



The Basics

Spousal RSPs

- All or a portion of RSP contributions can be contributed to an RSP in spouse's name. The spouse does not have to have earned income.
- Contributor gets deduction, but spouse is owner of plan. Can be common-law spouse as defined by CCRA.

Need more details?

Spousal plan withdrawals – attribution rules

- If contribution to any spousal plan is made in the year of withdrawal, or in the two preceding years, contributor must include in income the lesser of amount withdrawn, or contribution amounts for those years. Does not apply if marriage breaks down or if contributor dies.
- T4RSP is issued to spouse but has contributor's name and SIN.
- Contributor and spouse determine if attribution applies. CCRA Form T2205 should be completed and attached to both tax returns.

Lifelong Learning Plan (LLP)

- Borrow up to \$20,000 over a four-year period, tax free, from RSP; (aggregate annual withdrawal(s) may not exceed \$10,000) for planholder or spouse. Use form RC96 for participation.
- Must be enrolled in full-time higher education course lasting at least three months. If full-time higher education is not pursued, proceeds must be re-paid in the same year.
- An RSP contribution made within 89 days of a withdrawal may not be eligible as an RSP deduction for that or any other year.
- May participate more than once, providing previous loan has been repaid.
- T4RRSP issued to investor.

Lifelong Learning Plan – repayment

- Repay to any RSP in equal installments over a 10-year period or faster.
- Payments must begin two years after full-time enrollment ceases, or in the fifth year following the first withdrawal, whichever comes first.
- Repayments do not get a tax deduction. Complete Schedule 7 on tax return.
- Minimum required amounts not repaid are taxed in the year due.
- If moving out of the country, you are required to repay the full amount of the loan within 60 days of becoming a non-resident.

First-time Home Buyer's Plan (HBP)

- Borrow up to \$20,000 from annuitant's and/or spouse's RSP. Use T1036- For participation.
- Redemption can be made up to 30 days after closing date of house purchase.
- Qualifying home must be purchased before Oct. 1 of following year.
- Neither annuitant nor spouse can have owned a home within the period starting Jan. 1 of the fourth calendar year before withdrawal and ending 31 days prior to withdrawal.
- An RSP contribution made within 89 days of a withdrawal may not be eligible as an RSP deduction for that or any other year.
- Can use funds in a spousal RSP. Amounts not repaid are taxed to spouse (no attribution). If qualifying home is not purchased and withdrawn amount is taxable, attribution rules may apply.
- May participate more than once, providing previous loan has been repaid and first-time home buyer's conditions are met.
- If disabled, may be able to participate in HBP to buy/build a more accessible home. If related to a disabled person, may be able to use HBP to permit that person to buy/build a more accessible home.

Home Buyer's Plan – repayment

- Repay to any personal RSP at a rate of at least 1/15 per year. Start by end of the second year following year of withdrawal: have 60 days after end of that year. Can repay faster.
- CCRA sends an annual statement of the amount repaid, balance owing, and amount required to be repaid in the following year.
- Repayments do not get the tax reductions. However, RSP contribution receipts are issued. Complete schedule 7 with tax return to designate contribution as a "repayment".
- Minimum required amounts not repaid are taxed as regular income in year due.
- In the year contributor turns 69, they can repay total unpaid balance, or include in income reported for that year.
- Upon death, balance is added to taxable income. However, if certain conditions are met, spouse may elect to treat the outstanding balance as their own, and make repayments to their own RSP.
- If contributor becomes a non-resident of Canada, they are required to repay the full amount of the loan within 60 days of becoming a non-resident.
- To cancel participation, complete HBP Cancellation Form.

Retiring allowance rollovers

- Eligible for transfer to personal RSP (not spousal): \$2,000 for each full/partial year (up to and including 1995) with employer plus \$1,500 for each full/partial year before 1989 that employer did not contribute to pension plan or DPSP, or employer did not vest contributions to employee.
- Included in income in year received. Tax receipt issued for the amount, either directly transferred or contributed to an RSP.
- Employer should report retiring allowance on form T4A. Notes on T4A should identify the amount eligible for transfer to an RSP.
- Direct RSP, no withholding tax taken.
- Indirect transfer must be done within 60 days following the end of the year in which the retiring allowance is received (tax withheld).

Locked-in RSP/LIRA

- Direct from pension plan employer via T2151. Not included in income; no tax receipt issued.

Lump-sum DPSP transfer

- Direct transfer only via T2151. Not included in income; no tax receipt issued.
- Doesn't affect contribution limit.

Transfer – marriage breakdown

- Spouses can directly transfer between plans after legal separation or divorce.
- Form T2220 used. Attach copy of court order or separation agreement.
- No tax receipt issued.