

RRIF Quick Facts

RRSP Maturity Options

You must have decided on your maturity option and collapsed your RRSP by December 31st of the year in which you turn 71, at the latest. You can select any or a combination of the following options:

- Take your RRSP funds in a cash payment and pay tax on the full amount
- Transfer into a Registered Retirement Income Fund (RRIF)
- Purchase an annuity

What is a RRIF?

In many ways, a RRIF is an extension of your RRSP. Your funds continue to grow tax-sheltered. However, a RRIF requires you to take out at least a minimum amount each year as income.

- The minimum amounts are calculated as a percentage of the value of your RRIF at the beginning of each year.
- The only year in which you are not required to take a minimum payment is the year in which you open the RRIF.
- There is no maximum amount you can withdraw.
- All amounts withdrawn are taxed as income.

Can I still make contributions to my RRIF?

You cannot make contributions to a RRIF. The only new funds that may come into your RRIF are transfers from other RRSPs or RRIFs. If you are under age 71 and have a RRIF, you can continue to hold an RRSP and make contributions. Or, if you are over age 71 but your spouse is younger, you can continue to make spousal contributions to their RRSP.

What investments can be held in a RRIF?

You can hold the same qualified investments in your RRIF as in your RRSP. If you have a self-directed RRSP, you can transfer the assets intact into a self-directed RRIF. However, some changes to the portfolio may be necessary to provide the income needed for your income payments.

Can you hold foreign content in a RRIF?

- 30% foreign content limit in RRSPs and registered pension plans is now a thing of the past.
- Canadian investors now have the option to invest up to 100% of their retirement plans into foreign securities, without penalty.
- Opportunities for money managers to seek out the best investment opportunities wherever they exist is wonderful news for Canadians - provides the opportunity for greater diversity and more attractive risk-adjusted returns.



RRIF Advantages

- The biggest advantage of holding a RRIF is that it allows you to continue with the investment program that you have established and therefore provides the most flexibility of all your retirement income options.
- You can elect to take payments beyond the required minimum, and you have the ability to change your investments should your circumstances, or the markets, change.
- A RRIF offers protection from inflation by allowing you to increase the amounts of your payments over the years to keep pace with your higher living costs.

Where can I get more information on my retirement options?

ScotiaMcLeod's brochures, Retirement Planning Handbook and Early Retirement Options Handbook, detail the features and benefits of both RRIFs and Annuities.

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