

Your RRIF Guide: 12 Essential Facts

Planning for retirement in Canada can be complex, but the Registered Retirement Income Fund (RRIF) is a valuable tool. Understanding the ins and outs of your RRIF is key to maximizing your income and minimizing your taxes. Let's dive in.



by Tony Slavin



Converting to a RRIF

Timeline

You must convert your RRSP to a RRIF by December 31st of the year you turn 71. Your first withdrawal is due by December 31st of the year you turn 72.

Purpose

The conversion ensures the government eventually collects tax on deferred money. It also helps manage your retirement income.

Mandatory Withdrawals

1 Annual Minimums

After setting up your RRIF, minimum annual withdrawals apply.

2 Age-Based Percentages

The percentage increases as you age, ensuring you receive income and the government collects tax.



Flexibility & Tax Considerations

Investment Options

Hold diverse investments within your RRIF, such as stocks, bonds, and mutual funds.

Tax Implications

All withdrawals are taxed at your marginal rate.



How the Planning Documents Continions

Estate Planning & Beneficiaries

1

Spouse/Partner

RRIF assets can be rolled over tax-deferred to a surviving spouse or common-law partner.

2

Other Beneficiaries

If not, the amount is taxable on the deceased's final return.

Government Benefits Impact

OAS Clawbacks

Large RRIF withdrawals can trigger partial Old Age Security (OAS) clawbacks.

Pension Income Credit

RRIF income after age 65 qualifies for the federal pension income credit, potentially lowering your taxes.





Additional RRIF Considerations



No Collapse Date

Unlike RRSPs, RRIFs do not have a collapse date.



Transfers & Consolidation

You can consolidate your RRIFs or move them between providers without tax implications.

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Get Informed & Plan Ahead

The CRA, Service Canada, and provincial governments offer valuable resources for retirement planning. Get informed, explore your options, and plan for a secure and fulfilling retirement.