

RRIF Basics

By Current Wealth Advisors

Age on Jan 1	% Minimum Withdrawal
65	4.00%
66	4.17%
67	4.35%
68	4.55%
69	4.76%
70	5.00%
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+	20.00%

Setting up a RRIF

- A RRIF is an **investment account** that uses your personal savings to provide income during retirement.
- The most common way to fund a RRIF is by **transferring money from an RRSP**, but some pension plans can also be used.
- RRSPs must be converted to RRIFs by **December 31 of the year you turn 71**. You can do it earlier if it makes sense.
- **Mandatory withdrawals** will begin the year after the RRIF set up.

Withdrawals

- Each year, you must withdraw a **minimum amount**. The minimum withdrawal is based on:
 - Your age on January 1 sets the minimum withdrawal percentage. This rate increases every year (see the table).
 - The market value of your RRIF account on December 31st of the previous year.

$$\text{Minimum Withdrawal} = [\text{Minimum \%}] \times [\text{Dec 31 Market Value}]$$

- You can withdraw more than the minimum. There is no maximum.
- You can use your **spouse's age** instead of yours. If your spouse is younger than you, this lowers the minimum and adds flexibility.

Taxation

- **Investments grow tax-free** while inside the RRIF account.
- Tax is owed when you take money out. All **withdrawals count as taxable income** for the year.
- When you pass away, the **full RRIF balance is added to your income** on your final tax return.
- You can name your spouse as the RRIF beneficiary. If you do, the **RRIF usually transfers to your spouse tax-free**, so taxes are deferred until your spouse passes away.

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400 St. Mary Ave, 10th Floor
Winnipeg, Manitoba
R3C 4K5

 currentwealth.ca
 cwa@nbc.ca

Paul Kawchuk, CFA, CFP
Wealth Advisor & Portfolio Manager
[204-925-5152](tel:204-925-5152)
paul.kawchuk@nbc.ca

Andrew Froese, CFA
Wealth Advisor & Portfolio Manager
[204-283-9060](tel:204-283-9060)
andrew.froese@nbc.ca

Eric Nipp, CIM, FSCI
Wealth Advisor & Portfolio Manager
[204-285-2353](tel:204-285-2353)
eric.nipp@nbc.ca