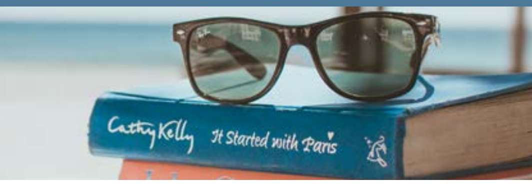
RRSPs 101:
A tax-smart way to save



An RRSP is a type of investment account that allows you to reduce your taxable income each year, while building up savings for future retirement income.

- The money you invest in your RRSP is tax deductible, reducing your current taxable income.
- You defer tax on your investment income until it's withdrawn, presumably in retirement when you're in a lower income bracket.

1 Plan your retirement goals.

What kind of lifestyle do you want to live in retirement? Start making goals now, and meet with your financial advisor to ensure your security as you enjoy a long and fulfilling retirement.

2 Invest early for compound growth.

Investing in your RRSP well in advance of retirement means that your money has more time to benefit from tax-sheltered growth.

3 Leverage your tax refund.

Remember that RRSPs aren't tax-free, they are tax-deferred – so as tempting as it might be to spend your tax refund, reinvesting it will work to your long-term advantage.

4 Contribute now, deduct later.

You don't have to claim deductions on your RRSP contributions in the same year that you make them. If you are expecting a future increase in taxable income that will push you into a higher tax bracket, you can defer claiming deductions until a later year to benefit from a higher tax refund.

5 More room to invest in your future.

Unused contribution room can be carried forward indefinitely to use in future years.

6 Develop RRSP withdrawal strategies.

Reaching age 71 triggers the maturity of your RRSP. You must convert your RRSP into a Registered Retirement Income Fund (RRIF), or annuity, or lump sum payout by the end of the calendar year in which you turn age 71. RRIF minimum withdrawals start the year after the RRIF is established.

Depending on your short- and long-term goals, investing in a Tax-Free Savings Account (TFSA) might be an option to also discuss with your financial advisor.

For more information, contact your advisor or visit **fidelity.ca**

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