

RRSP planning tips

- Start early:** Put time on your side — it's one of the cardinal rules of successful retirement planning. Mathematically there are two big advantages to getting an early start on retirement savings. If you're going to build a retirement fund over 30 years, rather than 15 years, you won't have to contribute as much overall to realize the same or even greater results as someone who starts at a later age. Early savers also get full benefit of the "magic" of compounding.
- Pay yourself first:** The key to successful retirement planning is to pay yourself first — even before the government taxes you. That's the beauty of regular payroll deductions. Payroll deductions are deposited directly into your group retirement plan before income tax is calculated. Immediate tax savings are achieved as illustrated below:

Your monthly contribution	Your actual cost		
	If your personal tax bracket is 25% and your yearly taxable income is less than \$40,726	If your personal tax bracket is 32% and your yearly taxable income is between \$40,726 - \$81,452	If your personal tax bracket is 36% and your yearly taxable income is between \$81,452 - \$126,264
\$ 50	\$ 38	\$ 34	\$ 32
\$100	\$ 75	\$ 68	\$ 64
\$240	\$180	\$163	\$153
\$300	\$225	\$204	\$192

- Spousal RRSPs:** Spousal RRSPs are ideal for couples who have a significant difference in their incomes or in the value of their existing retirement savings.

The whole idea behind spousal RRSPs is that, as a contributor, you get the tax savings now, but the money compounds and grows tax free in your partner's name. When it comes time to realize your retirement dream, it's withdrawn as taxable income in your partner's name.

How much can you contribute to your RRSP?

- Your RRSP contribution limit will be on your latest *Notice of Assessment* or *Notice of Reassessment* that you received from Canada Revenue Agency (CRA) following the processing of your preceding year's income tax return.
- If you would like to calculate your RRSP contribution limit, use the format in the box below. It shows how the RRSP contribution limit for 2010 is calculated for someone with an earned income of \$81,452.

18% of earned income for the immediately preceding year (18% x \$81,452) (max. \$22,000)	\$ 14,661
<i>Minus:</i> Pension Adjustment for the immediately preceding year. Your PA is reported on your T4 and T4A slips.	<u>\$11,436</u>
RRSP contribution limit for the year (2010)	\$3,225*

*This limit can be reached with a monthly payroll deduction of \$268 over a 12 month period.

- If you have any unused RRSP room, that also can be added to current year contribution. ***As shown on your assessment notice.***
- For more information on your group RRSP, please contact your plan administrator:

Capital Estate Planning Corp.

Edmonton

Greystone Pavilion, 4222-97th Street NW T6E 5Z9

Phone: (780) 463-6128 or 1 800 661-8755

Fax: (780) 462-7523

E-mail: strategies@capital-planning.ca

Calgary

102, 1910 – 20 Avenue NW T2M 1H5

(403) 270-2165 or 1 800 661-8755

Fax: (403) 270-4235

E-mail: sobryan@capital-planning.ca

www.capitalestateplanning.com