Longview
Asset Management Ltd.

REGISTERED RETIREMENT INCOME FUND (RRIF) PRIMER

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- While Registered Retirement Savings Plans (RRSPs) are designed to help you build your retirement savings (see Longview RRSP Primer), a Registered Retirement Income Fund (RRIF) is designed to use your RRSP savings to provide you with income in retirement.

- You must convert your RRSP to a RRIF by the end of the calendar year in which you turn 71.

- A RRIF carries on in the same way as an RRSP, except: (i) no contributions can be made to your RRIF; and (ii) minimum annual withdrawals must be made from your RRIF based on a prescribed withdrawal rate.

- Your withdrawals are treated as taxable income in the year of withdrawal.

Withdrawals

- A minimum amount must be withdrawn annually. This amount is based on: (i) the market value of your RRIF account at previous year-end; and (ii) a prescribed percentage rate that is dependent on your age (see table below). Withdrawals commence the year after your RRSP converts to a RRIF.

- Your minimum withdrawal amount is not subject to withholding taxes. However, you can elect to have taxes withheld on the amount, if it assists you from a cash management perspective. Regardless, any amount withdrawn above your minimum amount will be subject to withholding taxes.

- You decide the schedule for receiving your withdrawals during the year. For example, funds can be withdrawn monthly, quarterly or annually. You also decide where the withdrawals are to be deposited.

Minimum RRIF Withdrawal % by Age

Age	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80
Withdrawal %	4.00	4.17	4.35	4.55	4.76	5.00	5.28	5.40	5.53	5.67	5.82	5.98	6.17	6.36	6.58	6.82

Age	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95+
Withdrawal %	7.08	7.38	7.71	8.08	8.51	8.99	9.55	10.21	10.99	11.92	13.06	14.49	16.34	18.79	20.00

Estate Planning

- For estate planning purposes, you can name a Successor Annuitant or Beneficiaries for your RRIF. This designation must be made when your RRIF is set-up, as the designation from your RRSP does not carry-over upon conversion to a RRIF. The designation can be changed at any time.

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FREQUENTLY ASKED QUESTIONS (FAQs)

How do I go about converting my RRSP to a RRIF?

- Before the end of the year you turn 71, you fill out a RRIF application form, including details relating to your Successor Annuitant/ Beneficiary and your annual withdrawal schedule.

How are RRIF withdrawals taxed?

- RRIF withdrawals are treated as taxable income and must be reported on your personal tax return.

Can I convert my RRSP to a RRIF earlier than at age 71?

- You can convert your RRSP to a RRIF as early as age 55.

Can I have multiple RRIF accounts?

- You can have multiple RRIF accounts, but you will need to make your minimum annual withdrawal from each account. If you have multiple RRIFs, you may want to consolidate them into a single RRIF in order to make it easier administratively.

Can I withdraw less than my minimum?

- If you do not need the amount of minimum annual withdrawals required based on your age, and have a younger spouse, you can use your spouse's age to determine your annual minimum withdrawal amount. This will reduce the annual withdrawals, thereby reducing your taxable income.

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PRO TIPS

Early Conversion

- You can convert your RRSP to a RRIF as early as age 55. However, once you convert to a RRIF, you must make minimum annual withdrawals, which will be taxed as income. You may choose to convert early if, for example, you anticipate earning more income later in life and want to lower your marginal tax rate after age 71.

Split the Difference

- To reduce your household's overall tax bill, you and your spouse may jointly elect to split your RRIF income (a strategy known as pension income splitting), which can be advantageous if one spouse is in a lower tax bracket. The individual transferring income is required to be 65 or older and can allocate up to 50 per cent of their RRIF income to their spouse (both must be Canadian residents).

Over-Contribute to Your RRSP at Age 71

- In the year you turn 71, you may have earned income which could generate additional RRSP contribution room next year when you are 72. However, because you can no longer contribute to your RRSP when you are 72, the contribution room gets 'lost'. To recapture this lost contribution room, you can over-contribute to your RRSP before you convert it to a RRIF. You will have to pay a small penalty, but could potentially benefit from a large RRSP deduction and tax-deferral.

Estate Designation

- Upon death, the funds in your RRIF become part of your taxable income. However, by designating a Successor Annuitant or a Beneficiary, and a Contingent Beneficiary, you may be able to defer a taxable event for your heirs.

- Successor Annuitant:

    - If you name your spouse or common-law partner as a Successor Annuitant, this means they will step into your shoes upon your death – the RRIF will carry on and the RRIF payments will simply continue to the Successor Annuitant.

- Beneficiary:

    - A Beneficiary can be a spouse or common-law partner or child/grandchild under 18 who was financially dependent on you at the time of your death. The RRIF can be transferred to the Beneficiary to defer a taxable event. However, unlike in the case for a Successor Annuitant, the RRIF account is collapsed, and the assets are transferred to the Beneficiary.

    - If the Beneficiary is a surviving spouse over the age of 71, the RRIF must be transferred to their RRIF. If the surviving spouse is less than 71, the RRIF assets must be transferred to the Beneficiary's RRSP (or RRIF).

- Contingent Beneficiary:

    - If, at the time of your death, your primary Beneficiary is deceased, the funds in your RRSP can be transferred to any named Contingent Beneficiary without probate.

Contact Us:

Adriana Cano | acano@longviewasset.com Denise Fernandes | dfernandes@longviewassets.com Samantha Padure | spadure@longviewassets.com