

Lifelong Learning Plan (LLP)

Before you start

Is this guide for you?

Use this guide if you want information about using the Lifelong Learning Plan (LLP).

The LLP lets you withdraw amounts from your registered retirement savings plans (RRSPs) to finance training or education for you or your spouse or common-law partner. You do not have to include the withdrawn amounts in your income, and the RRSP issuer will not withhold tax on these amounts.

You have to repay these withdrawals to your RRSPs over a period of no more than 10 years. Any amount that you do not repay when it is due will be included in your income for the year it was due.

This guide includes a glossary on page 4 that gives you general definitions of the terms we use. Chapter 1 gives information about using the LLP. Chapter 2 explains how to repay withdrawals under the LLP.

If you want to use the LLP

If you want to use the LLP, read this guide first to find out how it works and how it will affect your income. You will also need Form RC96, *Lifelong Learning Plan (LLP) – Request to Withdraw Funds From an RRSP*. You can use the copy of the form at the back of this guide. You will also find a chart that summarizes how to use the LLP on page 5.

More information

In this guide, we use plain language to explain the most common income tax situations. If you need more information after reading the guide, contact your tax services office. The telephone numbers and address of your tax services office are listed in the government section of your telephone book and on the “Contact us” page of our Web site at www.ccra.gc.ca.

Forms and publications – You can get forms and publications from our tax services offices and tax centres, or by calling us toll free at **1-800-959-2221**. Most of them are also available on our Web site at www.ccra.gc.ca.

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Table of contents

	Page		Page
Glossary	4	Can you make LLP withdrawals from more than one RRSP?	8
Chapter 1 – Using the LLP	4	Can you use LLP withdrawals for other purposes?	8
Who can use the LLP?	5	Can you use the Home Buyers' Plan at the same time?	8
What conditions does the LLP student have to meet?...	5	What if the LLP student does not qualify for the education amount?	8
What is a qualifying educational program?	5		
What is a designated educational institution?.....	5	Chapter 2 – Repaying your withdrawals	9
Who is a full-time student?.....	5	How will you know when and how much to repay?	9
Who can be enrolled on a part-time basis?	6	How do you make your repayments?	10
What if the LLP student does not enrol in the program?.....	6	Contributions you cannot designate	10
How much can you withdraw?.....	6	What if you want to repay earlier?.....	10
How do you make the withdrawal?.....	6	What if you repay less than the amount required?.....	10
You have to file a tax return.....	6	What if you repay more than the amount required?	10
How does your withdrawal affect your RRSP deduction?.....	7	Situations where the repayments have to be made in less than 10 years	11
What happens if the LLP student leaves the educational program?	7	If the person who made the LLP withdrawal dies	11
How to cancel your LLP withdrawal	8	If you become a non-resident.....	12
Questions you may have.....	8	If you are 70 years of age or over.....	12
How often can you use the LLP?.....	8	Appendix – Effect of LLP on RRSP deductions	13
Can you and your spouse or common-law partner use the LLP at the same time?.....	8		

Glossary

This glossary gives you general descriptions of the technical terms that we use in this guide. You may want to read it before you start.

Common-law partner – The *Income Tax Act* now uses the term “common-law partner” instead of “spouse” to mean a person with whom you are living common-law. This applies to a person of the opposite or same sex who is **not your spouse** (see below) when you live and have a relationship with that person. In addition, at least **one** of the following has to apply. He or she:

- is the natural or adoptive parent (legal or in fact) of your child;
- has been living and having a relationship with you for at least 12 continuous months; or
- lived with you previously as your spouse or common-law partner for at least 12 continuous months.

The above includes any period that you were separated for less than 90 days because of a breakdown in the relationship.

Designated educational institution – This is a university, college, or other educational institution that qualifies for purposes of the tuition or education amounts on line 323, “Tuition and education amounts,” of your return.

Lifelong learning plan (LLP) – The LLP allows you to withdraw money from your RRSPs to pay for your own education or your spouse’s or common-law partner’s education. If certain conditions are met, you do not have to pay tax on the money when you withdraw it and you can pay the money back to your RRSPs over a 10-year period.

LLP balance – Your LLP balance is the total of the amounts you have withdrawn from your RRSPs that meet the LLP rules, **minus** the amounts you have repaid to your RRSPs or have included in your income.

LLP student – This is the individual whose education you are financing using the LLP. It can be you or your spouse or common-law partner, but not your child. You have to use the LLP for the same LLP student each year until the year after you have reduced your LLP balance to zero.

LLP withdrawal – This is an amount that you withdraw from your RRSP under the LLP rules.

Qualifying educational program – This is an educational program that requires students to spend 10 hours or more per week on courses or work in the program, and that lasts three consecutive months or more.

Repayment year – This is a year in which you are due to make a repayment under the LLP. You have until 60 days after the end of that year to make the repayment.

RRSP contribution – This is the amount you pay, in cash or in kind, when you contribute to an RRSP.

RRSP deduction – This refers to the amount you indicate on line 208, “RRSP deduction,” when you file your return.

RRSP deduction limit – This refers to the amount you can deduct for contributions you made to your RRSPs or to your spouse’s or common-law partner’s RRSPs. It is based in part on your earned income (excluding transfers to your RRSPs of certain types of qualifying income). It takes into consideration various factors, such as pension adjustment, past-service pension adjustment, pension adjustment reversal, and your unused RRSP deduction room from previous years.

RRSP owner – This is the individual who is named in the RRSP contract as the one who will receive the RRSP money at maturity. Another term for this is “RRSP annuitant.”

Spouse – The term “spouse” applies only to a person to whom you are legally married.

Chapter 1 – Using the LLP

The Lifelong Learning Plan (LLP) lets you withdraw up to \$10,000 a year from your registered retirement savings plans (RRSPs) to finance full-time training or education for you or your spouse or common-law partner. You cannot use the LLP to finance your children’s education. As long as you meet the LLP conditions every year, you can withdraw amounts from your RRSPs until January of the fourth year after the year you make your first LLP withdrawal. You cannot withdraw more than \$20,000 in total. You do not have to include the withdrawn amounts in your income, and the RRSP issuer will not withhold tax on these amounts.

You have to repay these withdrawals to your RRSPs over a period of no more than 10 years. Any amount that you do not repay when it is due will be included in your income for the year it was due. This chapter explains the conditions you and the LLP student have to meet to use the LLP, and how to make an LLP withdrawal. The following chart summarizes the LLP withdrawal process.

Using the LLP

- You have an RRSP.
- You are a Canadian resident.
- The LLP student is enrolled (or has received an offer to enrol before March of the next year):
 1. in a qualifying educational program;
 2. at a designated educational institution;
 3. as a full-time student.

All three conditions must be met. However, if the LLP student meets the disability conditions (see "Who can be enrolled on a part-time basis?" on page 6), he or she can be enrolled on a part-time basis.

Complete Form RC96 and give it to your RRSP issuer.

You can withdraw:

- up to \$10,000 in a calendar year;
- up to \$20,000 in total.

The LLP student has to:

- enrol before March of the year after the LLP withdrawal; and
- still be enrolled in that program in April of the year after the LLP withdrawal, unless the student has already completed the program by then.

The RRSP issuer will not withhold tax at source on the amount you withdraw.

The RRSP issuer will send you a T4RSP slip showing the LLP amount.

You have to file a tax return even if you do not owe tax.

Who can use the LLP?

If you are an RRSP owner, you can usually use the LLP to withdraw funds from your RRSPs for your education or your spouse's or common-law partner's education.

Certain types of RRSPs, such as locked-in RRSPs, do not allow you to withdraw funds from them. Your RRSP issuer can give you more information about the types of RRSPs that you have.

You cannot use the LLP after the end of the year you reach the age of 69. For more information, see "If you are 70 years of age or over" on page 12.

You have to be a resident of Canada when you receive funds from your RRSPs under the LLP. If you are not sure whether you are considered a resident or non-resident of Canada, or if you need more information about residency status, contact your tax services office. For information about what happens if you become a non-resident after you make an LLP withdrawal, see the section called "If you become a non-resident" on page 12.

What conditions does the LLP student have to meet?

The LLP student can be you or your spouse or common-law partner. You cannot name your child as an LLP student.

The LLP student must enrol:

- in a **qualifying educational program**;
- at a **designated educational institution**;
- usually on a **full-time** basis. If the LLP student meets the disability conditions, he or she can enrol on a part-time basis (see the section called "Who can be enrolled on a part-time basis?" on page 6). If you are not sure whether the LLP student is enrolling on a full-time basis, check with the educational institution.

The educational institution determines when you are considered to enrol in a program, and when you are no longer enrolled. Usually, you are considered to enrol when you pay part or all of your fees.

If the LLP student is not already enrolled in the program, he or she must have received a written offer to enrol before March of the year after your withdrawal. A conditional written offer is acceptable.

You cannot use the LLP if the student has already completed the educational program and is no longer enrolled.

What is a qualifying educational program?

A **qualifying educational program** is an educational program that:

- lasts three consecutive months or more; and
- requires students to spend 10 hours or more per week on courses or work in the program. Courses or work includes lectures, practical training, and laboratory work, as well as research time spent on a post-graduate thesis. It **does not** include study time.

What is a designated educational institution?

A **designated educational institution** is a university, college, or other educational institution that qualifies for the tuition or education amount on line 323, "Tuition and education amounts," of your return. Contact your tax services office if you are not sure whether a particular institution is a designated educational institution.

Who is a full-time student?

The educational institution determines who is a full-time or part-time student under its rules. The requirement that the student enrol as a full-time student is separate from the qualifying educational program requirement. Even if the

student is enrolling in a program that requires spending 10 hours or more per week on courses or work in the program, you cannot use the LLP if the institution considers the student to be part-time. The following section explains the only exception to this rule.

Who can be enrolled on a part-time basis?

LLP students who meet one of the disability conditions can be enrolled on a part-time basis. The program in which the student is enrolled must still be a qualifying educational program that normally requires students to spend 10 hours or more per week on courses or work in the program. However, students who meet the disability conditions can spend less than 10 hours per week on courses or work in the program.

We consider the LLP student to meet the disability conditions if one of the following situations applies:

- the student can only attend part-time because of a mental or physical impairment, and a medical doctor, optometrist, audiologist, psychologist, or occupational therapist has certified this on Form T2202, *Education Amount Certificate*; or
- the student is entitled to the disability amount on line 316, “Disability amount,” of the student’s tax return for the year of the LLP withdrawal.

Note

If the student was allowed the disability amount on the return for the previous year and still meets the eligibility requirements for the disability amount, the student will meet the disability condition for the LLP. The student will also meet this condition if someone else claimed the disability amount for the student in the previous year and the student still meets the eligibility requirements for the disability amount. If you have questions about the disability amount, contact your tax services office.

What if the LLP student does not enrol in the program?

If the LLP student is not already enrolled when you make the withdrawal, he or she has to enrol in a qualifying educational program before March of the year after the LLP withdrawal. The educational institution determines when you are considered to enrol in a program. Usually, you are considered to enrol when you pay part or all of your fees.

If the LLP student does not enrol in the educational program in time, you have to cancel your LLP withdrawals. For more information, see the section called “How to cancel your LLP withdrawal” on page 8.

How much can you withdraw?

You can withdraw up to \$10,000 in a year from your RRSPs under the LLP. This is your **annual LLP limit**. The amount you withdraw is not limited to the amounts of your tuition or other education expenses. Your spouse or common-law partner can also withdraw up to \$10,000 from RRSPs under the LLP in the same year you do. For more information, see “Can you and your spouse or common-law partner use the LLP at the same time?” on page 8.

You can keep withdrawing amounts from your RRSPs until January of the fourth year after the year you made your first LLP withdrawal, as long as the LLP student continues to meet the conditions we explained on page 5 under the heading “What conditions does the LLP student have to meet?”

Example 1

Alain makes his first LLP withdrawal in 2001 for himself as the LLP student. He continues to meet the LLP student conditions every year. He has to make his last LLP withdrawal before February 2005.

You cannot withdraw more than the **total LLP limit** of \$20,000 each time you use the LLP. You can use the LLP again, starting the year after you bring your LLP balance to zero.

If you withdraw more than the annual LLP limit of \$10,000 in a year, the excess will be included in your income for the year of the withdrawal. The excess is not used to determine whether you have reached your total LLP limit of \$20,000.

If you withdraw more than \$20,000 in total under the LLP, the excess will be included in your income for the year you exceed the total LLP limit.

How do you make the withdrawal?

To make an LLP withdrawal, use Form RC96, *Lifelong Learning Plan (LLP) – Request to Withdraw Funds From an RRSP*. You have to complete Form RC96 for each withdrawal that you make. You can use the form at the back of this guide. To order more copies of the form, call 1-800-959-2221.

Complete Part 1 of Form RC96. You can name yourself, or your spouse or common-law partner, as the LLP student in Part 1. After you complete Part 1, give the form to your RRSP issuer, who will complete Part 2. Your RRSP issuer will not withhold tax from the funds you withdraw if you meet the LLP conditions. Your RRSP issuer will send you a T4RSP slip, *Statement of RRSP Income*, showing the amount you withdrew under the LLP. Attach this slip to your tax return.

You have to file a tax return

Starting in the year you make your first LLP withdrawal, you have to complete and send us a return every year until you have repaid all of your LLP withdrawals or included them in your income. You have to send us a return even if you do not owe any tax. Attach the T4RSP slips your RRSP issuer sends you for your LLP withdrawals.

Complete Schedule 7, *RRSP Unused Contributions, Transfers, and HBP or LLP Activities* (included in your income tax package) and attach it to your return to show your total LLP withdrawals and repayments in the year. This will help both you and us to keep track of them.

When you file your return for the first year you are using the LLP, you can use Schedule 7 to change the LLP student that you named on the RC96. If you named your spouse or common-law partner as the LLP student, you can change it to yourself. If you named yourself as the LLP student, you

can change it to your spouse or common-law partner. You cannot change the LLP student you have named after you file your return for that first year.

How does your withdrawal affect your RRSP deduction?

You can continue to make contributions to RRSPs and deduct them from your income on your return, after you have made an LLP withdrawal. However, you may not be able to deduct contributions you made **before** the withdrawal. The following paragraphs explain the restrictions that apply.

If you do not have an RRSP, you cannot set one up and then make an LLP withdrawal right away. The contribution has to be in the RRSP for 90 days before you can deduct it from your income on your tax return.

If you already have an RRSP and you contribute to it in the 89-day period before you make an LLP withdrawal, you may not be able to deduct the contribution from your income on your return at any time even if you repay this amount to your RRSP under the LLP. If the value of the RRSP right after the LLP withdrawal is **more than**, or the **same as**, the amount of the RRSP contribution, you can deduct the entire contribution. If the value of the RRSP right after the LLP withdrawal is **less than** the amount of the RRSP contribution, you cannot deduct some or all of the contribution. To find out how much you **cannot** deduct, use the following formula for each RRSP from which you make an LLP withdrawal:

Total contributions to the RRSP in the 89-day period before the LLP withdrawal

Minus:

Value of the RRSP right after the LLP withdrawal

Equals:

The part of the contributions you **cannot** deduct at any time

Example 2

Ahmed has an RRSP with a value of \$6,500. He contributes \$8,000 to the RRSP on February 10, 2002. He then makes an LLP withdrawal of \$10,000 on March 1, 2002. The value of the RRSP after the withdrawal is \$4,500.

February 10, 2002

Value of RRSP before contribution	\$ 6,500
February 10, 2002, contribution	+ \$ 8,000
Value after the contribution	= \$ <u>14,500</u>

March 1, 2002

LLP withdrawal	- \$ 10,000
Value after withdrawal	= \$ <u>4,500</u>

Ahmed determines the part of his contribution that is not deductible as follows:

Contribution in the 89 days before LLP withdrawal	\$ 8,000
Minus: Value after withdrawal	- \$ 4,500
Result	= \$ <u>3,500</u>

Ahmed **cannot** deduct \$3,500 of the contribution he made on February 10, 2002, for any year.

You can use the chart in the Appendix on page 13 to determine the part of the contributions you, your spouse or common-law partner made, that is not deductible for any year.

What happens if the LLP student leaves the educational program?

For you to be able to repay the LLP withdrawals over a 10-year period, the LLP student usually has to either:

- complete the program; or
- continue to be enrolled in the educational program at the end of March of the year after the LLP withdrawal.

If the LLP student leaves the program before April of the year after the withdrawal, you can still make your repayments over a 10-year period **if less than 75%** of the student's tuition is refundable by the educational institution.

If the LLP student leaves the program before April of the year after the withdrawal, and **75% or more** of the LLP student's tuition is refundable, you have to cancel the LLP withdrawal. See "How to cancel your LLP withdrawal" on page 8. If you do not cancel it, the amount you withdraw will be included in your income for the year you withdraw it.

We check the LLP student's education amount on line 323, "Tuition and education amounts," of the student's return for the year you make the withdrawal and the following year. If we cannot determine from the education amount that the LLP student has continued in the program, we will contact you to find out if you still meet the conditions to make the repayments over a 10-year period.

Example 3

In September 2002, George withdraws \$1,000 from his RRSPs under the LLP. Earlier in the same month, he enrolled in a four-month college program, and paid \$750 in tuition fees. George completes the program in January 2003. Therefore, he can repay his LLP amounts over a 10-year period.

Note

Special rules apply if the LLP student dies. See the section called “If the person who made the LLP withdrawal dies” on page 11.

How to cancel your LLP withdrawal

You can cancel your LLP withdrawal by paying it back to your RRSP if one of the following situations applies:

- the student was not enrolled in the educational program when you made the withdrawal, and does not enrol;
- the LLP student leaves the program before April of the year after the withdrawal, and 75% or more of the student’s tuition is refundable; or
- you became a non-resident after the year in which you made an LLP withdrawal. Read the section “If you become a non-resident” on page 12.

You cannot make this cancellation payment if the withdrawal did not meet the LLP rules **when you made the withdrawal**. One or more of the situations listed above must apply for you to cancel your withdrawal.

The due date for the cancellation payment is December 31 of the year after the year you made the withdrawal. If you become a non-resident after the year you make an LLP withdrawal, read the section “If you become a non-resident” on page 12, to know the specific dates that apply to your situation. You can make the payment to any of your RRSPs with any issuer, or you can open a new RRSP. You cannot make a cancellation payment to your spouse’s or common-law partner’s RRSP.

When you make the cancellation payment to your RRSP, your RRSP issuer will give you a receipt. Complete the cancellation form at the back of this guide and send it, along with the receipt, to the address on the form.

Any amount that you do not repay will be included in your income for the year you withdrew it. If we have already assessed your return for that year, we will reassess it to include the unpaid amount. Interest will be charged and penalties assessed if applicable.

Example 4

On May 1, 2001, Rachid, a Canadian resident, applies to three Canadian universities as a full-time student. Rachid receives a written offer to enrol from one of the universities on July 10, 2001. On July 13, 2001, he makes an LLP withdrawal of \$10,000. Since Rachid withdrew the funds in 2001, he has to enrol in the program before March 1, 2002. If he does not, Rachid will have to cancel the LLP withdrawal by paying back the \$10,000 to his RRSP by December 31, 2002. We will include any amount he does not repay in his income for 2001.

Questions you may have

How often can you use the LLP?

There is no limit on the number of times you can use the LLP over your lifetime. Starting in the year after you bring your LLP balance to zero, you can use the LLP again and withdraw up to \$20,000 over a new qualifying period.

Can you and your spouse or common-law partner use the LLP at the same time?

Yes. You can do any of the following:

- you can use the LLP for yourself while your spouse or common-law partner uses the LLP for him or herself;
- you can both use the LLP for one of you; or
- you can use the LLP for each other.

Each of you can withdraw up to the annual LLP limit of \$10,000 in a year, and up to the total LLP limit of \$20,000 over the period you are using the LLP.

Can you make LLP withdrawals from more than one RRSP?

You can make LLP withdrawals from more than one RRSP if you are the RRSP owner of each one. Your total LLP withdrawals in a year from all of your RRSPs cannot be more than the annual LLP limit of \$10,000. In addition, your total LLP withdrawals over the period that you are using the LLP cannot be more than the total LLP limit of \$20,000.

Can you use LLP withdrawals for other purposes?

As long as you meet all of the LLP conditions when you make the withdrawal, you can use the funds you withdrew for any purpose. You do not have to use the funds specifically for education costs. For example, you could use other savings to pay for your tuition and books, and use your LLP withdrawal to pay for living expenses.

Can you use the Home Buyers’ Plan at the same time?

You can use the LLP even if you have withdrawn amounts from your RRSP under the Home Buyers’ Plan that you have not yet fully repaid. For more information about the Home Buyers’ Plan, get the guide called *Home Buyers’ Plan (HBP)*.

What if the LLP student does not qualify for the education amount?

It is possible to use the LLP even if the LLP student does not qualify for the education amount on line 323, “Tuition and education amounts,” of his or her return. The LLP student **may not be able to** claim the education amount because the student is receiving a reimbursement, benefit, grant, or allowance for the educational program, or is receiving a salary or wages while studying for a program related to the student’s job. If the LLP student cannot claim the education amount only because one of these reasons applies, you can still use the LLP. However, we may ask you for documentation to show that you qualify to use the LLP.

Chapter 2 – Repaying your withdrawals

Over a period of no more than 10 years, you have to repay your LLP withdrawals to your RRSPs. Usually, each year you have to repay 1/10 of the total amount you withdrew until the full amount is repaid. You do not have to pay any interest on the amounts you withdrew.

How will you know when and how much to repay?

You will receive a Lifelong Learning Plan (LLP) Statement of Account each year on your *Notice of Assessment or Reassessment*. This statement will show the total LLP withdrawals, the amount you have repaid to date, your LLP balance, and the amount you have to repay the following year.

To determine when you have to start repaying your LLP withdrawals, use the chart on this page. In some situations, the latest year you can start repaying your LLP withdrawals is the fifth year after your first LLP withdrawal. However, in most cases, you have to start repaying your withdrawals before that year.

We determine when your repayment period starts by checking the LLP student's return to see if the student was entitled to the education amount as a full-time student on line 323, "Tuition and education amounts," for at least three months. If the LLP student does not meet this education amount condition two years in a row, your repayment period usually starts in the second of those two years. If the LLP student continues to meet this condition every year, your repayment period starts in the fifth year after your first LLP withdrawal.

In some cases, the LLP student is not entitled to the education amount for three months in any year. This can happen if the program is a short one and the student starts it near the end of a year. In that case, your first repayment year is the second year after the year of your LLP withdrawal. If the student is not entitled to the education amount for three months in any year because the student left the program, see "What happens if the LLP student leaves the educational program?" on page 7.

Example 5

Sarah makes LLP withdrawals from 2002 to 2005. She continues her education from 2002 to 2007, and is entitled to claim the education amount as a full-time student for at least three months on her return every year. Sarah's repayment period is from 2007 to 2016, since 2007 is the fifth year after the year of her first LLP withdrawal. The due date for her first repayment is February 29, 2008, which is 60 days after the end of 2007, her first repayment year.

Example 6

Joseph makes an LLP withdrawal in 2002 for a qualifying educational program he is enrolled in during 2002. He is entitled to the education amount as a full-time student for five months of 2002. Joseph completes the educational program in 2003, and he is entitled to the education amount as a full-time student for five months on his return for 2003. He is not entitled to the education amount for 2004 or 2005. Joseph's repayment period begins in 2005.

Note

Even if you become bankrupt, you still have to repay all your LLP withdrawals to your RRSPs. If you do not, you have to include the required amounts in your income each year as they become due.

How do you determine if you have to start repaying your LLP withdrawals?

Use this chart to determine if you have to start repaying your LLP withdrawals this year. This chart does not cover cancelling your withdrawal. For that information, see "How to cancel your LLP withdrawal" on page 8.

Step 1

Is this the year of your first LLP withdrawal?

If you answer **no**, go to Step 2.

If you answer **yes**, you do not have to start repaying your LLP withdrawals this year.

Step 2

Is this the fifth year after your first LLP withdrawal?

(If you made your first LLP withdrawal in 1999, then 2004 would be the fifth year after your first LLP withdrawal.)

If you answer **no**, go to Step 3.

If you answer **yes**, you have to start repaying your LLP withdrawals this year.

Step 3

Will the LLP student be entitled to the education amount as a full-time student on line 323 of his or her return for at least three months this year?

If you answer **no**, go to Step 4.

If you answer **yes**, you do not have to start repaying your LLP withdrawals this year.

Step 4

Was the LLP student entitled to the education amount as a full-time student for at least three months on his or her return for last year?

If you answer **no**, you have to start repaying your LLP withdrawals this year.

If you answer **yes**, you do not have to start repaying your LLP withdrawals this year.

How do you make your repayments?

To make your repayments, you have to contribute to your RRSPs in the repayment year or in the first 60 days of the next year. You can make the repayments to any of your RRSPs with any issuer, or you can open a new RRSP. You **cannot** designate a contribution you made to your spouse's or common-law partner's RRSPs (or a contribution your spouse or common-law partner made to your RRSPs) as a repayment under the LLP. You have to designate your repayment for the year by completing Schedule 7, *RRSP Unused Contributions, Transfers, and HBP or LLP Activities* (included in your income tax package) and filing it with your tax return for the repayment year.

You have to contribute to your RRSP to make your repayments even if your RRSP deduction limit is zero or a negative amount. We do not consider an amount you designate as a repayment under the LLP to be an RRSP contribution. Therefore, you cannot claim a deduction for this amount on your return.

Example 7

Betty has an LLP balance of \$7,500. Her repayment period is from 2003 to 2012. For her first repayment year, she needs to repay \$750, which is 1/10 of the amount she withdrew. Betty contributes \$6,000 to her RRSPs in 2003. To designate \$750 as her 2003 repayment, she has to file Schedule 7 with her 2003 return. Betty can deduct the remaining \$5,250 she contributed if the RRSP deduction limit shown on her *Notice of Assessment* for 2002 is at least \$5,250.

Contributions you cannot designate

You may have made contributions to your RRSPs from January 1 of the repayment year up to the 60th day of the following year that you cannot designate as repayments under the LLP. You **cannot** designate contributions that:

- you made to your spouse's or common-law partner's RRSPs (or that your spouse or common-law partner made to your RRSPs);
- are amounts you transferred directly to your RRSPs from a registered pension plan, deferred profit-sharing plan, registered retirement income fund, the Saskatchewan Pension Plan, or another RRSP;
- are amounts you deducted as a re-contribution of an excess qualifying withdrawal that you designated to have a past-service pension adjustment approved;
- are amounts you contributed in the first 60 days of the repayment year, that you deducted on your return for the previous year, or designated as a repayment for the previous year under the Home Buyers' Plan or LLP; or
- are amounts you received in the repayment year, such as retiring allowances, that you transferred to your RRSPs and deducted or will deduct on your return for that year.

What if you want to repay earlier?

Any payments you make before the first repayment year reduce your first required repayment. For example, assume your first repayment year is 2005 and \$1,000 is your

required repayment. If you make an early repayment of \$600 in 2004, your required repayment for 2005 is \$400.

What if you repay less than the amount required?

If you designate an amount that is less than the amount you have to repay, you have to include the difference in your income on line 129, "RRSP income," of your return. The amount you include in your income is equal to the amount you have to repay **minus** the amount you designate as a repayment for the year. The amount you include in income cannot be more than the result of this calculation.

Your LLP balance is reduced by the amount you repay **plus** the amount you include in income. If you want to calculate the amount you have to repay for the next year, divide your LLP balance by the number of years remaining in your repayment period.

Example 8

Josée makes a \$10,000 LLP withdrawal in 2001 for a four-month qualifying educational program that finishes in 2001. For 2003, Josée's repayment is \$1,000 ($\$10,000 \div 10$). Josée contributes \$700 to her RRSPs in 2003, and files Schedule 7 with her return to designate the \$700 as a repayment under the LLP. Josée has to include \$300 in her income on line 129, "RRSP income," of her 2003 return. She determined this as follows:

Amount she has to repay for 2003	\$ 1,000
Minus: Amount she designates as a repayment on Schedule 7	- \$ 700
Amount she includes in income on line 129	= \$ 300

She cannot claim a deduction for the \$700 contributed to her RRSPs because she designated those contributions as a repayment under the LLP. In 2004, she has to repay \$1,000 ($\$9,000 \div 9$).

What if you repay more than the amount required?

If you repay and designate more than you have to repay for a year, the amount you have to repay in each following year will be less. The Lifelong Learning Plan (LLP) Statement of Account on your *Notice of Assessment* or *Reassessment* takes into account any additional payments you make and tells you how much you have to repay for the next year. If you want to calculate the amount you have to repay for the next year, divide your LLP balance by the number of years left in your repayment period.

Example 9

Alexander's repayment period is from 2001 to 2010. His LLP balance is \$8,500. Alexander's repayment for 2001 is \$850 ($\$8,500 \div 10$). He makes the repayment for 2001, 2002, and 2003. In 2004, he receives an inheritance and decides to contribute \$4,000 to his RRSPs and designate that amount as a repayment under the LLP for 2004. He calculates the amount he has to repay for 2005 using the following chart.

Calculating the annual amount Alexander has to repay				
Year	LLP balance at the beginning of the year	Amount Alexander has to repay for the year	Amount Alexander designates as a repayment for the year	LLP balance for the following year
2001	\$8,500	\$850 (\$8,500 ÷ 10)	\$ 850	\$7,650
2002	\$7,650	\$850 (\$7,650 ÷ 9)	\$ 850	\$6,800
2003	\$6,800	\$850 (\$6,800 ÷ 8)	\$ 850	\$5,950
2004	\$5,950	\$850 (\$5,950 ÷ 7)	\$4,000	\$1,950
2005	\$1,950	\$325 (\$1,950 ÷ 6)	\$ 325	\$1,625

Situations where the repayments have to be made in less than 10 years

Additional repayment rules apply if you:

- die;
- become a non-resident; or
- are 70 years of age or over.

If the person who made the LLP withdrawal dies

Normally, if the person who made the LLP withdrawal dies, the legal representative has to include the LLP balance in the deceased person's income for the year of death. If the deceased contributed to an RRSP in the year of death, the legal representative can designate the contributions as a repayment under the LLP using Schedule 7, *RRSP Unused Contributions, Transfers, and HBP or LLP Activities* (included in the income tax package). This reduces the LLP balance that the legal representative has to include in the deceased person's income.

Note

An LLP student who dies may not have been the person who made the LLP withdrawal. If this is the case, the person who made the withdrawal makes the required LLP repayments over the usual 10-year period.

LLP election on death

If, at the time the person who made the LLP withdrawal dies, he or she has a spouse or common-law partner who is a resident of Canada, that individual can elect jointly with the deceased person's legal representative to make the repayments and to not include the LLP balance in the deceased person's income. If the surviving spouse or common-law partner is also the legal representative, he or she makes the election.

To make this election, the surviving spouse or common-law partner and the deceased person's legal representative sign a letter and attach it to the deceased person's tax return for the year of death. The letter should state that an election is being made to have the surviving spouse or common-law partner make the repayments under the LLP, and to not

have the income inclusion rule apply for the deceased. The deceased person's LLP balance then becomes the survivor's LLP balance. The surviving spouse or common-law partner makes the repayments to his or her own RRSPs.

Note

If an election is made and the deceased had not made a repayment for the year of death, no repayment will be required for that year for the deceased.

If the surviving spouse or common-law partner has no LLP balance of his or her own, he or she repays the LLP balance over the deceased person's repayment period. If the surviving spouse or common-law partner wants to make LLP withdrawals, the LLP balance taken over from the deceased will limit the amount he or she can withdraw. The survivor's total LLP limit will be \$20,000 **minus** the LLP balance taken over from the deceased. The annual LLP limit for the year of death will be \$10,000 **minus** the remaining LLP balance from the deceased.

Example 10

Isabelle dies in 2004. At the time of death, she had an LLP balance of \$7,200. Her repayment period was from 2003 to 2012. Her husband Bruno is her legal representative.

Bruno decides to elect to make the repayments. He checks the Lifelong Learning Plan (LLP) Statement of Account on Isabelle's most recent *Notice of Assessment or Reassessment*. It shows that the amount he has to repay for 2004 is \$800. Bruno contributes \$800 to his RRSP. When he prepares Isabelle's return for 2004, he does not include her LLP balance in her income. He writes a letter explaining that he is making the election to make his late wife's LLP repayments, signs it, and attaches it to her return. When he completes his own return for 2004, he designates \$800 as an LLP repayment using Schedule 7.

If Bruno wants to use the LLP for his own education, his total LLP limit is now \$20,000 **minus** the remaining LLP balance from Isabelle. In addition, his annual LLP limit for 2004 is \$10,000 **minus** the remaining LLP balance from Isabelle.

If Bruno did not make the election, he would have to include \$7,200 as income on line 129, "RRSP income," of Isabelle's final return for 2004.

If the surviving spouse or common-law partner already had an LLP balance of his or her own at the time the person dies, the deceased person's LLP balance is added to the survivor's LLP balance. This may cause the survivor's LLP balance to be more than the \$10,000 annual limit or the \$20,000 total limit. We will not include the excess in the income of either the survivor or the deceased if this occurs. The surviving spouse or common-law partner has to repay the new balance over his or her own repayment period.

Example 11

Irene dies on June 10, 2001. At the time of death, she has an LLP balance of \$7,000 to be repaid. Irene's common-law partner Paul is the estate's legal representative. He decides to make Irene's LLP repayments. He has his own LLP balance of \$14,000, and his repayment period is 2002 to 2011. Paul will add Irene's LLP balance of \$7,000 to his own LLP balance of \$14,000, and repay the total \$21,000 in his repayment period (from 2002 to 2011).

If you become a non-resident

If you become a non-resident of Canada **after the year you make an LLP withdrawal**, your LLP balance becomes payable for the year that you become a non-resident. The due date for the repayment is the **earlier** of the following:

- before the time you file your return for the year you became a non-resident; or
- 60 days after you stop being a Canadian resident.

You have to designate your repayment for the year by completing Schedule 7 and filing it with your tax return for the year that you become a non-resident. If you do not repay your LLP balance by the due date, you have to include the unpaid amount in your income for the year that you became a non-resident. The amount is included in income for the period you were resident in Canada.

If you become a non-resident **before the end of the year in which you make an LLP withdrawal**, you have to cancel your LLP withdrawals by paying them back to your RRSP.

If you are a non-resident when you file your return, the due date for the cancellation payment is the **earlier** of the following:

- before the time you file your return for the year in which you made the withdrawal; or
- December 31 of the year after the year of the withdrawal.

If you are a resident when you file your tax return for that year, the due date for the cancellation payment is December 31 of the year after the year of the withdrawal.

When you make the cancellation payment to your RRSP, your RRSP issuer will give you a receipt. Complete the cancellation form at the back of this guide and send it, along with the receipt, to the address shown on the form.

If you do not make the cancellation payment by the due date, we will include the LLP withdrawal in your income for the year you made the LLP withdrawal. We will charge interest.

If you are 70 years of age or over

After the end of the year you reach the age of 69, you will not be able to repay your LLP balance.

In the year you reach the age of 69, you can choose to repay all or part of your unpaid balance. After that, you will have to include in your income the amount that would be your annual repayment each year as it becomes due.

Example 12

In 2001, Cuong makes an LLP withdrawal of \$9,000. In 2005, he reaches the age of 69. Cuong repays the amount of \$1,200 for 2003 and 2004, and at the beginning of 2005 has an LLP balance of \$6,600 to repay to his RRSPs. Since he reaches the age of 69 in 2005, this is the last year he can contribute to his RRSPs.

Cuong decides to contribute \$5,200 to his RRSPs in 2005 and to designate that amount as a repayment under the LLP. This leaves him with an unpaid balance of \$1,400 at the end of 2005. Cuong will have to include \$200 ($\$1,400 \div 7 = \200) in income for each year from 2006 to 2012. If he did not repay any part of the \$6,600, he would have to include \$825 in income each year from 2005 to 2012. If he repaid the entire \$6,600, he would not have to include any part of this amount in his income.

Appendix – Effect of LLP on RRSP deductions

Calculating the part of RRSP contributions that is not deductible for any year

Use a separate chart for each LLP withdrawal.

Area 1 – Complete this area if you are the only one who contributed to your RRSP during the 89-day period just before you made an LLP withdrawal from that RRSP.

1. RRSP number	_____	1
2. Amounts you contributed to the above RRSP during the 89-day period just before your LLP withdrawal from that RRSP. *	\$ _____	2
3. Fair market value of the above RRSP just after your withdrawal.	- _____	3
4. Line 2 minus line 3 (if negative, enter "0"). This is the amount of your contribution to the RRSP indicated on line 1 that you cannot deduct for any year.	= \$ _____	4

Area 2 – Complete this area if you contributed to your spouse's or common-law partner's RRSP during the 89-day period just before your spouse or common-law partner withdrew an amount from that RRSP.

5. RRSP number	_____	5
6. Amounts you and your spouse or common-law partner contributed to the above RRSP during the 89-day period just before your spouse's or common-law partner's LLP withdrawal from that RRSP. ** ..	\$ _____	6
7. Fair market value of the above RRSP just after your spouse's or common-law partner's withdrawal.	- _____	7
8. Line 6 minus line 7 (if negative, enter "0"). This is the amount of the contributions to the RRSP indicated on line 5 that is not deductible for any year. ***	= \$ _____	8

*** Do not include:**

- any amounts for which you did not receive an official RRSP receipt;
- contributions representing lump-sum amounts (for example, retiring allowances) that you transferred to this RRSP (you have to include amounts you contributed to another RRSP during the 89-day period just before your withdrawal, that were transferred to the RRSP identified on line 1);
- the excess amount that you withdrew from your RRSPs in connection with the certification of a provisional past-service pension adjustment that you recontributed to this RRSP for the year, and for which you claim or will claim a deduction;
- an amount you contributed to this RRSP that was refunded to you as an undeducted amount (you may have completed Form T3012A, *Tax Deduction Waiver on the Refund of Your Unused RRSP Contributions Made in ___*); or
- amounts you contributed as a repayment or cancellation payment under the Home Buyers' Plan.

**** Do not include:**

- any amounts for which the designated person did not receive an official RRSP receipt;
- contributions your spouse or common-law partner made for amounts that he or she transferred to this RRSP (you have to include amounts that your spouse or common-law partner contributed to another RRSP during the 89-day period just before your withdrawal, that he or she transferred to the RRSP identified on line 5);
- the excess amount that your spouse or common-law partner withdrew from his or her RRSPs in connection with the certification of a provisional past-service pension adjustment that he or she recontributed to this RRSP for the year, and for which he or she claims or will claim a deduction;
- an amount the designated person contributed to this RRSP that was refunded to the designated person as an undeducted amount (the designated person may have completed Form T3012A, *Tax Deduction Waiver on the Refund of Your Unused RRSP Contributions Made in ___*); or
- amounts the designated person contributed as a repayment or cancellation payment under the Home Buyers' Plan.

******* If both you and your spouse or common-law partner contributed to the above RRSP during the 89-day period just before his or her withdrawal under the LLP, the earliest contributions made during this period are the non-deductible contributions.



LIFELONG LEARNING PLAN (LLP) REQUEST TO WITHDRAW FUNDS FROM AN RRSP

Use this form to make a withdrawal from your RRSP under the LLP.
Complete Part 1 and give the form to your RRSP issuer.

For more information about the LLP and who qualifies to use it, see our guide called *Lifelong Learning Plan (LLP)*.

Part 1 – Complete to make an LLP withdrawal from your RRSP

Name		Social insurance number	
Address			
City		Province	
		Postal code	
Who is the LLP student (check one)? You <input type="checkbox"/> Your spouse or common-law partner <input type="checkbox"/>			
If you checked "Your spouse or common-law partner," enter his or her name and social insurance number.			
<p>1. Has the LLP student enrolled in a qualifying educational program at a designated educational institution, or received a written offer to enrol before March of next year in such a program? For information about qualifying educational programs and designated educational institutions, see our guide called <i>Lifelong Learning Plan (LLP)</i>.</p> <p>Yes <input type="checkbox"/> <i>Go to question 2.</i> No <input type="checkbox"/> <i>You cannot make an LLP withdrawal. Do not complete the rest of this form.</i></p>			
<p>2. Is the student enrolling as a full-time student or part-time student?</p> <p>Full-time <input type="checkbox"/> <i>Go to question 4.</i> Part-time <input type="checkbox"/> <i>Go to question 3.</i></p>			
<p>3. Does the student meet the disability conditions explained in our guide called <i>Lifelong Learning Plan (LLP)</i>?</p> <p>Yes <input type="checkbox"/> <i>Go to question 4.</i> No <input type="checkbox"/> <i>You cannot make an LLP withdrawal. Do not complete the rest of this form.</i></p>			
4. How much do you want to withdraw?		\$ _____ A	
5. Is this your first LLP withdrawal this year?			
Yes <input type="checkbox"/> <i>Go to question 6.</i>		No <input type="checkbox"/> How much have you already withdrawn under the LLP this year? \$ _____ B	
If the total of lines A and B is more than \$10,000, your RRSP issuer will withhold tax on the part of your withdrawal that exceeds the \$10,000 limit. You have to include the part that exceeds the \$10,000 limit in your income on your return.			
6. How much have you withdrawn under the LLP in previous years of your current participation? Do not include amounts that you repaid to your RRSPs after participating in the LLP in the past.		\$ _____ C	
If the total of lines A, B, and C is more than \$20,000, your RRSP issuer will withhold tax on the part of your withdrawal that exceeds the \$20,000 limit. You have to include the part that exceeds the \$20,000 limit in your income on your return.			
7. What is the plan number of the RRSP from which you want to make the LLP withdrawal? _____			
I certify that the information given in Part 1 of this form is correct.			
_____		_____	
Signature of participant		Date	

Part 2 – To be completed by the RRSP issuer (Do not send this form to the CCRA)

- Withhold tax if the total of lines A and B above exceeds \$10,000, or if the total of lines A, B, and C above exceeds \$20,000. Withhold tax only on the excess.
- Report the eligible amount withdrawn in box 25 of a T4RSP issued in the name of the RRSP annuitant for the year of the withdrawal.
- Do not send us a copy of this form. However, keep a completed copy for your records.

RRSP issuer's name		Name and position of person to contact for more information	
Address		Postal code	
City		Province	
Phone number ()		Amount withdrawn	
		Date of withdrawal	
		Year Month Day	

**LIFELONG LEARNING PLAN (LLP) – CANCELLING A WITHDRAWAL MADE IN _____
(year)**

Complete this form to tell us that you are cancelling an LLP withdrawal. Complete the title by writing the year you made the withdrawal on the blank line.

You can only cancel a withdrawal if you met the LLP rules when you made the withdrawal. The reasons listed below are the only acceptable ones for cancelling an LLP withdrawal. Please tick (✓) the box beside the reason that applies to you.

- The student did not enrol in the qualifying educational program.
- The student left the program before April of the year after the withdrawal, and 75% or more of the tuition was refundable.
- You became a non-resident before the end of the year in which you made the withdrawal.

You can cancel a withdrawal by repaying the amount you withdrew from your RRSP. You can make your cancellation payment to any of your RRSPs, or open a new RRSP. If you do not repay all the funds you withdrew, you have to include the unpaid amounts in your income for the year they were withdrawn.

Information about the RRSP owner (this is the individual who made the RRSP withdrawal)

Last name		First name and initials		Social insurance number	
Address					
City	Province	Postal code	Telephone number ()		

Amount you withdrew \$	Amount of cancellation payment \$	Date of cancellation payment Year Month Day
---------------------------	--------------------------------------	--

RRSP owner's signature

Send this form and your official RRSP contribution receipt to: Pension and RRSP Processing Group
Ottawa Technology Centre
875 Heron Road
Ottawa ON K1A 1A2



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