



*Live your dream.*

## Lower RRIF Minimum Withdrawal Rates – Beginning in 2015

An investor must convert their Registered Retirement Savings Plan (RRSP) to a Registered Retirement Income Fund (RRIF), or a registered annuity, before the end of the year in which they turn 71.

While your investments are held under a RRIF, you are required to withdraw a minimum amount each year (this withdrawal amount is included in the calculation of your taxable income). However, any money that remains invested within the RRIF will continue to be tax-sheltered. The minimum amount that you must withdraw each year varies based on your age and is prescribed by the Income Tax Act. This prescribed rate is equal to a percentage of the fair market value of your RRIF assets on January 1st each year.

In the 2015 Federal Budget released in April this year, the federal government introduced lower minimum RRIF withdrawal factors for investors who are aged between 71 and 94.

### *Existing and New RRIF Withdrawal Rates – At a Glance*

Age (at start of year)	Previous Factor (%)	New Factor (%)
71	7.38	5.28
72	7.48	5.40
73	7.59	5.53
74	7.71	5.67
75	7.85	5.82
76	7.99	5.98
77	8.15	6.17
78	8.33	6.36
79	8.53	6.58
80	8.75	6.82
81	8.99	7.08
82	9.27	7.38
83	9.58	7.71
84	9.93	8.08
85	10.33	8.51
86	10.79	8.99
87	11.33	9.55
88	11.96	10.21
89	12.71	10.99
90	13.62	11.92
91	14.73	13.06
92	16.12	14.49
93	17.92	16.34
94	20.00	18.79
95 & over	20.00	20.00

### Calculating RRIF Withdrawals - An Example

Mary turned 71 in 2014 and converted her RRSP to a RRIF. If the value of Mary's RRIF was \$100,000 on January 1, 2015, under the previous minimum withdrawal schedule, she would have been required to withdraw \$7,380 in 2015. However, using the "new" minimum withdrawal rates, Mary is now required to withdraw only \$5,280 in 2015, allowing her to keep more money invested.

**Opportunity to re-contribute:** Investors who have withdrawn more than the new required minimum during in the 2015 calendar year are allowed to re-contribute the excess withdrawals until February 29, 2016. Any re-contribution will be tax-deductible in 2015.

**Give us a call to discuss your retirement income strategy.**



Trademarks owned by Investment Planning Counsel Inc. and licensed to its subsidiary corporations. Investment Planning Counsel is a fully integrated Wealth Management Company. Mutual Funds available through IPC Investment Corporation and IPC Securities Corporation. Securities available through IPC Securities Corporation, a member of the Canadian Investor Protection Fund. Insurance products available through IPC Estate Services Inc.

Mortgage Broker Services provided by Invis Inc. (Lic# ON 10801 / SK 315928) or Mortgage Intelligence Inc. (Lic# ON 10428 / SK 315857).