Start planning for the retirement you want with an RRSP

We once saw retirement as a brief period later in life. Today, we're living longer which means you could be retired for over 30 years and need more savings than in previous generations. Your ideal retirement might mean more family time, adventurous vacations or a new career. No matter what your goals are, proper planning is an important first step in achieving what's important to you.

What's a Registered Retirement Savings Plan?

A Registered Retirement Savings Plan (RRSP) is an investment account that's registered with the Canada Revenue Agency (CRA). To help you save for your retirement, the funds that you contribute to an RRSP are deductible from your taxable income (within certain limits). Your RRSP contributions grow tax-deferred and funds may be invested in various investments.

Contributions

- Can be made at any time during the calendar year for the tax benefit in that year.
- Contributions made during the first 60 days of the year can be claimed on your current or previous year's income tax return.
- You can wait to claim a contribution tax deduction in a future year, which could be beneficial if you expect your income (and marginal tax rates) to increase.

Withdrawals

- You will be taxed on the amount you withdraw.
- It's usually recommended to wait until retirement to withdraw your funds as you'll likely be in a lower tax bracket. However, if needed, you can withdraw money from your RRSP before retirement.

RRSP tips

- The **Home Buyers' Plan** (HBP) and **Lifelong Learning Plan** (LLP) allow you to borrow from your RRSP to make a down payment on a home or finance further education or training[1].
- If you think you'll have a higher income or expect to accumulate more retirement assets than your spouse or partner upon retirement, consider contributing to a **spousal RRSP**.
- Look into **income-splitting strategies** that may help reduce the overall tax bill for you and your spouse or partner.

Speak to a CIBC advisor to determine if these RRSP strategies are right for you.

Key benefits

Tax savings now

- RRSP deductions reduce your taxable income, which may result in a tax refund. You can, in turn, put this back into your RRSP (if contribution room is available), use it to pay down debt, fund a family vacation or put towards another goal.
- You can also get your taxes reduced throughout the year on every paycheque instead of waiting until your return is filed the following spring to get a refund. To apply, complete CRA's form T1213 "Request to Reduce Tax Deductions at Source"[2].

Tax savings later

- Both the amount you contribute to your RRSP and the income it earns are tax sheltered as long as the money stays in the plan. You will be taxed on amounts you withdraw from your plan, presumably in a lower tax bracket during your retirement years.

RRSP limits

- To find your RRSP contribution limit for the current year, check your federal Notice of Assessment for the previous tax year or log on to CRA's *My Account*.
- Your annual RRSP deduction limit is calculated as 18% of your "earned income" for the prior year to a maximum annual dollar limit, minus any pension adjustment[3] or past service pension adjustment, plus any pension adjustment reversal[4] and unused contribution room from prior years.

Recent maximum annual RRSP dollar limits

Year	2024	2023	2022	2021	2020	2019
Annual RRSP dollar limit	$31,560	$30,780	$29,210	$27,830	$27,230	$26,500

How to calculate your 2023 RRSP deduction limit

18% of income earned in previous year, up to maximum of $30,780 (in 2023)	−	any pension adjustment or past service pension	+	any pension adjustment reversal and unused contribution room from previous years	=	**RRSP deduction limit**

Your CIBC RRSP investment options

CIBC offers many RRSP qualifying investment solutions, giving you the flexibility to help meet your unique needs, such as:

- CIBC Smart Investment Solutions
- CIBC Personal Portfolio Solutions[5]
- CIBC Mutual Funds
- CIBC RRSP GICs
- CIBC Market Linked GICs
- CIBC Investor's Edge Self-Directed RRSP
- CIBC RRSP Daily Interest Savings Account

A CIBC advisor can help guide you to the best investment solution(s) to help you achieve your long-term ambitions.

Retirement income options

Although you can convert your RRSP into a retirement income option anytime, by the end of the year in which you turn 71, you must either convert your RRSP to a Registered Retirement Income Fund (RRIF), purchase a registered annuity to continue tax deferral, or withdraw the funds from the RRSP and pay the applicable withholding taxes plus any other tax from the inclusion of the withdrawal into your taxable income.

Your life is a series of moments that can lead you in many directions. Define your path by creating a plan today.

Contact us today to learn how an RRSP can help make your retirement goals a reality.

[1] Certain requirements apply. [2] Form T1213 is available at https://www.canada.ca/en/revenue-agency/services/forms-publications/forms/t1213.html. [3] Learn more about pension adjustment at https://www.canada.ca/en/revenue-agency/services/tax/registered-plans-administrators/pspa/about-pension-adjustment.html. [4] Learn more about pension adjustment reversal at https://www.canada.ca/en/revenue-agency/services/tax/registered-plans-administrators/pspa/pension-adjustment-reversal.html. [5] For clients with combined investable assets of $100,000 or more.

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