Reuter Insight

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Registered Plans and Your Income Tax Return

When planning for retirement, saving in a registered plan can help you reduce the amount of tax you pay to Canada Revenue Agency. Registered plans include Registered Retirement Savings Plans (RRSPs), Registered Pension Plans (RPPs) and Deferred Profit Sharing Plans (DPSPs).

Using registered plans in your tax planning is a wise strategy as amounts in these plans grow without being taxed now during your working years when your income is higher. You then pay a lower rate of tax on amounts withdrawn during retirement when your income is lower.

How can contributions to a registered plan reduce your taxes now?

You can claim a tax deduction on amounts you contribute each year, up to certain limits. In order to do so you need to obtain the amounts contributed during the year from information slips provided to you.

For RRSP plans, the insurance company issues two receipts for amounts contributed to the plan, for the periods of March 1 to December 31 and January 1 to February 28. Amounts from these receipts that you choose to deduct on your return reduce your taxable income. Refer to your Notice of Assessment to verify your RRSP amounts.

For Pension plans, employee contributions are indicated on your T4 in Box 20 and also in Box D of the Relevé 1 for Quebec residents only and are tax deductible. The total of all contributions, as well as contributions made to a DPSP, are stated in Box 52 on your T4. Employer contributions to an RPP or DPSP are not tax deductible.

When completing your Income Tax Return, ensure that you attach a copy of your T4, RRSP receipts and any other slips, if completing a paper return.

If you have questions regarding the tax information provided to you for your registered plans, contact Reuter Benefits via telephone at 1-800-666-0142 or by email at retire@reuterbenefits.com. For additional details you may wish to contact Canada Revenue Agency at 1-800-959-8281 or access their website at www.cra.gc.ca.