

CPABC RRSP Tips for the 2016 tax year

Tax Savings from an RRSP

If you have an RRSP deduction limit as shown on your 2015 Notice of Assessment and you are a BC resident, the following are the income tax savings you could realize from making an RRSP contribution:

If your taxable income is...



a \$1,000 RRSP contribution would reduce your 2016 taxes by...



RRSP Limits

Your 2016 RRSP deduction limit is reported on your 2015 Notice of Assessment. The RRSP deduction limit for 2016 is generally your unused RRSP deduction room from your prior years, plus 18% of your 2015 earned income (to a maximum of \$25,370), less your 2015 pension adjustment as reported on your 2015 T4 or T4A slip.

$$\text{unused RRSP amount} + 18\% \text{ of 2015 income} - \text{pension adjustment} = \text{2016 RRSP limit}$$



For the 2016 tax year, the RRSP contribution deadline is March 1, 2017.



Eligibility

Anyone with "earned income" in a prior year who is subject to Canadian taxation on that "earned income," has until December 31 of the year they turn 71 to contribute to an RRSP.

RRSP Withdrawals

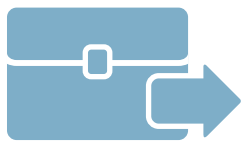
Withdrawals from your RRSP will be added to your taxable income with two exceptions:



Home Buyers Plan (HBP)

Allows first-time homebuyers to borrow up to \$25,000 from their RRSPs to purchase their principal residence.

Carrying Your RRSP Forward



RRSP contribution room accumulated after 1990 can be carried forward indefinitely to future years.

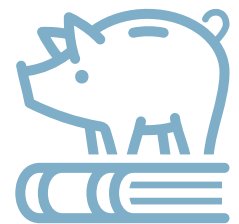
Transferring

You can transfer certain types of payments to a RRSP or from one registered RRSP plan to another. To make sure that these funds are transferred on a tax-deferred basis, you must ask your financial institution to transfer funds directly.



Life-Long Learning Plan (LLP)

You may withdraw up to \$10,000 per year from your RRSP, over a four-year period, to a maximum of \$20,000, to finance qualified full-time training or post-secondary education. These withdrawals are not taxable income in the year they are withdrawn, and will be subject to repayment or income inclusion requirements.



For more RRSP & Tax Tips, please visit:
www.rrspandtaxtips.com