MACKENZIE
Investments

BE INVESTED

Get the most out of your RRSP

Mackenzie Investments RRSP Guide

At Mackenzie Investments, we understand the importance of building and managing your RRSP portfolio.

This brochure provides you with information on the various types of registered plans available this year, 2024 contribution limits, RRSP tips and FAQs.

You and your advisor can work together on a retirement savings strategy that works for you.

Invest. Even when you think you can't.

Striking a balance between spending and investing

No matter which stage of life you're in, you probably have competing demands for your money. Whether it's paying down debt, saving for a down payment on a home, funding your children's education or making home renovations, there's always something else to spend on.

But even if you feel there's no more money left, you can still find pain-free ways to invest in your future, and in particular, your retirement years.

This guide is designed to provide an overview of Registered Retirement Savings Plans (RRSPs). It will review the many advantages they provide, including tax benefits, a wide range of investment options and most importantly, the ability to ensure that you have enough income to enjoy a comfortable retirement.

With the help of your financial advisor, you'll gain peace of mind when you choose registered investments as the foundation of your long-term investment strategy. Your advisor can recommend investments that will help your RRSP grow with your needs, while reflecting your comfort with risk.

What is a "registered" plan?

A "registered" plan is an account or plan that is registered with the Canada Revenue Agency (CRA) that allows money inside the plan to grow on a tax-deferred, or in the case of a TFSA, a tax-free basis.

RESP	Registered Education Savings Plan
RRSP	Registered Retirement Savings Plan
RRIF	Registered Retirement Income Fund
TFSA	Tax-free Savings Account
RDSP	Registered Disability Savings Plan
FHSA	First Home Savings Account

In 1957, the federal government introduced RRSPs to encourage Canadians to plan and invest in their own retirement, instead of relying solely on public pension plans.

RRSPs

Since then, the RRSP has evolved, giving investors increased incentive to invest in their retirement.

The growth on investments inside an RRSP is tax- deferred, meaning you don't immediately pay tax. Any interest, foreign income, capital gains or dividends earned will compound tax-deferred. Money is taxed – as ordinary income – only when you withdraw it from the plan. In addition, every dollar you contribute to your RRSP can be deducted from your taxable income, within certain limits.

An effective way to invest in your retirement

RRSPs provide a significant opportunity for Canadians to save and taxpayers generally recognize them as the best way to invest in retirement.

Public pension plans – Old Age Security and Canada Pension Plan – together provide a maximum of $23,045.04 for those aged 65-74, and $23,845.20 for those 75 and older with the new 2022 OAS enhancement.[1]

Also, unless you participate in an extremely generous plan, a corporate pension plan alone cannot meet your income needs throughout retirement.

Key benefits of an RRSP

- Investments compound tax-deferred as long as they remain in the plan.
- Choose your investments from a wide range of options.
- Contributions are tax-deductible.

A short history of the RRSP

1957 The federal government creates the **RRSP**, originally called it a "registered retirement annuity".

1974 **Spousal RRSPs** are introduced so withdrawals can be taxed in the hands of the lower earning spouse.

1978 **Registered Retirement Income Funds** (RRIFs) are launched so RRSP money doesn't need to be cashed out all at once or used to buy an annuity.

1991 Individuals can carry forward unused contribution room.

1992 The **Home Buyers Plan** is introduced.

1999 **Lifelong Learning Plan** is created.

2005 Foreign content restriction of 30% is eliminated.

2007 You have until age 71 to convert your RRSP to RRIF or annuity, up from age 69.

2019 **Homebuyer's Withdrawal** increased from $20,000 to $35,000.

2024 The increase of **Home Buyers' Plan** limit from $35,000 to $60,000.

[1] Source: Statistics Canada, 2022.

Get the most out of your **RRSP**

A Registered Retirement Savings Plan (RRSP) is an excellent solution that can help you plan for retirement, purchase your first home or fund your continued education.

Your RRSP checklist

Confirm your RRSP contribution limit

You can contribute up to 18% of your earned income to a maximum of $31,560 in the 2024 tax year (minus pension adjustments from your company pension plan) and unused RRSP contributions that are carried forward each year. Your current contribution limit is included in your Notice of Assessment from the CRA.

Explore your investment options

An RRSP can hold a variety of investments, including stocks, bonds, mutual funds and ETFs. A diversified portfolio should include a variety of assets to help mitigate risk and maximize return potential.

Contribute often

Avoid waiting to the contribution deadline (60 days after the end of the calendar year), which is usually the final day you can contribute to an RRSP. One of the benefits of an RRSP is that your investments compound tax-deferred, meaning there are significant advantages to investing on a regular basis. Consider a pre-authorized chequing plan that spreads your contributions over time and potentially gives you greater long-term returns.

Speak to a financial advisor

Unsure of what is the best option for you? A financial advisor can recommend investments to help your RRSP grow with your needs and reflect your risk tolerance.

An RRSP gives Canadians a significant opportunity to invest. For more information about RRSPs, please visit mackenzieinvestments.com.

Build your RRSP: Investing tips

Start contributing early in the year

If you're like the typical Canadian, you probably wait until the "RRSP season" – the first 60 days of the year – to make your RRSP contribution. But coming up with the cash all at once can be difficult, especially for those who are still paying their holiday bills.

Instead, speak with your advisor about setting up a pre-authorized chequing plan (PAC). This simple investment strategy lets you make RRSP contributions, by purchasing mutual fund or ETF securities for example, on a periodic basis, such as weekly, monthly or quarterly, in a predetermined amount. Amounts as small as $50 per month can be easily deducted from your personal bank account and invested in your RRSP.

Dollar cost averaging – an extra PAC plan benefit

Making regular contributions to your RRSP helps you to put saving ahead of spending. Over time, your savings will grow. When you invest a set amount of money each month, you can take advantage of a technique called "dollar cost averaging." With dollar cost averaging, you enter the market gradually, buying more shares when the price is low and fewer when the price is high.

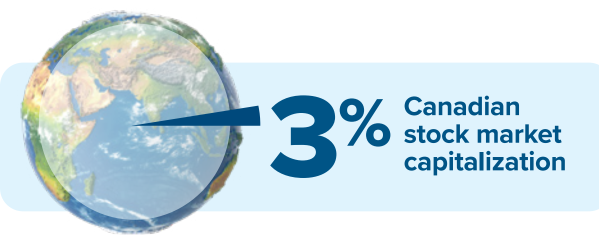
During a bear market, many investors wait until there are clear signs that the market is recovering before committing money. Consequently, as the market recovers, a good portion of recovery gains are lost. Also, during a bull market, dollar cost averaging helps guard against buying large amounts at the top of the market when investments are most expensive.

Maximize your contribution

By contributing as much to your RRSP as you're allowed, you could get a bigger tax refund and improve your chances of building a rewarding retirement. If you don't contribute your maximum amount, you can carry forward unused RRSP contribution room, which allows you to contribute at a later date.

A world of opportunities

Canada represents only 3% of the world's stock market capitalization. With most of the world's investment opportunities outside of our borders, global investing lets you diversify across economies and markets and allows you to participate in growth around the world.



Borrowing to invest can make it easier[2]

An RRSP loan can work in your favour if you pay it off promptly and if your RRSP is earning a good rate of return. When used properly and conservatively, borrowing to invest is a powerful strategy that investors can use to build wealth. Generally speaking, if considering this strategy, you should have a long-term horizon, mid-to-higher income, a stable job and the ability to repay the loan and interest. Speak to your financial advisor before considering this strategy.

[2] Using borrowed money to finance the purchase of securities involves greater risk than a purchase using cash resources only. If you borrow money to purchase securities, your responsibility to repay the loan and pay interest as required by its terms remains the same even if the value of the securities purchased declines.

Get the most out of your RRSP

Are spousal RRSPs still useful?

Spousal RRSPs have traditionally been used as an income-splitting strategy in retirement. If you earn more than your spouse, you can contribute to your spouse's RRSP, but claim the tax deduction yourself. Your total contributions (to your own and your spouse's plans) are subject to your own normal contribution limits. In retirement, withdrawals are taxed in your spouse's hands rather than yours, as long as the contributing spouse has not made a contribution in the year of withdrawal or previous two years. So you benefit from their lower tax rate in retirement, while reducing your own tax liability during your working years.

In October 2007, the government introduced new pension splitting rules that allow Canadians to split pension income with their spouse.

Here are situations where the spousal RRSP is still useful:

If you are planning to retire before age 65 and don't have a registered pension plan

Spousal RRSPs allow income-splitting before age 65 whereas pension income-splitting normally begins at age 65.[3]

If you are saving for a home

Each person can withdraw $60,000 under the Home Buyers' Plan.

71+

If you're 71 or older and can no longer contribute to your own RRSP

You can still contribute to your spouse's RRSP if you have RRSP contribution room and your spouse is younger than 71.

If you and your spouse want to make the balance of assets in your household more equal

[3] Registered Pension Plan income can be split before age 65.

Your advisor can help.

If you're like many Canadians, your RRSP is a cornerstone of your retirement savings strategy.

Building and managing your RRSP calls for discipline. The reality is, many people don't have the time, interest or experience to closely manage every investment detail. Even if you are an experienced investor, a second opinion can highlight things you may overlook.

Your RRSP contribution limit for 2024 is $31,560*

Here's what your financial advisor can help you with:

- Define your goals and create a comprehensive plan tailored to your needs.
- Keep you focused on your investment plan through the ups and downs of the markets, resulting in potentially higher returns over the long term.
- Actively monitor your investments to ensure that they continue to meet your needs.
- Keep you informed about tax rules and regulations related to RRSPs.

* 2024 contribution amount for planning purposes.

Frequently asked questions

When is the RRSP contribution deadline?

The deadline is 60 days after the end of the year. If that day falls on a weekend, the CRA may extend the deadline to Monday.

How much can I contribute to my RRSP?

You can contribute up to 18% of your earned income to a maximum of $31,560 in the 2024 tax year (minus pension adjustments from your company pension plan) in addition to unused contribution room from previous years.

How can I find out exactly how much I can contribute?

Your Notice of Assessment from the CRA will state your maximum contribution room for the current year. If you need to double check, call the CRA at 1-800-959-8281.

What is considered "earned income"?

Earned income includes salary, self-employment income, taxable maintenance and alimony payments received, and net rental income. It does not include income from pensions or investments. Speak to your financial advisor about other types of income that may be eligible.

What if I don't contribute my maximum amount?

If you don't contribute the maximum amount that you're allowed, you can carry forward the unused portion indefinitely. Your Notice of Assessment will show your unused RRSP contribution room.

What if I contribute more than the limit?

Over-contributions are subject to penalty fees. Where over-contributions exceed $2,000, you will be assessed a 1% per month penalty tax until the excess is withdrawn or additional contribution room becomes available.

What can I include in my RRSP investment portfolio?

You can hold mutual funds, equities, bonds, cash and a variety of other investments in your registered plan. Speak to your advisor to ensure you do not own prohibited investments.[4]

What about foreign content levels?

The 2005 federal budget eliminated the foreign property limit for tax-deferred retirement plans. You are no longer restricted to holding up to 30% of foreign investments in your portfolio.

Is it a good idea to borrow money to invest in my RRSP?[5]

Borrowing money to invest can be an effective way to maximize RRSP contributions. Speak to your financial advisor to see if this is a suitable investment strategy for you.

[4] Generally, a "prohibited investment" will include debt of an annuitant (other than certain insured mortgages) and investments in entities in which you or a related person has a significant interest (generally 10% or more) or with which you do not deal at arm's length. If you hold a "prohibited investment" a 50% penalty will be applied to the fair market value of the investment at the time it was acquired or became prohibited. The penalty may be refunded if you dispose of the investment by the end of the year following the year it was acquired or became prohibited. The annuitant is also liable for the 100% advantage tax on income earned and capital gains realized on prohibited investments.

[5] Using borrowed money to finance the purchase of securities involves greater risk than a purchase using cash resources only. If you borrow money to purchase securities, your responsibility to repay the loan and pay interest as required by its terms remains the same even if the value of the securities purchased declines.

If my spouse and I decide to open a spousal RRSP, who makes the contributions?

The higher income earner normally makes the contributions on behalf of his or her spouse. The contributor would claim a tax deduction for the contribution, and future withdrawals would be taxable to the lower income spouse, provided contributions have not been made in the year of withdrawal or previous two years.

Speak with your financial advisor for details and see page 8 of this brochure, "Are spousal RRSPs still useful?".

Can I withdraw from my RRSP?

You can withdraw from your RRSP but the amount you withdraw will be included in your income as fully taxable ordinary income. You will have to pay withholding tax when you withdraw (note: there are withdrawal restrictions if you have a locked-in RRSP). You might also have to pay additional tax on the withdrawal when you file your tax return for the year with credit for any withholding tax previously withheld.

The government offers two programs where you can take money out of your RRSP without tax provided the amounts are re-contributed to the RRSP over time. The Home Buyers' Plan (HBP) lets a first-time home buyer withdraw up to $60,000 for the purchase of a new home. Repayments under the HBP must occur over a 15-year period. The Lifelong Learning Plan (LLP) lets a student (or a spouse) withdraw $10,000 per year up to $20,000 to fund full-time education or retraining. Repayments under the LLP must occur over a 10-year period.

Can I reduce withholding tax by withdrawing $5,000 or less on separate occasions?

Generally, no. The federal government requires financial institutions to calculate, to the extent possible, withholding taxes on RRSP withdrawals on a cumulative basis. If you make five separate requests for withdrawals of $5,000 or less, each withdrawal may be subject to an escalating withholding tax to a maximum of 30%.

Amount withdrawn	Provinces (excl. Québec)	Québec
Up to $5,000	10%	19%
$5,001 - $15,000	20%	24%
Over $15,000	30%	29%

When does my RRSP mature?

You must wind up your RRSP by the end of the calendar year in which you reach age 71, typically by way of transfer to a Registered Retirement Income Fund (RRIF). However, you may convert to a RRIF at any time.

Don't wait for your financial institution to tell you that it's time to convert. If you don't choose a RRIF (or annuity) by the end of the year in which you turn 71, the financial institution that holds your RRSP could cash it in and send you the cash, less any income taxes which must be withheld. Where this occurs, the total value of your cashed-in RRSP will be added to your income for the year. It's up to you and your financial advisor to avoid a big tax bill at the end of the year.

Get the most out of your RRSP

MACKENZIE Investments

General inquiries

For all of your general inquiries and account information please call:

English: 1-800-387-0614
Bilingual: 1-800-387-0615
Asian Investor Services: 1-888-465-1668
TTY: 1-855-325-7030
Fax: 1-866-766-6623
E-mail: service@mackenzieinvestments.com
Web: mackenzieinvestments.com

Find fund and account information on-line through Mackenzie Investments' secure InvestorAccess. Visit mackenzieinvestments.com for more information.

3759900 RP5009 07/2024