RRIF Fast Facts

A Registered Retirement Income Fund (RRIF) is designed to give you a predictable flow of income in retirement.

RRSPs vs RRIFs

Think of a RRIF as a Registered Retirement Savings Plan (RRSP) in reverse – RRSPs allow you to accumulate tax-sheltered savings for retirement, while your RRIF generates a taxable retirement income stream from these savings.

In other words, you make tax-deductible contributions to a RRSP and make taxable income withdrawals from a RRIF.

RRSPs	RRIFs
Allow investors to accumulate tax-sheltered savings for retirement	Generate a taxable retirement income stream from these savings
Tax-deductible contributions	Taxable income withdrawals

Key Reasons to Invest in a RRIF:

1. Can deliver a continuous stream of income during retirement.
2. The investor chooses how the money within the RRIF is invested.
3. Investments can continue to grow on a tax-free basis within the plan.
4. Income tax on the amount transferred from the investor's RRSP is deferred until a withdrawal is made from their RRIF.

Options for Converting an RRSP

By December 31 of the year that the investor turns 71, they need to either:

- Transfer the RRSP to a RRIF
- Purchase an annuity
- Cash out the RRSP and pay income tax on the full withdrawal

Opening a RRIF

- An RRSP can be converted to a RRIF at any time
- To convert an RRSP to a RRIF:
  - A RRIF account needs to be set up first
  - Then the RRSP assets can be transferred over without incurring a taxable transaction

Continuing to Contribute to an RRSP

An investor can still make an RRSP contribution:*

- The year that the investor turns 71, provided it's done before December 31
- To a Spousal RRSP up to, and including, the year in which the spouse turns 71

* The amount of the final contribution is calculated in the same way as a regular RRSP contribution – the lesser of $30,780 (for 2023) / $31,560 (for 2024) or 18% of earned income from your previous tax year, minus any pension adjustments, plus unused contribution room from previous years.

What You Need to Know

Options for Converting an RRSP

- Each year (beginning the year following when the RRIF was opened), a taxable "annual minimum amount" must be withdrawn from your RRIF
- The minimum is based on a set formula that takes into consideration:
  - Your age (or your spouse's age) and
  - The market value of the account on January 1 of the withdrawal year
- If your spouse is younger than you, you can use their age to calculate the annual minimum amount
  - The decision to use the younger spouse's age must be made before the first minimum withdrawal is received and cannot be revoked afterwards
- You may start receiving withdrawals from the RRIF as soon as the account is set up, but the annual minimum payment must be taken by December 31 of the year following the one in which the RRIF was established and then each year thereafter
  - For example, if the RRIF is opened in August 2023, the first withdrawal must occur by December 31, 2024

Upon Death

- A successor annuitant takes over the deceased annuitant's account at death and all else continues 'as-is'. A successor annuitant is by definition a surviving spouse/ common-law partner. This designation can be made in the contract/application form or the deceased's will
- If a beneficiary is named, the value of the RRIF will not be included in the estate when calculating probate fees

RRIF Minimum Withdrawal Rates

Age (at the beginning of the calendar year)	**Required Minimum Payment*** (as a % of the market value as of Dec. 31 of the previous calendar year)
<71	Formula is 1/(90-age)
71	5.28%
72	5.40%
73	5.53%
74	5.67%
75	5.82%
76	5.98%
77	6.17%
78	6.36%
79	6.58%
80	6.82%
81	7.08%
82	7.38%
83	7.71%
84	8.08%
85	8.51%
86	8.99%
87	9.55%
88	10.21%
89	10.99%
90	11.92%
91	13.06%
92	14.49%
93	16.34%
94	18.79%
95 or older	20.00%

* Source: Canada Revenue Agency, October 3, 2023.

To find out more, contact your financial advisor and visit AGF.com/RRIF.

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