RRSP Tip #1
TO BE PRINTED BEFORE MARCH 1, 2010

Spousal RRSP

A spousal RRSP is an RRSP in which one spouse is the contributor and the other spouse is the annuitant (receives funds from the RRSP). Spousal RRSPs can help shift future income from a higher income spouse to a lower income spouse. This can provide some tax savings when the receiving spouse withdraws funds from his or her RRSP, RRIF, or annuity. It might also reduce the clawback of Old Age Security from the higher income spouse and allow the lower income spouse to claim the pension income tax credit.

There is no limit to how much a person can contribute to a spousal RRSP provided that person does not exceed his or her RRSP deduction limit for the year.

Spousal RRSPs can even provide more immediate tax savings, since the person making the contribution gets the tax deduction while the spouse, rather than the contributor, is taxed on any withdrawals. However, where the annuitant spouse withdraws an amount from a spousal RRSP, and the contributing spouse has made a contribution to any spousal RRSP for the annuitant in the same year or in any of the two previous years, the income inclusion is attributed back to the contributor.

Of note: the two year rule does not apply to funds withdrawn from a spousal RRSP for the Home Buyer's Plan or the Lifelong Learning Plan, and pension income splitting measures introduced in 2007 may provide even greater income splitting opportunities, but these are topics for another day.

Look into spousal RRSPs – you could reduce your taxes now and in the future.

Information for RRSP Tips is provided as a public service by the Chartered Accountants of British Columbia. For more RRSP and tax tips visit www.rrspandtaxtips.com.

-30-

For media inquires, contact:
Kerri Brkich, Manager, Public Affairs
Tel: (604) 488-2625
E-mail: brkich@ica.bc.ca

RRSP Tip #2
TO BE PRINTED BEFORE MARCH 1, 2010

Tax Savings from an RRSP

If you have an RRSP deduction limit as shown on your 2008 Notice of Assessment and you are a B.C. resident, the following are the income tax savings you could realize from making an RRSP contribution:

- If your taxable income is between $10,320 and $40,726, a $1,000 RRSP contribution would reduce your 2009 taxes by up to $227.
- If your taxable income is between $40,727 and $81,452, a $1,000 RRSP contribution would reduce your 2009 taxes by about $297 to $325.
- If your taxable income is between $81,453 and $126,264, a $1,000 RRSP contribution would reduce your 2009 taxes by about $347 to $407.
- If your taxable income is over $126,264, a $1,000 RRSP contribution would reduce your 2009 taxes by about $437.

Remember, an RRSP is a tax deferral vehicle - you will be taxed on the funds when withdrawn. That said, it might be better to pay $1 of income tax tomorrow than $1 of income tax today. Actual tax savings will result if you are in a lower tax bracket when you withdraw the funds, or if you can save income taxes by moving taxable income to a lower income spouse through a spousal RRSP.

Look into the amount you can save with an RRSP contribution today.

Information for RRSP Tips is provided as a public service by the Chartered Accountants of British Columbia. For more RRSP and tax tips visit www.rrspandtaxtips.com.

-30-

For media inquires, contact:
Kerri Brkich, Manager, Public Affairs
Tel: (604) 488-2625
E-mail: brkich@ica.bc.ca

RRSP Tip #3
TO BE PRINTED BEFORE MARCH 1, 2010

Borrowing to Make an RRSP Contribution

Yes, you can borrow to make an RRSP contribution, but any interest you pay on the borrowed money will not be tax deductible. For this reason, it is generally better to make your RRSP contribution using available cash rather than borrowing. If you have to borrow to make your RRSP contribution, try to repay the loan as soon as possible to minimize the non-deductible interest you are paying. Before borrowing, seek professional advice to ensure the benefits of making an RRSP contribution outweigh the costs of borrowing.

If you hold investments outside of your RRSP, it would be more appropriate to borrow to acquire these investments, as the interest on such borrowing would likely be tax deductible.

If you borrowed to buy investments outside of your RRSP and you transfer those investments into your RRSP, the interest on the borrowed funds will no longer be tax deductible.

Are you sitting in a position with non-deductible interest? There might be ways to restructure your loans and investments to allow the interest to be deducted. Speak to your Chartered Accountant about the possibilities.

Information for RRSP Tips is provided as a public service by the Chartered Accountants of British Columbia. For more RRSP and tax tips visit www.rrspandtaxtips.com.

-30-

For media inquires, contact:
Kerri Brkich, Manager, Public Affairs
Tel: (604) 488-2625
E-mail: brkich@ica.bc.ca

RRSP Tip #4
TO BE PRINTED BEFORE MARCH 1, 2010

Withdrawals from an RRSP

Provided your RRSP is not in a non-redeemable investment or a locked-in RRSP, you may withdraw any portion of your RRSP at any time. In most circumstances, you will pay tax on the amount withdrawn from an RRSP as it is considered income in the year you make the withdrawal.

When you make your withdrawal, the financial institution administering your RRSP will withhold 10 to 30 per cent for taxes. You will get a credit for the tax withheld when you complete your income tax return for the year. You might owe additional income tax at that time or be entitled to a tax refund of part or all of the tax withheld, depending on your marginal income tax rate and other income tax withheld for the year.

Funds withdrawn from an RRSP for the Home Buyer's Plan or the Lifelong Learning Plan are not taxable income in the year withdrawn and are not subject to withholdings. They are, however, subject to repayment or income inclusion requirements over time, but that's a topic for another day.

Information for RRSP Tips is provided as a public service by the Chartered Accountants of British Columbia. For more RRSP and tax tips visit www.rrspandtaxtips.com.

-30-

For media inquires, contact:
Kerri Brkich, Manager, Public Affairs
Tel: (604) 488-2625
E-mail: brkich@ica.bc.ca

RRSP Tip #5
TO BE PRINTED BEFORE MARCH 1, 2010

Early Contribution to an RRSP

RRSPs can be tax-effective investment vehicles, especially if you are many years from retirement. If you do decide to take advantage of RRSPs, it is advisable to contribute at the beginning of the year to start the tax-free compounding of earnings within the RRSP earlier. Also consider monthly contributions to your RRSP throughout the year as opposed to a lump sum contribution at the end of the year or in the first 60 days of the following year.

You can make an RRSP contribution in a year and not claim a tax deduction in that year if you think your marginal tax rate will be higher in a later year. You will still benefit from the tax-deferred earnings. Provided your undeducted RRSP contributions do not exceed your RRSP deduction limit plus $2,000, your undeducted contribution can be carried forward indefinitely, without penalty, for deduction in future years. This could be a substantial advantage if you claim the tax deduction in a year, or years, when you are in a higher tax bracket.

For your RRSP contribution to be deductible for a particular tax year, the contribution must be made by the 60th day following the end of the year. **For the 2009 tax year, the deadline is MARCH 1, 2010.**

Information for RRSP Tips is provided as a public service by the Chartered Accountants of British Columbia. For more RRSP and tax tips visit www.rrspandtaxtips.com.

-30-

For media inquires, contact:
Kerri Brkich, Manager, Public Affairs
Tel: (604) 488-2625
E-mail: brkich@ica.bc.ca

RRSP Tip #6
TO BE PRINTED BEFORE MARCH 1, 2010

Implications of Overcontributions to RRSPs

An over contribution to an RRSP is calculated as the total of all of your undeducted RRSP contributions in excess of your current RRSP deduction limit and the allowable overcontribution of $2,000. RRSP over-contributions are subject to a 1 per cent per month tax until they are withdrawn. With prior Canada Revenue Agency approval, you can generally withdraw any excess contributions from your RRSP without taxation within certain time limits.

The Notice of Assessment for your 2008 personal income tax return reports your RRSP deduction limit for 2009 as well as your undeducted RRSP contributed.

Keep in mind that the penalty situations are complex. Consult a Chartered Accountant for advice if you are in this situation.

Information for RRSP Tips is provided as a public service by the Chartered Accountants of British Columbia. For more RRSP and tax tips visit www.rrspandtaxtips.com.

-30-

For media inquires, contact:
Kerri Brkich, Manager, Public Affairs
Tel: (604) 488-2625
E-mail: brkich@ica.bc.ca

RRSP Tip #7
TO BE PRINTED BEFORE MARCH 1, 2010

RRSPs When You Are 71

You must wind up your RRSP by December 31 of the year in which you turn 71. A straight withdrawal is usually not the best option because your entire RRSP balance will be taxed in the year. You should consider transferring the RRSP funds to a Registered Retirement Income Fund (RRIF), or an annuity, which will pay you a taxable income stream over time. There are significant differences between an RRIF and annuity. Consult with an investment advisor before making your decision.

Even though you cannot put money into your own RRSP after the year you turn 71, you can still contribute to a spousal RRSP until the end of the year your spouse turns 71. However, to do so, you will require unused RRSP deduction room, or current “earned income” to generate contribution room. By the end of the year your spouse turns 71, he or she will also have to move the funds from his or her RRSP.

If you have “earned income” in the year you turn 71, that would generate RRSP contribution room for the year you turn 72. Unfortunately, your RRSP will have already been transferred or collapsed. In the absence of a spousal RRSP, you could consider making an ordinary RRSP contribution in December of the year you turn 71. You can then deduct this RRSP contribution in the year you turn 72. Of course, the contribution will be considered an overcontribution for the month of December in the year you turn 71, but the 1 per cent penalty tax might be far outweighed by the tax savings from the RRSP deduction in the following year. Be sure to discuss this plan with your Chartered Accountant to see if it’s right for you.

Information for RRSP Tips is provided as a public service by the Chartered Accountants of British Columbia. For more RRSP and tax tips visit www.rrspandtaxtips.com.

-30-

For media inquires, contact:
Kerri Brkich, Manager, Public Affairs
Tel: (604) 488-2625
E-mail: brkich@ica.bc.ca

RRSP Tip #8
TO BE PRINTED BEFORE MARCH 1, 2010

The Home Buyers' Plan

The Home Buyers' Plan allows first-time homebuyers to borrow up to $25,000 from their RRSPs to purchase their own residence. The home that is purchased needs to be your principal residence - a rental property will not qualify.

First-time homebuyers are defined as persons who have not owned a home in any of the prior five years. You are not considered a first-time home buyer if you, your spouse or common-law partner, your former spouse or common-law partner, owned a home that you both occupied as your principal place of residence at any time during the prior five years.

If you qualify for the Home Buyers' Plan, you must withdraw the funds from your RRSP within 30 days of completing the purchase. You are required to repay the Home Buyers' Plan withdrawal to your RRSP, without interest, in equal instalments over 15 years commencing in the second year after the year of the withdrawal. A repayment to the RRSP must be made in the year or within 60 days after the end of the particular year. Of course, you do not get an RRSP deduction for Home Buyers' Plan repayments. You will be taxed on any required repayments you do not make or to the extent the repayment is less that the required repayment.

Interest on funds borrowed to make Home Buyers' Plan repayments is not tax deductible.

For spouses and common-law partners planning to jointly purchase their first home, each person can withdraw up to $25,000 (for a total of $50,000) from their own RRSPs. Repayments must likewise be made to their respective RRSPs. If there is a spousal RRSP, the RRSP funds are considered to belong to the spouse who is the annuitant of the RRSP, not to the spouse who is the contributor. For example, where a person has made a contribution to both her RRSP and to a spousal RRSP for which her spouse is the annuitant, that person can make a Home Buyer's Plan withdrawal from her RRSP and her spouse can make a Home Buyers' Plan withdrawal from the spousal RRSP, provided all the other conditions and requirements under the Home Buyers' Plan are met.

You cannot deduct an RRSP contribution if you make the contribution to your RRSP or to a spousal RRSP, and within 90 days of the contribution, the funds are withdrawn under the Home Buyers' Plan.

Special rules apply where amounts are withdrawn from an RRSP under the Home Buyers' Plan to purchase a home but the purchase is not completed, and for repayment on death or emigration from Canada.

If you are planning to buy your first home and you have sufficient funds in your RRSPs, consider the Home Buyers' Plan. As always, consult with your Chartered Accountant and your investment advisor before doing so, because your RRSP is making an important investment, and while a Home Buyers' Plan withdrawal will save you interest personally, it will negatively affect the investment growth in the RRSP. Be sure the Home Buyers' Plan is right for you.

Information for RRSP Tips is provided as a public service by the Chartered Accountants of British Columbia. For more RRSP and tax tips visit www.rrspandtaxtips.com.

-30-

For media inquires, contact:
Kerri Brkich, Manager, Public Affairs
Tel: (604) 488-2625
E-mail: brkich@ica.bc.ca

RRSP Tip #9
TO BE PRINTED BEFORE MARCH 1, 2010

RRSP Withdrawals for Education – Lifelong Learning Plan

Under the Lifelong Learning Plan, you may withdraw up to $10,000 per year from your RRSP over a four-year period, as long as the total withdrawal does not exceed $20,000. The funds must be used to finance full-time training or post-secondary education in a qualifying education program for you, your spouse, or a common-law partner. A qualifying education program is one that is not less than three consecutive months in duration and requires students to spend at least 10 hours on course-related “work” per week, excluding study time. Note that having 10 hours of course-related “work” per week does not necessarily constitute full-time status. A disabled student can qualify with part-time enrolment.

You cannot withdraw more than $20,000 each time you use the Lifelong Learning Plan. In order to use the Lifelong Learning Plan again, you need to fully repay any existing Lifelong Learning Plan withdrawals to your RRSP. Withdrawals are not allowed from locked-in RRSPs.

You will be required to repay the amount withdrawn to your RRSP, without interest, in equal payments over a 10-year period. Repayments start with the earlier of the second consecutive year in which you or your spouse are not enrolled in full-time studies and 60 days after the fifth year following the first LLP withdrawal. Repayment must be made in the year or within 60 days of the end of the year. Of course, you do not get an RRSP deduction for Lifelong Learning Plan repayments.

Any amount not repaid as required will be added to the income of the planholder for that year. An excess repayment made in one year will reduce the minimum amount that must be repaid in a subsequent year.

Special rules will apply if RRSP funds are withdrawn under the Lifelong Learning Plan and the educational program is not completed, if the RRSP annuitant becomes a non-resident of Canada or on the death of the annuitant.

You cannot deduct an RRSP contribution if you make the contribution to your RRSP or spousal RRSP and within 90 days of the contribution being made the funds are withdrawn under the Lifelong Learning Plan.

Information for RRSP Tips is provided as a public service by the Chartered Accountants of British Columbia. For more RRSP and tax tips visit www.rrspandtaxtips.com.

-30-

For media inquires, contact:
Kerri Brkich, Manager, Public Affairs
Tel: (604) 488-2625
E-mail: brkich@ica.bc.ca

RRSP Tip #10
TO BE PRINTED BEFORE MARCH 1, 2010

Who is Eligible to Contribute to an RRSP?

Anyone with “earned income” in a prior year who is subject to Canadian taxation on that “earned income”, including non-residents, may contribute to an RRSP. You can make part or all of your RRSP contributions to a spousal RRSP under which you are the contributor and your spouse is the annuitant, and you as the contributor are entitled to the tax deduction. For this purpose, a spouse refers to a legally married partner or a common-law partner of the opposite or same sex with whom you have cohabitated for the last 12 months.

To maximize your long-term tax savings, there should be an attempt to equalize the retirement income of both spouses. Therefore, RRSP contributions should go into the name of the spouse who will otherwise have the lower income in retirement. There are, of course, exceptions to this general rule where, for example, both spouses are trying to accumulate funds for the Home Buyers’ Plan or the Lifelong Learning Plan.

New measures introduced in 2007 provide some additional income splitting opportunities for eligible pension income, but that’s a topic for another day.

Information for RRSP Tips is provided as a public service by the Chartered Accountants of British Columbia. For more RRSP and tax tips visit www.rrspandtaxtips.com.

-30-

For media inquires, contact:
Kerri Brkich, Manager, Public Affairs
Tel: (604) 488-2625
E-mail: brkich@ica.bc.ca

RRSP Tip #11
TO BE PRINTED BEFORE MARCH 1, 2010

RRSP Limits

Your 2009 RRSP deduction limit is reported on your 2008 Notice of Assessment. The RRSP deduction limit for 2009 is generally your unused RRSP deduction room from prior years, plus 18 per cent of your 2008 earned income (to a maximum of $21,000 for 2009), less your 2008-pension adjustment as reported on your 2008 T4 or T4A slip.

The pension adjustment is designed to reduce your RRSP contribution room by the value of any contributions you or your employer have already made to an RPP or DPSP in the previous year. For a Defined Benefit Pension Plan, the pension adjustment is based on a complicated formula intended to produce a number that reflects the approximate value of the future retirement benefits you are entitled to receive. For a Deferred Profit Sharing Plan or a Defined Contribution Pension Plan, the pension adjustment is generally equal to the contributions made to the plan by you and your employer.

There may be other adjustments to your RRSP deduction limit if there have been significant changes to your Registered Pension Plan or Deferred Profit Sharing Plan during the year. Keep an eye out for those T4/T4A and amended T4/T4A slips!

Information for RRSP Tips is provided as a public service by the Chartered Accountants of British Columbia. For more RRSP and tax tips visit www.rrspandtaxtips.com.

-30-

For media inquires, contact:
Kerri Brkich, Manager, Public Affairs
Tel: (604) 488-2625
E-mail: brkich@ica.bc.ca

RRSP Tip #12
TO BE PRINTED BEFORE MARCH 1, 2010

Earned Income and Your RRSP

Your maximum RRSP deduction is based on your earned income in the previous year and unused deduction room from prior years. What is considered earned income?

Common forms of earned income include employment income, income from an unincorporated business, and rental income. Losses and expenses from these sources reduce earned income. Your earned income is increased by any taxable alimony or maintenance you receive and reduced by any deductible alimony or maintenance you pay during the year.

Earned income does not include investment income (such as capital gains, interest, and dividends), retirement income (such as RRIF income, old age security, and Canada Pension Plan), a retiring allowance and various other sources of passive investment income.

Information for RRSP Tips is provided as a public service by the Chartered Accountants of British Columbia. For more RRSP and tax tips visit www.rrspandtaxtips.com.

-30-

For media inquires, contact:
Kerri Brkich, Manager, Public Affairs
Tel: (604) 488-2625
E-mail: brkich@ica.bc.ca

RRSP Tip #13
TO BE PRINTED BEFORE MARCH 1, 2010

Can You Transfer Your RRSP From One Financial Institution to Another?

Yes, you can transfer your RRSP from one financial institution to another. In order to transfer an RRSP account without triggering any taxes, the transfer must be made between the institutions in trust for you – you cannot touch the funds. Your new RRSP issuer generally arranges the transfer.

Note that the administrator or trustee of your RRSP might charge a fee against your RRSP for the administrative work involved in the transfer, and this fee is not tax deductible.

Also be aware that certain investments might be unique to a particular RRSP administrator or trustee. Moving the RRSP or the RRSP investment might require the liquidation of the particular investment, potentially resulting in various types of early redemption costs or administrative costs.

You should consult with your investment advisor as well as your RRSP administrator or trustee before moving your RRSP to be fully aware of all costs associated with the move.

Information for RRSP Tips is provided as a public service by the Chartered Accountants of British Columbia. For more RRSP and tax tips visit www.rrspandtaxtips.com.

-30-

For media inquires, contact:
Kerri Brkich, Manager, Public Affairs
Tel: (604) 488-2625
E-mail: brkich@ica.bc.ca

RRSP Tip #14
TO BE PRINTED BEFORE MARCH 1, 2010

Pension Adjustment Reversals

If you have been a member of a Registered Pension Plan (RPP) or Deferred Profit Sharing Plan (DPSP), you have had your annual RRSP deduction limit reduced by something called a Pension Adjustment.

In general terms, the Pension Adjustment is designed to reduce your RRSP contribution room by the value of any contributions you or your employer have already made to an RPP or DPSP in the previous year. If you exit from an RPP or DPSP plan, your RRSP contribution room is reinstated to compensate for any lost RPP/DPSP entitlement. This reinstatement is called a Pension Adjustment Reversal (PAR), and it applies to increase your RRSP contribution room in the year you exit the RPP or DPSP.

A PAR would be reported to you if your pension benefits were not vested, or if the lump sum you were able to transfer from the RPP or DPSP to your own RRSP was less than the pension adjustment figures previously reported to you.

The pension adjustment reversal should be provided to you within 60 days after the end of the calendar quarter in which you cease to be a plan member or by January 31 if your termination of plan membership occurs in the fourth quarter of the calendar year.

Information for RRSP Tips is provided as a public service by the Chartered Accountants of British Columbia. For more RRSP and tax tips visit www.rrspandtaxtips.com.

-30-

For media inquires, contact:
Kerri Brkich, Manager, Public Affairs
Tel: (604) 488-2625
E-mail: brkich@ica.bc.ca

RRSP Tip #15
TO BE PRINTED BEFORE MARCH 1, 2010

Is There a Good Time to Use the Money in an RRSP Prior to Retirement?

The primary objective of an RRSP is to save for retirement by permitting tax deductions for current period contributions, and tax-deferrals on investment earnings, with the goal of creating a retirement nest egg. Ideally, tax deductions occur during periods of higher income (higher income tax rates) and withdrawals occur during periods of lower income (lower income tax rates). With this in mind, it may sometimes make sense to withdraw funds from your RRSP prior to retirement.

It may make sense to withdraw funds from your RRSP, or a spousal RRSP, in the first year you become self-employed and your net income is low as a result of start-up costs, or income is deferred as a result of tax planning. For example, if you are commencing a business in 2010, you could contribute $10,000 to your RRSP by March 1, 2010, deduct it on your 2009 tax return, and receive a tax refund. You could then withdraw the $10,000, net of withholding taxes, from your RRSP later in the year, include it in your 2010 income, and pay little or no tax as a result of having little or no other income in the year.

That said, since the purpose of an RRSP is to save for retirement, you should think very carefully about the future impact on your retirement wealth before withdrawing funds from your RRSP. Also be careful about withdrawing from a spousal RRSP because the income may be attributed to the contributing spouse if a spousal RRSP contribution had been made in the prior three years.

Information for RRSP Tips is provided as a public service by the Chartered Accountants of British Columbia. For more RRSP and tax tips visit www.rrspandtaxtips.com.

-30-

For media inquires, contact:
Kerri Brkich, Manager, Public Affairs
Tel: (604) 488-2625
E-mail: brkich@ica.bc.ca

RRSP Tip #16
TO BE PRINTED BEFORE MARCH 1, 2010

Pension Income Splitting

If you received eligible pension income during 2009, by making the pension income splitting election you can transfer up to ½ of your eligible pension income to your spouse or common-law partner. Eligible pension income includes the taxable portion of annuity payments from a superannuation or pension plan, or if you are over 65, payments from your RRIF and annuity payments from your RRSP.

If your spouse would not otherwise receive pension income, by electing to split your pension income, he or she can utilize the pension income credit of up to $2,000 for federal tax purposes and $1,000 for B.C. tax purposes, which can save income taxes. You can potentially get more cash in your pocket by splitting your pension, since splitting will bring your net income down and may reduce Old Age Security clawback.

The pension income splitting rules do not make spousal RRSPs obsolete, since spousal plans still have income splitting benefits for the years before your turn 65, or if you have not yet converted your RRSP to a RRIF or annuity. In addition, taking advantage of spousal RRSPs can increase your potential for withdrawals under the Home Buyers' Plan and Lifelong Learning Plan.

Information for RRSP Tips is provided as a public service by the Chartered Accountants of British Columbia. For more RRSP and tax tips visit www.rrspandtaxtips.com.

- 30 -

For media inquires, contact:
Kerri Brkich, Manager, Public Affairs
Tel: (604) 488-2625
E-mail: brkich@ica.bc.ca

RRSP Tip #17
TO BE PRINTED BEFORE MARCH 1, 2010

RRSP Eligible Investments

You can hold the majority of regularly traded investments in your RRSP. However, there are certain investments that are ineligible to be held in your RRSP.

Investments that are eligible include, but are not limited to, securities listed on a designated stock exchange (other than futures contracts), mutual fund units, Small Business Corporation shares (in limited circumstances), mortgages, investment grade debt obligations that are part of a minimum $25 million issuance, and annuity contracts.

Ineligible investments include, but are not limited to, commodity futures, most private company shares, listed personal property, and mortgages on property owned by you other than properly insured mortgages administered by a National Housing Act approved lender.

The rules for RRSP investments are complex. Before you make an investment in your RRSP, see your investment advisor to ensure the investment is appropriate for you and see your RRSP issuer or a Chartered Accountant to determine whether the investment can be held in your RRSP.

Information for RRSP Tips is provided as a public service by the Chartered Accountants of British Columbia. For more RRSP and tax tips visit www.rrspandtaxtips.com.

- 30 -

For media inquires, contact:
Kerri Brkich, Manager, Public Affairs
Tel: (604) 488-2625
E-mail: brkich@ica.bc.ca