

RRSP BASICS



What is an
RRSP?

A long-term savings tool designed to help Canadians set money aside for the future while reducing taxes today.

What are the
benefits?

- Contributions are deducted from taxable income, which can result in a lower tax bill or a larger refund.
- Money invested inside an RRSP grows on a tax-deferred basis, meaning you don't pay tax on investment growth until funds are withdrawn later in life, typically when income (and tax rates) may be lower.

What are
Group
RRSPs?

Group RRSPs are like an individual RRSP but with added advantages. Contributions are usually made through payroll deductions, making saving automatic and consistent. In some plans, employers also contribute through matching programs, which effectively provides employees with additional compensation toward their retirement savings.



How much
can I
contribute?

- Each year, the federal government sets a maximum amount that Canadians can contribute to their RRSPs.
- You can find your personal RRSP contribution limit on your most recent Notice of Assessment from the CRA or by logging into your CRA My Account.
- This limit applies across any and all RRSPs you may have.
- Contribution room accumulates over time, so if someone doesn't contribute in a given year, that unused room carries forward and can be used in the future.
- For many people, contributing a small amount regularly is a more realistic and sustainable way to build long-term financial security.
- Contribution levels can change over time, perhaps adjusting after bonuses or raises.