP allows you to contribute money to your spouse or common-law partner's registered retirement savings plan, up to your personal contribution limit.

When a contribution is made to the spousal RRSP, the contributor receives a tax deduction.

This can help you balance your income as a couple and works best when a large disparity exists between you and your spouse's income.

By contributing to a Spousal RRSP, the higher-earning spouse receives a tax deduction that could lower their personal tax bill for the year.

On the other hand, the lower-earning spouse should get taxed at a lower marginal tax rate when the money is withdrawn from the Spousal RRSP. This means potentially paying less tax on your Spousal RRSP assets at retirement.



### How much can I contribute to a spousal RRSP?

Your 2020 contribution limit is 18% of your 2019 individual earned income, as listed on your previous year's tax return, up to a maximum of \$27,230 plus any contribution room carried forward from previous years less any pension adjustments.

Your spouse's contribution limit is not affected by your contributions to the spousal RRSP.

### Benefits of Contributing to a Spousal RRSP

- Income splitting:** Your Spousal RRSP allows you to potentially reduce the family's overall tax bill in retirement by more evenly splitting sources of retirement income.
- Additional tax breaks:** Contributing to your spouse's RRSP can help you defer tax. The higher-income earner gets a tax deduction when contributions to the Spousal RRSP are made; and eventually, withdrawals from the plan are taxed based on the marginal tax rate of the lower-income earner.

### Frequently Asked Questions

#### Can a personal RRSP be transferred to a spousal RRSP?

Funds can only be transferred between RRSPs owned by the same annuitant.

Generally, you cannot transfer funds from a personal RRSP where you are the annuitant into a spousal RRSP of which your spouse is the annuitant, even if you were the one who contributed to the spousal RRSP.

#### When can I withdraw money from a spousal RRSP?

You can make a spousal RRSP withdrawal whenever you choose to. However, withdrawals are generally included in income and subject to tax in the year of withdrawal.

It's important to remember that it is the annuitant of the spousal RRSP, not the contributor to the spousal RRSP, who is entitled to make withdrawals.

#### What if I make an early withdrawal?

If the annuitant withdraws funds from the Spousal RRSP within 3 years of a contribution, that amount will be added to the contributor's taxable income in the year of the withdrawal.

#### When is the RRSP contribution deadline for 2020?

March 1, 2021 is the last day for RRSP contributions for the 2020 tax year.

For a full list of important RRSP dates and deadlines, [learn more](#).

### You may also be interested in:

#### Rules on Withdrawing from an RRSP

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

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What should you consider when contributing to an RRSP? We break down the rules on making RRSP contribution.

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