

2019 RRSP Contribution Reminder



The cut-off date for making your 2019 RRSP contribution is March 2, 2020.

Why is it important to contribute? An RRSP can increase your retirement savings in two ways:

- › Contributions are tax deductible and thus lower the amount of tax you would otherwise have to pay, and
- › The investment returns in your RRSP are not taxed until you withdraw the funds. This tax deferral results in greater compounding as your funds accumulate more rapidly than they would in a non-registered account.

Your Deduction Limit For 2019

Your deductible 2019 RRSP contribution is limited to the lesser of 18% of your earned income for 2018 up to a maximum of \$26,500 plus any unused RRSP deduction room from previous years. This amount will increase to a maximum of \$27,320 for 2020. If you are member of a registered pension plan (RPP) or a deferred profit sharing plan (DPSP) the maximum annual contribution is reduced by the pension adjustment for the prior year and any past-service adjustment for the current year. As you can see, determining your maximum 2019 RRSP contribution amount can become a relatively complex calculation. However, the Canada Revenue Agency (CRA) will have provided you with your 2019 RRSP limit on your Notice of Assessment for your 2018 income tax return or you can obtain this information by calling the CRA's TIPS number at 1-800-267-6999.

Start thinking about your 2020 RRSP contributions

To take the greatest advantage of your tax deferral opportunities, it would be more beneficial to make your RRSP contributions at the start of or throughout 2020 rather than waiting until the first 60 days of 2021. This allows you to take maximum advantage of income tax sheltering on your investments.

Next steps for your RRSP

Please contact us at your earliest convenience so that we can ensure your 2019 RRSP contribution has been made in advance of the March 2, 2020 deadline. At that time, or at a future date, we can also discuss the optimal approach for your 2020 RRSP contributions and the strategies that will benefit your overall investment plan.

Useful links:

Important dates for RRSP, RDSP, HBP and LLP
<https://www.canada.ca/en/revenue-agency/services/tax/individuals/topics/rrsps-related-plans/important-dates-rrsp-rrif-rdsp.html>

Where can you find your RRSP deduction limit?
<https://www.canada.ca/en/revenue-agency/services/tax/individuals/topics/rrsps-related-plans/contributing-a-rrsp-prpp/where-you-find-your-rrsp-prpp-deduction-limit.html>

Contact information

