
Answering your questions about RRIFs

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At what age does my RRSP mature?

You must have decided on your maturity option and collapsed your RRSP by December 31st of the year in which you turn 71.

What are my options at RRSP maturity?

- < Take your RRSP funds in a cash payment and pay tax on the full amount
- < Transfer into a Registered Retirement Income Fund (RRIF)
- < Purchase an annuity

Can I elect to collapse my RRSP earlier than age 71?

Yes, you can transfer into any of the maturity options at an earlier age if you need the income.

Can I transfer part of my RRSP or do I have to transfer all of it?

You can transfer part of your RRSP to one or a combination of the options at any time. However, by December 31st of the year in which you reach 71, you must have transferred all of your RRSP holdings.

At what age must I collapse my Locked-in RRSP/LIRA?

Like a regular RRSP, the maximum age at which you must collapse your Locked-in RRSP/LIRA is 71. Minimum age will differ based on the province in which the funds are governed.

What are my Locked-in RRSP options?

- < With Locked-in RRSPs or LIRAs, you can elect the following options:
- < Transfer to a Life Income Fund (LIF) (All provinces except PEI, Yukon and NWT)
- < Transfer to a Life Annuity (All provinces)
- < Transfer to a Life Retirement Income Fund (LRIF) (Newfoundland only)
- < Transfer to a Prescribed Retirement Income Fund (PRIF) (Saskatchewan and Manitoba only)

What is a RRIF?

A RRIF is like an RRSP in that your funds are allowed to grow tax-sheltered. However, a RRIF requires you to take out at least a minimum amount each year as income. There is no maximum amount you can withdraw. All amounts withdrawn are taxed as income.

What is the advantage of holding a RRIF?

The biggest advantage of holding a RRIF is that it allows you to continue with the investment program that you have established and therefore provides the most flexibility of all your retirement income options. You can elect to take payments beyond the required minimum, and you have the ability to change your investments should your circumstances, or the markets, change. As well, a RRIF offer protection from inflation by allowing you to increase the amounts of your payments over the years to keep pace with your higher living costs.

Can I still make contributions to my RRIF?

No, you cannot make contributions to a RRIF. The only new funds that may come into your RRIF are transfers from other RRSPs or RRIFs. If you are under age 71 and have a RRIF, you can continue to hold an RRSP and make contributions.

Or, if you are over age 71 but your spouse is younger, you can continue to make spousal contributions to their RRSP.

What type of investments can I hold in my RRIF?

You can hold the same qualified investments in your RRIF as in your RRSP. If you have a self-directed RRSP, you can transfer the assets intact into a self-directed RRIF. However, some changes to the portfolio may be necessary to provide the income needed for your income payments.

Can a spousal RRSP be transferred in a RRIF?

Spousal RRSPs must be transferred into a spousal RRIF. As long as only minimum amounts are withdrawn from the RRIF, then no attribution rules apply and all income is attributed to the annuitant. However, if a withdrawal in excess of the minimum amount is made within three years of a spousal contribution to any spousal RRSP, then that income will be attributed back to the spousal contributor.

What are the minimum amounts that must be withdrawn from a RRIF?

The minimum amounts are calculated as a percentage of the value of your RRIF at December 31 of the previous year. Amendments to the rules pertaining to RRIF payments were made in the recent 2015 Federal Budget to permit holders to preserve more of their savings. The intent is to provide more income during retirement while continuing to ensure that tax deferral is provided on their RRIF.

The new RRIF factors will apply for the 2015 and subsequent taxation years. To provide flexibility RRIF holders who at any time in 2015 withdraw more than the reduced 2015 minimum amount will be permitted to re-contribute the difference between the old and new minimum to their RRIFs.

Existing and new RRIF factors

Age	Existing Factor%	New Factors %
71	7.38	5.28
72	7.48	5.40
73	7.59	5.53
74	7.71	5.67
75	7.85	5.82
76	7.99	5.98
77	8.15	6.17
78	8.33	6.36
79	8.53	6.58
80	8.75	6.82
81	8.99	7.08
82	9.27	7.38
83	9.58	7.71

Age	Existing Factor%	New Factors %
84	9.93	8.08
85	10.33	8.51
86	10.79	8.99
87	11.33	9.55
88	11.96	10.21
89	12.71	10.99
90	13.62	11.92
91	14.73	13.06
92	16.12	14.49
93	17.92	16.34
94	20.00	18.79
95 & Over	20.00	20.00

Is withholding tax charged on the amount I withdraw?

Withholding tax is not charged on the minimum payments. However, it will be charged on all amounts withdrawn that exceed the yearly minimum.

Are there any exceptions to taking the minimum?

The only year in which you are not required to take a minimum payment is the year in which you open the RRIF. As a result, any payments you do take in that year will be subject to withholding tax.

Why would I use my spouse's age to determine my RRIF payments?

Using a younger spouse's age to calculate your RRIF payments does not mean you can defer taking minimum payments. Instead, using your younger spouse's age will result in lower minimum payments, which could result in more growth potential for your RRIF. This is a good strategy if you do not need your RRIF income as the main source of your retirement income.

Should I name my spouse as beneficiary for my RRIF?

If you name your spouse (or common-law spouse) as beneficiary, they have the following options: payments may continue with your spouse as successor annuitant, your spouse may collapse the existing RRIF and roll the funds into a new RRIF with a new payment schedule, your spouse may roll the RRIF into an RRSP if they are less than age 72, your spouse may elect to collapse the RRIF and take the funds as taxable income in one lump sum payment.

For more information on retirement options, speak with your Scotia Wealth Management relationship manager.