Canada Revenue Agency   Agence du revenu du Canada

RRSPs and Other Registered Plans for Retirement

2004

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Canada

Before you start

Is this guide for you?

Use this guide if you want information about registered pension plans (RPPs), registered retirement savings plans (RRSPs), or registered retirement income funds (RRIFs). This guide has information that you may need to complete your return, which is not in your income tax package.

The first three chapters provide information about plans or funds to which you can contribute. Chapter 1 provides details about making contributions to an RPP. Chapter 2 provides details about RRSPs, including what your options are if you cannot deduct all the amounts you contribute to an RRSP. Chapter 3 gives a description of the types of amounts you can contribute to a RRIF.

To determine the amounts you can receive from an RRSP or a RRIF, and to find out how to report those amounts, see Chapter 4. If you want to transfer an amount from one of your plans to another, see Chapter 5 for your options. Chapter 6 provides general information on the pension adjustment (PA), pension adjustment reversal (PAR), and past service pension adjustment (PSPA). We use these three amounts to determine how much you can contribute to an RRSP.

Glossary – We have included definitions of some of the terms used in this guide in a glossary on page 4. You may want to read the glossary before you start.

Forms and publications – Throughout the guide, we refer to other forms and publications. You can get these documents on our Web site at **www.cra.gc.ca**, or by calling us at **1-800-959-2221**.

Tax Information Phone Service (T.I.P.S.)

T.I.P.S. is an automated phone service that provides you with general and personal tax information. You can call T.I.P.S. to find out the amount of RRSP contributions you can deduct for 2004.

The T.I.P.S. RRSP service is available from mid-September to April 30. For RRSP information, you will be asked to provide your social insurance number, your month and year of birth, and the total income you reported on line 150 of your 2003 return. The T.I.P.S. telephone number is **1-800-267-6999**.

Additional information – In this guide, we use plain language to explain the most common tax situations. If you need more information after reading the guide, contact us at **1-800-959-8281**.

Internet access

My Account – My Account is an online service that gives you the convenience and flexibility of viewing your personalized information including Registered Retirement Savings Plan (RRSP), Home Buyers' Plan (HBP), and Lifelong Learning Plan (LLP) information.

Visit our secure Web site at **www.cra.gc.ca/myaccount.**

In this publication, we use the name "Canada Revenue Agency" and the acronym "CRA" to represent the Canada Customs and Revenue Agency. This reflects recent changes in the structure of the Agency.

What's new for 2004?

- **Registered retirement income funds** (RRIFs) – Can be transferred directly to a Registered pension plan (RPP). See page 22.
- **Tax on overcontributions –-** The return used to calculate the amount subject to tax is simplified; T1-OVP-S, *Simplified 2004 Individual Tax Return for RRSP Excess Contributions.* See page 14.

Visually impaired persons can get our publications in braille, large print, or etext (computer diskette), or on audio cassette by visiting our Web site at **www.cra.gc.ca/alternate,** or by calling **1-800-267-1267** weekdays from 8:15 a.m. to 5:00 p.m. (Eastern Time).

La version française de ce guide est intitulée *REER et autres régimes enregistrés pour la retraite*.

Table of contents

	Page
Glossary	4
Chapter 1 – RPP contributions	5
Current service and past service contributions for 1990 or later years	5
Past service contributions for 1989 or earlier years	5
Interest on past service contributions	6
Excess contributions for current service made from 1976 to 1985	6
Other deductions	6
Chapter 2 – RRSP contributions	9
How do you claim your RRSP deduction?	10
Age limit for contributing to an RRSP	10
Contributing to your RRSP	10
How much can you deduct?	10
Calculating your 2004 RRSP deduction limit	10
Contributions you can deduct for 2004	10
Contributing to your spouse's RRSP or common-law partner's RRSP	10
Keeping track of your RRSP contributions – Schedule 7	11
Unused RRSP contributions	14
Withdrawing the unused contributions	14
Tax on overcontributions	14
Chapter 3 – RRIF contributions	16
Property from an RRSP	16
RPP payments	16
DPSP payments	16
Property from another RRIF	16
Saskatchewan Pension Plan (SPP) payments	17
Chapter 4 – Payments from an RRSP or a RRIF	17
Chart 1 – Amounts From Your RRSP or RRIF	18
Chart 2 – Amounts From a Deceased Annuitant's RRSP	19
Chart 3 – Amounts From a Deceased Annuitant's RRIF	20
Locked-in RRSP	20
Amounts from a spousal or common-law partner RRSP or RRIF	21
Calculating the income you and your spouse or common-law partner have to report	21
Chapter 5 – Transfers to registered plans or funds and annuities	22
Transfers from a Registered retirement income fund (RRIF) to a Registered pension plan (RPP)	22
Transfers of registered education savings plan (RESP) accumulated income payments	22
Other transfers	22
Chart 4 – Payments That You Can Transfer Directly or Indirectly	23
Chart 5 – Payments That You Have to Transfer Directly	24
Chart 6 – Payments That You Transfer Directly Because of the Breakdown of Your Relationship	25
Direct transfer of an excess RPP lump-sum payment	25
Chapter 6 – PAs, PARs, and PSPAs	26
Pension adjustments (PAs)	26
Does your employer have to report a PA for you?	26
What does your PA affect?	26
Pension adjustment reversals (PARs)	26
Past service pension adjustments (PSPAs)	26
Types of PSPAs	26
Cost of past service benefits	27
What happens if we cannot certify your PSPA?	27
Net PSPA	27
References	28

Glossary

This glossary gives you a general description of the technical terms that we use in this guide.

Acronyms – The following is a list of the acronyms we use:

DPSP – Deferred profit sharing plan
HBP – Home Buyers' Plan
LLP – Lifelong Learning Plan
PA – Pension adjustment
PAR – Pension adjustment reversal
PSPA – Past service pension adjustment
RPP – Registered pension plan
RRIF – Registered retirement income fund
RRSP – Registered retirement savings plan
SPP – Saskatchewan Pension Plan

Common-law partner – This applies to a person of the opposite or same sex who is **not your spouse** (see the definition of spouse on page 5), with whom you live and have a relationship and to whom at least one of the following applies. He or she:

a) is the natural or adoptive parent (legal or in fact) of your child;

b) has been living and having a relationship with you for at least 12 continuous months; or

c) lived with you previously for at least 12 continuous months as your spouse or common-law partner.

Note
Under proposed changes, the condition c) will no longer exist. The effect of this proposed change is that a person (other than situation a) above) will be your common-law partner only after your current relationship with that person has lasted at least 12 continuous months. This proposed change will apply to 2001 and later years.

Reference to "12 continuous months" in this definition includes any period that you were separated for less than 90 days because of a breakdown in the relationship.

Commutation payment – This is a fixed or single lump-sum payment from your RRSP annuity that is equal to the current value of all or part of your future annuity payments from the plan.

DPSP – This is an employer-sponsored plan we register, in which the employer shares the profits of a business with all the employees or a designated group of employees.

Defined benefit provisions – These are terms of an RPP that usually promise a specified level of pension on retirement for each year of your pensionable service.

Financially dependent – You are generally considered a financially dependent child or grandchild of a deceased annuitant at the time of death if, before that person's death, you ordinarily resided with and depended on the annuitant, and you meet one of the following conditions:

- your net income for the previous year (shown on line 236 of your return) was less than the basic personal amount (line 300) for that previous year; or
- for 2004, you are infirm and your net income for the previous year was equal to or less than $14,035.

If, before the annuitant's death, you lived away from home because you were attending school, we still consider you to have resided with the annuitant.

If your net income was **more** than **the amounts described above**, we will **not** consider you to be financially dependent on the annuitant at the time of death, unless you can establish the contrary. In such a case, you or the legal representative should submit a request in writing to your tax services office outlining the reasons why we should consider you to be financially dependent on the annuitant at the time of death.

Foreign plan – A plan or arrangement maintained primarily to benefit non-residents for services they perform outside Canada.

Government-sponsored retirement arrangement – This is an unregistered retirement plan established for people who are not employees of a government or other public body, but who are paid from public funds for their services.

Matured RRSP – An RRSP that is paying you retirement income.

Money purchase provisions – These are terms of an RPP under which the amount of your pension depends on how much you and your employer contribute to the RPP for you.

RPP – This is a pension plan that we have registered. It is a plan where funds are set aside by an employer, or by an employer and employees, to provide a pension to employees when they retire.

RRIF – This is a fund you establish with a carrier and that we register. You transfer property to the carrier from an RRSP, RPP, or from another RRIF, and the carrier makes payments to you.

RRSP – A retirement savings plan that you establish, that we register, and to which you or your spouse or common-law partner contribute. Any income you earn in the RRSP is usually exempt from tax for the period the funds remain in the plan. However, you generally have to pay tax when you receive payments from the plan.

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

RRSP deduction – Refers to the amount you indicate on line 208 when you file your return.

RRSP deduction limit – This refers to the maximum amount you can deduct from contributions you made to your RRSPs or to your spouse's RRSP or common-law partner's RRSP for a year. The calculation is based, in part, on your previous year earned income (excluding transfers to your RRSPs of certain types of qualifying income). Pension adjustments (PAs), past service pension adjustments (PSPAs), pension adjustment reversals (PARs), and your unused RRSP deduction room, are also used to calculate the limit.

RRSP overcontributions – Generally, this is the amount of RRSP contributions that is more than your RRSP deduction limit for the year plus $2,000. Overcontributions may be subject to a tax of 1% per month. For more information, see "Tax on overcontributions" on page 14.

RRSP unused contributions – This is the amount of RRSP contributions that you could not deduct or have chosen not to deduct. You can carry forward this amount and use it as a deduction in a future year up to your RRSP deduction limit for that year.

Specified retirement arrangement – This is a pension plan that we do not register for income tax purposes and is either not funded or only partly funded.

Spousal or common-law partner RRSP – An RRSP that you establish to pay yourself income at maturity, but that your spouse or common-law partner contributes to.

Spouse – You have a spouse when you are legally married.

Unmatured RRSP – Generally, this is an RRSP that has not yet started to pay you a retirement income.

Unused RRSP deduction room at the end of the year – Generally, this is your RRSP deduction limit for the year **minus** the amount you deducted for RRSP and Saskatchewan Pension Plan contributions for that year.

Chapter 1 – RPP contributions

This chapter has information about making contributions to your registered pension plan (RPP). Particularly, it will help you calculate the amount you can deduct for RPP contributions if you:

- contribute more than $3,500 to an RPP in 2004 and your information slip shows a past service amount for a period before 1990; or
- contributed an amount in an earlier year, for a period before 1990, and you have not fully deducted the amount contributed.

Current service is a period of service in the year, which is credited under your RPP by your employer. Current service contributions are amounts you contribute for that period of service.

Generally, **past service** refers to a period of service with an employer in an earlier year that is later credited under defined benefit provisions of your RPP. Past service contributions are amounts you contribute for that period of service. They may also include contributions you make to upgrade benefits for pensionable service you accrued in the past.

You usually make your past service contributions in a lump sum or by instalments. Your RPP may allow you to directly transfer amounts from other registered plans to pay for the cost of the past service benefits. For more information, see Chapter 5, "Transfers to registered plans or funds and annuities," on page 22.

If you need more information on RPP contributions, see Interpretation Bulletin IT-167, *Registered Pension Plans – Employee's Contributions*.

Current service and past service contributions for 1990 or later years

On line 207 of your return, you can deduct the amount shown in box 20 of your 2004 T4 slip (if there is no amount in box 74 or 75 in the "Other information" area at the bottom of the slip), or on your union dues receipt. This amount includes:

- current service contributions; and
- past service contributions for 1990 or later years.

You can only deduct these contributions on your 2004 return. You cannot deduct them for any other year.

An amount in box 74 or 75 in the "Other information" area of your T4 slip indicates that part or all of the amount shown in box 20 is for past service before 1990. For more information, see "Past service contributions for 1989 or earlier years" below.

> **Note**
> Pension benefits you earn on a past service basis for 1990 or later years may cause a past service pension adjustment (PSPA). For more information on PSPAs, see "Past service pension adjustments (PSPAs)" on page 26.

Past service contributions for 1989 or earlier years

You calculate the amount you can deduct for past service contributions for 1989 or earlier years, based on whether the contributions were for service while you were a contributor or for service while you were not a contributor. The chart on page 7 will help you determine the type of past service contributions you made for 1989 or earlier years.

Past service contributions you made for 1989 or earlier years appear in boxes 20, 74, and 75 of your 2004 T4 slip, in box 32 and the "Footnote codes and explanation" area of your 2004 T4A slip, or on a receipt that your plan administrator issued.

In some cases, you may be able to deduct for 2004 only part of the past service contributions you made. If this applies, you can carry forward the amount you cannot deduct to 2005 or later years. Future versions of this guide will help you calculate the amount you can deduct for 2005 or later years.

If, for 2004, you deduct a carryforward of past service contributions from an earlier year, attach a statement to your 2004 return giving a breakdown of the amount of contributions you claimed for service while you were a contributor and for service while you were not a contributor.

Complete the chart on page 8 to help you determine the amount of past service contributions you made for 1989 or earlier years that you can deduct for 2004.

Note
The maximum amount you can deduct for past service contributions made for 1989 or earlier years for service while not a contributor is limited to $3,500 × the number of years or part years of service you bought back.

Interest on past service contributions

If you elected after November 12, 1981, to make past service contributions and you make them in instalments, the annual instalment interest you pay is a past service contribution. Include this amount when you calculate how much you can deduct for past service contributions for 2004 on line 207 of your return.

If you elected before November 13, 1981, to make past service contributions, you can deduct the instalment interest you pay each year to your RPP on line 232 of your return, or as part of your past service contributions on line 207. It may benefit you more to deduct the instalment interest on line 232, since there are limits on how much you can deduct on line 207 for past service contributions you made for service in 1989 or earlier years.

Excess contributions for current service made from 1976 to 1985

You may have made current service contributions exceeding $3,500 in one or more years from 1976 to 1985. You could not deduct the amount in excess of $3,500 for the years you contributed them.

You can deduct the excess contributions in years when the total amount you can deduct for other contributions to RPPs is less than $3,500. See the chart on page 9 to determine the amount of the excess contributions you can deduct on your 2004 return.

To deduct the excess, you have to provide a record of your pre-1986 contributions, beginning with the first year you made a contribution in excess of $3,500. If you have copies of your T4 slips for those years, you can submit them as a record of your pre-1986 contributions. If you do not have them, contact your employer to get a record of the contribution amounts. Prepare a list of the amounts you have already deducted and clearly identify the cumulative excess for all relevant tax years. Attach these documents to your return with a note explaining what you are deducting. Deduct the excess amount on line 207 of your return.

Other deductions

The *Income Tax Act* allows you to deduct repayments you make to your RPP in certain circumstances. Currently, this applies to you only if you participate in an RPP under one of the following acts:

- the *Public Service Superannuation Act*;
- the *Canadian Forces Superannuation Act*;
- the *Royal Canadian Mounted Police Superannuation Act*; or
- the *Members of Parliament Retiring Allowances Act*.

For more information, contact us at **1-800-959-8281**.

Buying Back Service or Upgrading Past Service Benefits for 1989 or Earlier Years – How Do You Determine if Your RPP Past Service Contribution Is for Service While You Were a Contributor or for Service While You Were Not a Contributor?

Use this chart to determine the type of period your past service contribution relates to. You can then use the chart on page 8 to calculate the amount you can deduct for that type of contribution.

Step 1 **Does your past service contribution relate to any year in which you were contributing to any RPP?** If *yes*, go to Step 2. If *no*, your past service contribution is for service while not a contributor. Skip Steps 2 and 3 below and complete Area B of the chart on page 8 to calculate the amount you can deduct for this contribution.	**Example** – Ryan joined TTM Company's RPP on February 4, 2004. This RPP allowed Ryan to buy back 12 years of employment with CCD Company, a previous employer. During those 12 years (1977 to 1988), Ryan contributed to CCD Company's RPP. Ryan answers *yes* to this question because the past service contribution that he made in 2004 relates to a period of service while he contributed to CCD Company's RPP. **Example** – Justin became a member of XTJ Company's RPP in January 1990. He started working for XTJ in June 1989, but did not contribute to any RPP in 1989. In 2004, XTJ's RPP allows Justin to buy back his 1989 service with the company for $2,500. Justin answers *no* to this question because he did not contribute to any RPP in 1989. Justin's $2,500 contribution is for service while not a contributor.
Step 2 **Did you make the past service contribution to the same RPP (and for the same year) to which you contributed during 1989 or an earlier year?** If *yes*, your past service contribution is for service while a contributor. Skip Step 3 below and complete Area C of the chart on page 8 to calculate the amount you can deduct for this contribution. If you answer *no*, go to Step 3.	**Example** – Fern has been employed with YYW Ltd. since 1980 and has contributed to his employer's RPP ever since. In 2004, Fern makes a past service contribution of $8,000 to upgrade past service benefits that were previously credited under the RPP from 1980 to 1988. Fern answers *yes* to this question because he made the past service contribution to the same RPP that he contributed to from 1980 to 1988. Fern's $8,000 contribution is for service while a contributor. **Example** – Jane changed employers in May 1987 and became a member of her new employer's RPP. She was a member of a different RPP from May 1980 until May 1987. Jane's new employer's RPP allowed her to buy back the past service with her previous employer. Jane bought this service in July 1987. Jane answers *no* to this question because she did not make the past service contribution to the same RPP to which she contributed from May 1980 to May 1987.
Step 3 **Does one of the following statements apply to you?** ■ You made the past service contribution before March 28, 1988. ■ You made the past service contribution under the terms of a written agreement entered into before March 28, 1988. If you answer *yes* to one of the above statements, your past service contribution is for service while not a contributor. Complete Area B of the chart on page 8 to calculate the amount you can deduct for this contribution. If you answer *no* to both of the above statements, your past service contribution is for service while a contributor. Complete Area C of the chart on page 8 to calculate the amount you can deduct for this contribution.	**Example** – Tracey joined DEF Company's RPP on January 15, 1988. This RPP allowed Tracey to buy back her six years of employment with ABC Company, her previous employer. During those six years, Tracey contributed to ABC Company's RPP. The ABC Company 's RPP had a portability arrangement. Tracey entered into a written agreement on March 1, 1988, to buy back those six years of past service. Tracey has to contribute $1,000 each year for 15 years to pay for this service. Since one of the statements applies to Tracey (she made the past service contribution under the terms of a written agreement she entered into before March 28, 1988), her $1,000 yearly contribution is for service while not a contributor. **Example** – Martha is a member of her current employer's RPP. She entered into an agreement on April 12, 1990, to buy back (for $12,000) past service benefits for a period of service in 1988 and 1989 with another employer when she contributed to a different RPP. Since both statements don't apply to Martha (she did not make the past service contribution before March 28, 1988, and she did not make the past service contribution under the terms of a written agreement entered into before March 28, 1988), her $12,000 contribution is for service while a contributor.

Calculating Your 2004 Deduction for Your RPP Contributions

Area A – Complete this area if you made current service contributions in 2004, or if you made past service contributions in 2004 for services that relate to 1990 or later years. If you do not have to complete this area, enter "0" on line 31.

1.	Enter the total of all amounts from box 20 of your 2004 T4 slips, box 32 of your 2004 T4A slips, or from your receipts for union dues that represent RPP contributions	$ ______	**1**
2.	Enter the amount from box 74 or 75 of the "Other information" area of your T4 slip and box 32 of your T4A slip that represents past service contributions made for services that relate to 1989 or earlier years while a contributor or while not a contributor	– ______	**2**
3.	Line 1 **minus** line 2. This is the amount of your current service and past service contributions for 1990 and later years that you deduct for 2004. Enter this amount on line 31 of Area E	= $ ______	**3**

Area B – Complete this area if you made past service contributions for services that relate to 1989 or earlier years while not a contributor (for deceased individuals, ignore any reference to line 7).

4.	Enter the total amounts you contributed in 2004 or earlier years for past service contributions while not a contributor	$ ______	**4**
5.	Enter the amount you deducted before 2004 for contributions you entered on line 4	– ______	**5**
6.	Line 4 **minus** line 5	= $ ______	**6**
7.	Annual deduction limit	$ 3,500	**7**
8.	Number of years* of service to which the contributions on line 4 relate ______ × $3,500 ▶	$ ______	**8**
9.	Enter the amount from line 5	– ______	**9**
10.	Line 8 **minus** line 9	= $ ______	**10**
11.	Enter the amount from line 6, 7, or 10 **whichever is less**. This is the amount of your past service contributions for 1989 and earlier years for services while not a contributor that you can deduct for 2004. Enter the amount you deduct for 2004 on line 32 of Area E**	$ ______	**11**

Area C – Complete this area if you made past service contributions for services that relate to 1989 or earlier years while a contributor (for deceased individuals, ignore any reference to lines 15 to 19).

12.	Enter the total amounts you contributed in 2004 or earlier years for past service contributions while a contributor			$ ______	**12**			
13.	Enter the amount you deducted before 2004 for contributions you entered on line 12			– ______	**13**			
14.	Line 12 **minus** line 13			= $ ______		▶	$ ______	**14**
15.	Annual deduction limit			$ 3,500	**15**			
16.	Enter the amount from line 3 in Area A that you deduct for 2004	$ ______	**16**					
17.	Enter the amount from line 11 in Area B that you deduct for 2004	+ ______	**17**					
18.	Line 16 **plus** line 17	= $ ______	▶	– $ ______	**18**			
19.	Line 15 **minus** line 18 (if negative, enter "0")			= $ ______		▶	$ ______	**19**
20.	Enter the amount from line 14 or 19 **whichever is less**. This is the amount of your past service contributions for 1989 and earlier years for services while a contributor that you can deduct for 2004. Enter the amount you deduct for 2004 on line 33 of Area E**						$ ______	**20**

* "Number of years" includes any portion of a calendar year. (For example, if the contributions relate to service between November 1986 and February 1987, you would enter "2" as the number of years of service.)

** There is no annual deduction limit for deceased individuals. The legal representative can choose to deduct these amounts in the year of death or the year before, or a part in each year, whichever is more beneficial.

(continues on next page)

Calculating Your 2004 Deduction for Your RPP Contributions (continued)

Area D – Complete this area if you made excess current service contributions from 1976 to 1985 (for deceased individuals, ignore any reference to lines 24 to 29).

21.	Enter the total amounts in excess of $3,500 that you contributed for current service in any year from 1976 to 1985		$ ______	21	
22.	Enter the amount you deducted before 2004 for contributions you entered on line 21		– ______	22	
23.	Line 21 **minus** line 22		= $ ______ ►		$ ______ 23
24.	Annual deduction limit		$ 3,500	24	
25.	Enter the amount from line 3 in Area A that you deduct for 2004	$ ______ 25			
26.	Enter the amount from line 11 in Area B that you deduct for 2004	+ ______ 26			
27.	Enter the amount from line 20 in Area C that you deduct for 2004	+ ______ 27			
28.	**Add** lines 25 to 27	= $ ______ ►	– $ ______	28	
29.	Line 24 **minus** line 28 (if negative, enter "0")		= $ ______ ►		$ ______ 29
30.	Enter the amount from line 23 or 29 **whichever is less**. This is the amount of your excess current service contributions from 1976 to 1985 that you can deduct for 2004. Enter the amount you deduct for 2004 on line 34 of Area E*				$ ______ 30

Area E – Complete this area to calculate the total amount you can deduct on line 207 of your 2004 return.

31.	Enter the amount from line 3 in Area A that you deduct for 2004. (If you did not complete Area A, enter "0.")	$ ______	31
32.	Enter the part of the amount from line 11 in Area B that you deduct for 2004	+ ______	32
33.	Enter the part of the amount from line 20 in Area C that you deduct for 2004	+ ______	33
34.	Enter the part of the amount from line 30 in Area D that you deduct for 2004	+ ______	34
35.	**Add** lines 31 to 34. Enter this amount on line 207 of your 2004 return	= $ ______	35

* There is no annual deduction limit for deceased individuals. The legal representative can choose to deduct these amounts in the year of death or the year before, or a part in each year, whichever is more beneficial.

Chapter 2 – RRSP contributions

This chapter has general information on contributing to your RRSPs or your spouse's RRSP or common-law partner's RRSP and lists your options if you contribute more than the amount you can deduct. This chapter also applies to you if you want to know how to calculate your 2004 RRSP deduction limit. The rules we explain in this chapter apply to all RRSPs.

Canada Savings Bonds – You can transfer your holdings of past series compound-interest Canada Savings Bonds to your RRSPs or your spouse's RRSP or common-law partner's RRSP. The amount you transfer is considered a contribution to the RRSP. For more information, contact your RRSP issuer.

Self-directed RRSPs
If you want to, you can control the assets of your RRSP and make the investment decisions yourself. Your financial institution can tell you if it offers self-directed RRSPs. The issuer (such as a financial institution or a trust company) can take care of the administrative details, including getting the plan registered, receiving the amounts you contribute, and trading securities. All investments have to be registered in the name of the trustee. **Securities cannot be held in your own name.**

You should pay particular attention to the type of investments you choose for the plan. For more details, read Interpretation Bulletin IT-320, *Qualified Investments – Trusts Governed by Registered Retirement Savings Plans, Registered Education Savings Plans and Registered Retirement Income Funds*, or contact your financial institution.

Various fees – You cannot claim a deduction for amounts you pay for administration services for an RRSP. Also, you cannot deduct brokerage fees charged to buy and dispose of securities within a trusteed RRSP.

How do you claim your RRSP deduction?

On line 208 of your return, you can deduct the RRSP contributions you made up to the limits we explain in the following sections.

Your RRSP issuer will give you an official receipt for the amounts you contributed. If you contributed to your spouse's RRSP or common-law partner's RRSP, the receipt should show your name as the contributor and your spouse's name or common-law partner's name as the annuitant. Attach the receipt to your return to support the amount you contributed. If you are using EFILE, show your receipts to your service provider, and keep them in case we ask to see them. If you are using NETFILE or TELEFILE, also keep your receipts in case we ask to see them. If you do not get your receipts before the filing deadline, complete and file your return without deducting your contribution. When you get your receipts, see your income tax guide for instructions on how to claim your deduction.

If you deduct an amount for 2004 that you contributed to an RRSP from March 2, 1995, to March 1, 2004, that you had not previously deducted, you should have completed and filed a Schedule 7, *RRSP Unused Contributions, Transfers, and HBP or LLP Activities*, that pertained to those contributions. If you did not, you should submit a completed copy of the appropriate Schedule 7, along with the appropriate RRSP receipts, to your tax centre, separate from your 2004 return.

> **Note**
> If you made contributions from January 1, 1991, to March 1, 1995, that you did not deduct, and you did not show them on Schedule 7 for 1994, contact us.

Age limit for contributing to an RRSP

The year you turn 69 is the last year that you can make a contribution to your RRSP. If you contribute to an RRSP under which your spouse or common-law partner is the annuitant, your spouse or common-law partner must be 69 or younger on December 31 of the year you make the contribution.

Contributing to your RRSPs

This section will help you determine how much of your RRSP contributions you can deduct on line 208 of your 2004 return.

How much can you deduct?

The amount of RRSP contributions that you can deduct for 2004 is based on your 2004 RRSP deduction limit, which appears on your latest *Notice of Assessment* or *Notice of Reassessment*.

You can also deduct amounts for contributions you make for certain income you transfer to your RRSP. The RRSP deduction limit does not include these amounts. For more information on transfers, see Chapter 5, "Transfers to registered plans or funds and annuities," on page 22.

If we reassess a previous year's return, your revised 2004 RRSP deduction limit will appear on your *Notice of Reassessment* or in some cases on Form T1028, *Your RRSP Information for 2004.* We will also send you Form T1028 with a new RRSP deduction limit if your RRSP deduction limit has changed for reasons other than a reassessment of a previous year's return.

If you do not have a copy of your notice or of Form T1028, you can find out the amount of your RRSP deduction limit by visiting our Web site at **www.cra.gc.ca/myaccount** or by calling our automated T.I.P.S. RRSP service. For more information, see "Tax Information Phone Service (T.I.P.S.)" on page 2.

Calculating your 2004 RRSP deduction limit

Your 2004 RRSP deduction limit is shown on the latest *Notice of Assessment* or *Notice of Reassessment* we sent you after we processed your 2003 return. We determined your limit from information on your 2003 and previous year's returns, and from information we keep on record. If any of that information changes, your 2004 RRSP deduction limit may also change. In most cases, we will tell you about any change to your 2004 RRSP deduction limit.

If you want to calculate your 2004 RRSP deduction limit, use the chart on pages 12 and 13.

> **Note**
> The maximum RRSP deduction limit for 2004 is $15,500. However, if you did not use all of your RRSP deduction limit for the years 1991 to 2003, you can carry forward the amount you did not use to 2004. Therefore, your RRSP deduction limit for 2004 may be more than $15,500.

Contributions you can deduct for 2004

For 2004, you can deduct contributions you made to your RRSP from January 1, 1991, to March 1, 2005. You can deduct these contributions if you did not deduct them for any other year, and if they are not more than your RRSP deduction limit for 2004. Even if you can no longer contribute to your RRSP in 2004 because of your age, you can deduct, up to your RRSP deduction limit, the contributions made in a previous year while your age permitted.

> **Note**
> You cannot deduct the interest you paid on money you borrowed to contribute to an RRSP.

The Home Buyers' Plan (HBP) and Lifelong Learning Plan (LLP) – If you participate in the HBP or LLP, you may not be able to deduct, for any year, all or part of the contributions you made to your RRSP during the 89-day period just before you withdrew an amount under the HBP or LLP. To determine the part of the contributions you made to your RRSP that you cannot deduct, see the *Home Buyers' Plan (HBP)* guide or the *Lifelong Learning Plan (LLP)* guide, whichever applies.

Contributing to your spouse's RRSP or common-law partner's RRSP

This section applies to you if you contribute to an RRSP for your spouse or common-law partner. Generally, the total amount you can deduct on line 208 of your 2004 return for contributions you make to your spouse's RRSP or common-law partner's RRSP and your RRSP cannot be more than your 2004 RRSP deduction limit.

Example
Joey's 2004 RRSP deduction limit is $9,500. Joey contributes $4,000 to his RRSP in 2004, and $6,000 to his common-law partner Ghislaine's RRSP in 2004. Joey deducts the $4,000 he contributed to his RRSP on line 208 of his 2004 return. Although Joey contributed $6,000 to his common-law partner's RRSP in 2004, he can only deduct $5,500 of this contribution on his 2004 return ($9,500 – $4,000).

If you cannot contribute to your RRSP because of your age, you can still contribute to your spouse's RRSP or common-law partner's RRSP if your spouse or common-law partner is 69 or younger on December 31 of the year you make the contribution.

Contributions made after death – No contributions can be made to a deceased individual's RRSP after the date of death. However, the deceased individual's legal representative can make contributions to the surviving spouse's RRSP or common-law partner's RRSP in the year of death or during the first 60 days after the end of that year. Contributions made to a spouse's RRSP or common-law partner's RRSP can be claimed on the deceased individual's return, up to that individual's RRSP deduction limit for the year of death.

Example
Dave died in August 2004. His 2004 RRSP deduction limit is $7,000. Before he died, Dave did not contribute to either his RRSP or his wife's RRSP for 2004. His wife Paula is 66 years old in 2004. On Dave's behalf, his legal representative can contribute up to $7,000 to Paula's RRSP for 2004. The legal representative can then claim an RRSP deduction of up to $7,000 on line 208 of Dave's 2004 final return.

Note
If you contributed amounts to your spouse's RRSP or common-law partner's RRSP in 2002, 2003, or 2004, you may have to include in your 2004 income all or part of the amount your spouse or common-law partner withdrew in 2004 from his or her spousal or common-law partner RRSP. For more information, see "Amounts from a spousal or common-law partner RRSP or RRIF" on page 21.

The Home Buyers' Plan (HBP) and Lifelong Learning Plan (LLP) – If your spouse or common-law partner participates in the HBP or LLP, you may not be able to deduct, for any year, all or part of the contributions you made to your spouse's RRSP or common-law partner's RRSP during the 89-day period just before your spouse or common-law partner withdrew an amount under the HBP or LLP. To determine the part of the contributions you made to your spouse's RRSP or common-law partner's RRSP that you cannot deduct, see the *Home Buyers' Plan (HBP)* guide or the *Lifelong Learning Plan (LLP)* guide, whichever applies.

Keeping track of your RRSP contributions – Schedule 7

Use Schedule 7, *RRSP Unused Contributions, Transfers, and HBP or LLP Activities*, to keep track of your unused RRSP contributions.

If you made contributions to your RRSP or your spouse's RRSP or common-law partner's RRSP from March 2, 2004, to March 1, 2005, and you are not claiming them in total on your 2004 return, attach a completed Schedule 7 to your 2004 return. If you have already filed your return, complete Schedule 7 and send it to your tax centre with your RRSP receipts and a note indicating your name and social insurance number.

For details about how and when to file Schedule 7, see the section called "Schedule 7, *RRSP Unused Contributions, Transfers, and HBP or LLP Activities*," in your income tax guide.

2003 and earlier years – If you made contributions in the first 60 days of 2004 or an earlier year, and you did not claim them in the previous year, you should have completed and filed a Schedule 7 for that previous year. If you did not file a Schedule 7 when it was required, complete one and submit it to your tax centre. By doing so, you will avoid having your deduction for contributions made in the first 60 days of the year, or in an earlier year, reduced or disallowed. If you have not already filed your RRSP receipts, submit them with your Schedule 7. If you did not receive a copy of Schedule 7 with your income tax and benefit package, you can get one on our Web site at **www.cra.gc.ca** or by contacting us at **1-800-959-8281**.

Note
You may have to pay a tax on contributions that you did not deduct for the year you contributed them or for the previous year. For more information, see "Tax on overcontributions" on page 14.

2004 RRSP Deduction Limit

The line numbers in brackets refer to the line numbers on your 2003 return.

Step 1 – Calculating your unused RRSP deduction room at the end of 2003

1.	Enter your RRSP deduction limit for 2003*		$	______	1
2.	Enter the total RRSP contributions you deducted on line 208, and Saskatchewan Pension Plan contributions you deducted on line 209. (do not include amounts you deducted for transfers of payments or benefits to an RRSP, or the excess amount you withdrew from your RRSP in connection with the certification of a provisional past service pension adjustment (PSPA) that you recontributed to your RRSP in 2003)	–		______	2
3.	Line 1 **minus** line 2. This is your unused RRSP deduction room at the end of 2003	=	$	______	3

Step 2 – Calculating your 2003 earned income (include each amount only once in this step)**

4.	Total of lines 101 and 104 on your return				$ ______	4			
5.	Royalties for a work or invention that you authored or invented (line 104)	$	______	5					
6.	Net research grants you received (line 104)	+	______	6					
7.	Employee profit sharing plan allocations (line 104)	+	______	7					
8.	Unemployment benefit plan payments (line 104)	+	______	8					
9.	**Add** lines 5 to 8	= $	______	▶	– ______	9			
10.	Line 4 **minus** line 9				= $ ______	10			
11.	Annual union, professional, or like dues (line 212) that relate to the employment earnings you reported on line 4 above	$	______	11					
12.	Employment expenses (line 229) that relate to the employment earnings you reported on line 4 above	+	______	12					
13.	Line 11 **plus** line 12	= $	______	▶	– ______	13			
14.	Line 10 **minus** line 13 (if negative, enter "0")				= $ ______	▶		$ ______	14
15.	Amount from line 9 above						+	______	15
16.	Net income from a business you carried on alone or as an active partner (lines 135 to 143) Enter losses on line 21 below						+	______	16
17.	Disability payments you received from the CPP or Quebec Pension Plan (line 152)						+	______	17
18.	Net rental income from real property (line 126). Enter losses on line 23 below						+	______	18
19.	The total taxable support payments you received in 2003. Also, the support payments you previously paid and deducted for the year in which you paid them but that were later repaid to you and that you included as income for 2003 (line 128)						+	______	19
20.	**Add** lines 14 to 19						=	$ ______	20
21.	Current-year loss from a business you carried on alone or as an active partner (lines 135 to 143)							$ ______	21
22.	Amount included on line 16 above that represents the taxable portion of gains on the disposition of eligible capital property						+	______	22
23.	Current-year rental loss from real property (line 126)						+	______	23
24.	Enter the total deductible support payments you made in 2003, and the support payments you received and included as income for the year in which you received them that you later repaid in 2003 or the previous two years and deducted for 2003 (line 220)						+	______	24
25.	**Add** lines 21 to 24						=	$ ______	25
26.	Line 20 **minus** line 25. This amount is your 2003 earned income						=	$ ______	26

* If you had a **net** PSPA in 2003 or a previous year and your 2003 RRSP deduction limit is "0," leave lines 1 and 2 in Step 1 blank and enter your unused RRSP deduction room at the end of 2003 on line 3. This amount may be negative.

** Certain income you earned in 2003 while you were a non-resident of Canada qualifies as earned income. To find out the types of income that qualify, contact the International Tax Services Office at one of the following telephone numbers: calls within the Ottawa area **(613) 952-3741**; calls from other areas in Canada or the U.S. (including Alaska and Hawaii) **1-800-267-5177**; calls from outside Canada and the U.S. **(613) 952-3741** (call collect). For more information on residency, see Interpretation Bulletin IT-221, *Determination of an Individual's Residence*.

2004 RRSP Deduction Limit (continued)

Step 3 – The 2004 RRSP dollar limit

27. Enter the amount from line 26 .... $ ______ × 18% ▶	=	$		**27**
28. RRSP dollar limit for 2004		$	15,500	**28**
29. Enter the amount from line 27 or 28, **whichever is less**	=	$		**29**

Step 4 – Your 2003 pension adjustment (PA)

30. Enter your 2003 PA (the total from box 52 of your 2003 T4 slips and box 34 of your 2003 T4A slips)***	–			**30**
31. Line 29 **minus** line 30 (if negative, enter "0")	=	$		**31**

Step 5 – Your 2004 pension adjustment reversal (PAR)

32. Enter your PAR (the total from box 2 of your 2004 T10 slips)..........	+	$		**32**
33. Line 31 **plus** line 32	=	$		**33**

Step 6 – Your 2004 net past service pension adjustment (PSPA)

34. Enter your exempt PSPA for 2003 (the total from box 2 of your T215 slips)		$		**34**
35. Enter your certified PSPA for 2004 (line A in Part 3 of Form T1004, *Applying for the Certification of a Provisional PSPA)*	+			**35**
36. Line 34 **plus** line 35	=	$		**36**
37. Enter your qualifying withdrawals for 2004 (Part 3 of Form T1006, *Designating an RRSP Withdrawal as a Qualifying Withdrawal)*..........	–			**37**
38. Line 36 **minus** line 37. This amount is your 2004 net PSPA (this amount can be negative)	=	$		**38**

Step 7 – Your 2004 RRSP deduction limit

39. Enter your 2003 unused RRSP deduction room from line 3 in Step 1..........		$		**39**
40. Enter the amount from line 33	+			**40**
41. Line 39 **plus** line 40..........	=	$		**41**
42. Enter your 2004 net PSPA from line 38	–			**42**
43. Line 41 **minus** line 42. This amount is your 2004 RRSP deduction limit (if negative, enter "0")..........	=	$		**43**

Step 8 – Your 2004 unused RRSP deduction room

44. Enter the amount from line 41		$		**44**
45. Enter the amount from line 42 (this amount can be negative)	–			**45**
46. Line 44 **minus** line 45 (this amount can be negative)..........	=	$		**46**
47. Enter the amount of RRSP contributions you deduct on line 208 of your 2004 return (cannot be more than the amount on line 43). Do not include amounts that you deduct for transfers of payments or benefits to an RRSP, or for the excess amount you withdrew from your RRSP in connection with the certification of a provisional PSPA that you recontributed to your RRSP in 2004****	–			**47**
48. Line 46 **minus** line 47. This amount is your 2004 unused RRSP deduction room that you can carry forward to 2005 (this amount can be negative)..........	=	$		**48**

*** If you are a "connected person," you may have to enter an amount on line 30 in addition to amounts from your T4 or T4A slips. If this applies to you, your employer will give you Form T1007, *Connected Person Information Return*. For more information on connected persons, see Interpretation Bulletin IT-124, *Contributions to Registered Retirement Savings Plans*.

If you participate in a foreign plan and your employer does not carry on a business in Canada, you may have to enter an amount on line 30 in addition to amounts from your T4 or T4A slips. To determine the amount you have to enter, contact us.

**** If you contributed to the Saskatchewan Pension Plan during 2004, include the amount you deduct on line 209 of your 2004 return, on line 47 of this chart.

Unused RRSP contributions

This section applies to you if you did not use all your RRSP contributions as a deduction in the year you made them or in the preceding year. It does not apply to contributions that were repayments under the Home Buyers' Plan or the Lifelong Learning Plan. Your unused RRSP contributions from previous years will be provided on your *RRSP Deduction Limit Statement* shown on your latest *Notice of Assessment* or *Notice of Reassessment*. To report new unused contributions, you have to file Schedule 7, *RRSP Unused Contributions, Transfers, and HBP or LLP Activities*, with your return. For more information, see "Keeping track of your RRSP contributions – Schedule 7" on page 11.

If you did not deduct all the contributions you made to your RRSP or your spouse's RRSP or common-law partner's RRSP in 1991 and later years, you have two options: the unused contributions can be left in the plan, or they can be withdrawn. In either case, a tax may apply to the unused contributions. For more information, see "Tax on overcontributions" on this page.

Withdrawing the unused contributions

If the unused contributions are withdrawn, you have to include them as income on your return. However, you may be able to deduct an amount equal to the withdrawn contributions that you include in your income, if you or your spouse or common-law partner received the unused RRSP contributions from an RRSP or RRIF:

- in the year you contributed them;
- in the following year; or
- in the year that you were sent a *Notice of Assessment* or *Notice of Reassessment* for the year you contributed them, or in the following year.

You can deduct the amount if you meet **all** of the following conditions:

- You have not deducted, for any year, the unused contributions that you made to your RRSP or to your spouse's RRSP or common-law partner's RRSP.
- You have not designated the withdrawal of the unused RRSP contributions as a qualifying withdrawal to have your PSPA certified.
- No part of the withdrawn contributions was a lump-sum payment from an RPP, or certain DPSP amounts that you transferred directly to an RRSP. For more information, see "Direct transfer of an excess RPP lump-sum payment" on page 25.
- No part of the withdrawn contributions was a lump-sum payment from the Saskatchewan Pension Plan that you transferred directly to an RRSP.

In addition, it has to be reasonable for us to consider that one of the following applies:

- You reasonably expected you could fully deduct the RRSP contributions for the year you contributed them or for the year before.
- You did not make the unused RRSP contributions intending to later withdraw them and deduct an offsetting amount.

  Note
  If you or your spouse or common-law partner receives a payment for unused RRSP contributions you made and you deduct an amount under the above rules, we do not consider the unused RRSP contributions to be RRSP contributions after you or your spouse or common-law partner receives the payment. Accordingly, you cannot deduct the amount for any year.

Withdrawal made using Form T3012A, *Tax Deduction Waiver on the Refund of Your Unused RRSP Contributions Made in ___* – If you meet all of the preceding conditions and have not already withdrawn the unused contributions made in 1991 and later years, you can withdraw them without having tax withheld. To do this, complete Form T3012A. This form cannot be used to withdraw unused RRSP contributions that were transferred to a RRIF. To make a withdrawal from a RRIF, see "Withdrawal made without Form T3012A" on this page.

If the unused RRSP contributions are withdrawn based on a Form T3012A we approved, do the following:

- Attach a copy of that form and the related T4RSP slip to your return.
- Report the amount shown in box 20 of your or your spouse's or common-law partner's 2004 T4RSP slip on line 129 of your return. For more information, see "Calculating the income you and your spouse or common-law partner have to report" on page 21.
- Deduct an amount on line 232 of your return equal to the unused contributions withdrawn.

Withdrawal made without Form T3012A – If you withdraw unused RRSP contributions without Form T3012A, the issuer of the plan has to withhold tax. The amount you withdraw should be reported on line 129 of your return if it appears in box 22 of the T4RSP slip. If the amount appears in box 16 of the T4RIF slip and you were 65 years or older at the end of December 2004, report it on line 115. Otherwise, report the amount on line 130.

In either case, claim the tax the issuer withheld on line 437 of your return. Complete Form T746, *Calculating Your Deduction for Refund of Unused RRSP Contributions*, to calculate the amount you can deduct for the withdrawal.

Tax on overcontributions

Generally, you have overcontributed to RRSP under which you or your spouse or common-law partner is the annuitant if your unused contributions are more than your RRSP deduction limit shown on your latest *Notice of Assessment* or *Notice of Reassessment* **plus** $2,000. A tax of 1% per month may apply to certain overcontributions you made in 1991 and later years that are left in the plan. However, if your unused contributions resulted from mandatory group RRSP contributions or from contributions that you made before February 27, 1995, you may not have to pay this 1% tax on all your unused contributions. Follow the six-step process described in the chart on page 15 to determine if you have to complete a T1-OVP, *2004*

Individual Tax Return for RRSP Excess Contributions, which is the form used to calculate the amount subject to tax and the tax payable.

If you determine that you have to pay this 1% tax, you have to pay it no later than 90 days after the end of the year in which the unused contributions exist.

Attach your payment to the completed T1-OVP and submit it to your tax centre. If you do not pay your tax by the deadline, you may also have to pay arrears interest on any unpaid amount.

Which return do you have to use ?

- If you have RRSP excess contributions made before 1991 that are subject to tax, complete and send T1-OVP Schedule, *Calculating the Amount of RRSP Excess Contributions Made Before 1991 that are Subject to Tax.*
- If you have RRSP excess contributions made from January 1, 1991 to February 26, 1995 inclusively or, you made mandatory contributions to a group RRSP in 2003 or 2004 that are subject to tax, you must complete a T1-OVP, *Individual Tax Return for RRSP Excess Contributions.*
- If you have RRSP excess contributions made from February 27, 1995, to December 31, 2003 that are subject to tax, complete a T1-OVP-S, *Simplified Individual Tax Return for RRSP Excess Contributions.*

Do You Have to Complete a 2004 T1-OVP Return?

- If you follow the chart below and arrive at a point where we say, "You do not have to complete a 2004 T1-OVP," you are not subject to the 1%-per-month tax. You do not have to go any further in the chart.
- If your 2004 RRSP deduction limit includes a net PSPA for 2004 or your unused RRSP deduction limit at the end of 2003 is a negative amount, complete a 2004 T1-OVP return to determine if you are subject to the 1%-per-month tax. If you are not subject to this tax for 2004, you may be subject to it for 2005.

Situation	Action
Step 1 – Does one of these situations apply to you? ■ You contributed amounts to your RRSP or your spouse's RRSP or common-law partner's RRSP from January 1,1991 to December 31, 2004, that you did not and will not deduct on your 2004 or earlier year returns. ■ A gift was donated to your RRSP from January 1,1991 to December 31, 2004. A gift is any amount that someone other than you or your spouse or common-law partner contributed to your RRSP.	■ If one of these situations applies to you, go to Step 2. ■ If neither of these situations apply to you, you do not have to complete a 2004 T1-OVP.
Step 2 – Is your 2004 RRSP deduction limit from your latest *Notice of Assessment* or *Notice of Reassessment* more than the total of your unused RRSP contributions (including gifts) made from January 1, 1991, to December 31, 2003, plus the total of any RRSP contributions (including gifts) made during 2004?	■ If you answer *no*, go to Step 3. ■ If you answer *yes*, you do not have to complete a 2004 T1-OVP.
Step 3 – Were you younger than 18 years old at any time in 2004?	■ If you answer *no*, go to Step 4. ■ If you answer *yes*, you may be subject to tax on your unused RRSP contributions. Complete a 2004 T1-OVP-S to determine the amount of this tax.
Step 4 – Are your unused RRSP contributions (including gifts) made from January 1, 1991 to December 31, 2004, less than the total of your 2004 RRSP deduction limit from your latest *Notice of Assessment* or *Notice of Reassessment* **plus** $2,000?	■ If you answer *no*, go to Step 5. ■ If you answer *yes*, you do not have to complete a 2004 T1-OVP.
Step 5 – Do any of these situations apply to you? ■ At the end of 2004, all of your unused RRSP contributions (including gifts) were made before February 27, 1995. ■ All of your unused RRSP contributions (including gifts) were made from January 1, 1991 to February 26, 1995, and their total was $8,000 or less. ■ You did not contribute to an RRSP from February 27, 1995 to December 31, 2004.	■ If **all** of these situations apply to you, you do not have to complete a 2004 T1-OVP. ■ If **one** of these situations **does not** apply to you, go to Step 6.
Step 6 – Were all the unused contributions mandatory contributions as a result of your participation in a group RRSP?	If you answer *yes*, you do not have to complete a 2004 T1-OVP. If you answer *no*, you may be subject to tax on your unused RRSP contributions. Complete a 2004 T1-OVP to determine the amount of this tax.

Chapter 3 – RRIF contributions

This chapter provides general information about RRIFs and lists the types of payments you can contribute to your RRIF. Usually, you can only contribute to your RRIF by directly transferring certain types of payments you receive or are considered to have received.

You can have more than one RRIF and you can have self-directed RRIFs. The rules that apply to self-directed RRIFs are generally the same as those for RRSP. For more information, see "Self-directed RRSPs" on page 9.

Property from an RRSP

You can contribute to your RRIF by having property transferred directly from:

- your unmatured RRSP;
- your matured RRSP, including a direct transfer of a commutation payment from your RRSP annuity; or
- an unmatured RRSP under which your current or former spouse or common-law partner is the annuitant, if you and your current or former spouse or common-law partner were living separate and apart at the time of the transfer and if the transfer is made:
  - under a decree, order, or judgment of a court, or under a written separation agreement; and
  - to settle rights arising out of your relationship on or after the breakdown of your relationship.

In addition, you can contribute to your RRIF any amounts you receive or are considered to have received from the deceased annuitant's RRSP in the following situations:

- The annuitant under an RRSP dies and, at the time of death, you were the deceased annuitant's spouse or common-law partner.
- You were a financially dependent child or grandchild of the deceased annuitant who depended on the annuitant because of a physical or mental infirmity. For deaths that occurred before 1999, you will be able to contribute the amounts to your RRIF only if there was no spouse or common-law partner at the time of death. For more details, see Information Sheet RC4177, *Death of an RRSP Annuitant*, or Form T2019, *Death of an RRSP Annuitant – Refund of Premiums*.

RPP payments

You can contribute to your RRIF by directly transferring a lump-sum payment from:

- an RPP under which you are a member, if you are entitled to receive the lump sum;
- an RPP under which your current or former spouse or common-law partner was the member, if you are entitled to receive the lump sum because your current or former spouse or common-law partner died; or
- an RPP under which your current or former spouse or common-law partner is a member, if you are entitled to receive the lump sum:
  - under a decree, order, or judgment of a court, or under a written separation agreement; and
  - to settle rights arising out of your relationship on or after the breakdown of your relationship.

Note
In some cases, the *Income Tax Act* limits how much can be transferred without tax consequences. For more information, see "Direct transfer of an excess RPP lump-sum payment" on page 25.

DPSP payments

Under proposed legislation, you will be able to contribute to your RRIF by directly transferring a lump-sum payment from:

- a DPSP under which you are a member, or former member, if you are entitled to receive the lump sum;
- a DPSP under which your current or former spouse or common-law partner was the member, or former member, if you are entitled to receive the lump sum because your current or former spouse or common-law partner died; or
- a DPSP under which your current or former spouse or common-law partner is a member, or former member, if you are entitled to receive the lump sum:
  - under a decree, order, or judgment of a court, or under a written separation agreement; and
  - to settle rights arising out of your relationship on or after the breakdown of your relationship.

Note
Contributions made by you to your DPSP may not be transferred to your RRIF. For exceptions to the direct transfer requirement and other rules, see Interpretation Bulletin IT-528, *Transfers of Funds Between Registered Plans.*

Property from another RRIF

You can contribute to your RRIF by directly transferring property from:

- another RRIF under which you are the annuitant; or
- a RRIF under which your current or former spouse or common-law partner is the annuitant, if the transfer is made:
  - under a decree, order, or judgment of a court, or under a written separation agreement; and
  - to settle rights arising out of your relationship on or after the breakdown of your relationship.

In addition, you can contribute to your RRIF any amounts you receive or are considered to have received from the deceased annuitant's RRIF in the following situations:

- The annuitant under a RRIF dies and, at the time of death, you were the deceased annuitant's spouse or common-law partner.
- You were a financially dependent child or grandchild of the deceased annuitant who depended on the annuitant because of a physical or mental infirmity. For deaths that occurred before 1999, you will be able to contribute the amounts to your RRIF only if there was no spouse or common-law partner at the time of death. For more details, see Information Sheet RC4178, *Death of a RRIF Annuitant*, or Form T1090, *Death of a RRIF Annuitant – Designated Benefit*.

Saskatchewan Pension Plan (SPP) payments

If you are a member of the SPP, you can contribute to your RRIF by directly transferring a lump-sum payment from the SPP.

You can also transfer a lump-sum payment from the SPP if you are entitled to it because your current or former spouse or common-law partner was a member of the SPP, and one of the following situations applies:

- Your current or former spouse or common-law partner has died.
- You and your current or former spouse or common-law partner are living separate and apart at the time of the transfer and you are entitled to receive the lump sum:
  - under a decree, order, or judgment of a court, or under a written separation agreement; and
  - to settle rights arising out of your relationship on or after the breakdown of your relationship.

For more information on transfers, see Chapter 5, "Transfers to registered plans or funds and annuities," on page 22.

Chapter 4 – Payments from an RRSP or a RRIF

If you have an RRSP or a RRIF, you generally have a certain amount of flexibility on the types of payments you can get from these plans.

Generally, an RRSP must mature by the last day of the year in which you turn 69. On maturity, the funds must either be withdrawn, transferred to a RRIF, or used to purchase an annuity. No tax is withheld on amounts transferred to a RRIF or used to purchase an annuity. However, if funds are withdrawn from your RRSP, tax will be withheld and the amount withdrawn has to be included in your income for the year in which it is withdrawn.

The following charts contain information on amounts you can receive or that we consider you to receive from your RRSP or RRIFs, or from a deceased individual's RRSP or RRIFs. This chapter also provides information on spousal or common-law partner RRSP and RRIFs.

Chart 1 – Amounts From Your RRSP or RRIF

- Report your RRSP income on line 129 of your return and any tax deducted (box 30 of the T4RSP slip) on line 437 of your return.
- Report your RRIF income on line 115 of your return if you were 65 or older on December 31, 2004. In all other cases, report your RRIF income on line 130. For more information, see line 115 in your income tax and benefit guide. In **all** cases, claim any tax deducted (box 28 of the T4RIF slip) on line 437 of your return.

Description of amount	Information slip and box number	Will tax be withheld?
Withdrawal from an RRSP – You can withdraw amounts from your RRSP before it starts to pay you a retirement income. See Note 1 below.	T4RSP – Box 22	Yes
You can withdraw unused contributions you made to an RRSP based on an approved Form T3012A, *Tax Deduction Waiver on the Refund of Your Unused RRSP Contributions Made in* ____. If you transferred the unused contributions to your RRIF, see Note 2 below.	T4RSP – Box 20	No
Annuity payments from an RRSP – When an RRSP matures, you can draw an annuity from that RRSP. You have to include the payments in your income. If you receive the annuity payments because your spouse or common-law partner died, or if you were 65 or older on December 31, 2004, the payments qualify for the pension income amount. In addition to receiving a retirement income out of your RRSP, you can also choose to transfer the property to a RRIF or to buy yourself an eligible annuity. The value of all the property the plan holds is included in your income unless you draw an annuity from the matured RRSP, use the RRSP to buy yourself an eligible annuity, or transfer the funds to a RRIF. For more information about the pension income amount, see line 314 in your income tax guide.	T4RSP – Box 16	No
Commutation payments from an RRSP – A commutation payment is a fixed or single lump-sum payment from your RRSP annuity that is equal to the current value of all or part of your future annuity payments from the plan. See Note 1 below.	T4RSP – Box 22	Yes
Minimum amount from a RRIF – Starting in the year after the year you establish a RRIF, you have to be paid a yearly minimum amount. The payout period under your RRIF is for your entire life. Your carrier calculates the minimum amount based on your age at the beginning of each year. However, you can elect to have the payment based on your spouse or common-law partner's age. You do not have to complete a form to make this election. Instead, when you establish your RRIF, tell your carrier to base the minimum amount on your spouse or common-law partner's age. Once you make this election, you cannot change it. If you want more information, contact your carrier.	T4RIF – Box 16	No
Excess amount from a RRIF – In any year, you can be paid more than the minimum amount for that year. Amounts paid to you from a RRIF in a year that are more than the minimum amount for that year are called excess amounts. Check with your carrier to make sure that your RRIF allows such payments. Under certain circumstances, you can directly transfer the excess amount from a RRIF. For more information, see "Excess amount from a RRIF" in chart 5 on page 24. The excess amount from a RRIF appears in box 24 of your T4RIF slip for information purposes only. Only include the amount in box 16 on your return. See Note 1 below.	T4RIF – Box 16	Yes
Amounts deemed received on deregistration of an RRSP or a RRIF – If in 2004 your RRSP or RRIF was changed and it no longer satisfies the rules under which it was registered, it is no longer an RRSP or a RRIF. It is now an amended plan or fund. In such a case, we consider you to have received in 2004 an amount that equals the fair market value of all the property the plan or fund held at the time it ceased being an RRSP or a RRIF. See Note 1 below.	T4RSP – Box 26 T4RIF – Box 20	Note 3
Other income and deductions from an RRSP or a RRIF – You may have to include other RRSP or RRIF amounts in your income, or you may be able to deduct other amounts for 2004. This applies if, in 2004, your RRSP or RRIF trust holds at any time a non-qualified investment or disposed of a non-qualified investment. It also applies if trust property was used as security for a loan, sold for an amount less than its fair market value, or the trust acquired property for an amount more than its fair market value. If the amount in box 28 of your T4RSP slip or in box 22 of your T4RIF slip appears in brackets (negative amount), claim it on line 232 of your return.	T4RSP – Box 28 T4RIF – Box 22	No

Note 1 If the RRSP from which you receive the withdrawal or commutation payment in 2004 is a spousal or common-law partner RRSP, or the RRIF from which you receive excess amounts in 2004 is a spousal or common-law partner RRIF, and your spouse or common-law partner made contributions to any of your RRSP in 2002, 2003, or 2004, your spouse or common-law partner may have to include in income all or part of the amount received. For more information, see "Amounts from a spousal or common-law partner RRSP or RRIF" on page 21.

Note 2 If, in 1991 or a later year, you made contributions to your RRSP or to your spouse's RRSP or common-law partner's RRSP that you did not deduct for any year and those funds are transferred from that RRSP to a RRIF, you may be allowed a deduction for amounts you or your spouse or common-law partner withdraws from that RRIF for those unused RRSP contributions. Claim this deduction on line 232 of your return. For more information, see "Unused RRSP contributions" on page 14.

Note 3 Tax will be withheld only if the amount is paid in the year of deregistration.

Chart 2 – Amounts From a Deceased Annuitant's RRSP

In all cases, tax will not be withheld. Report the amount on line 129 of the return.

Description of amount	T4RSP box number	Slip issued in the name of, and to be reported by:
Payments from a matured RRSP		
If the surviving spouse or common-law partner is:		
■ **the beneficiary of the RRSP**, as specified in the RRSP contract, the remaining annuity payments under the RRSP become payable to the annuitant's surviving spouse or common-law partner and he or she will begin to receive the annuity payments;	16	surviving spouse or common-law partner
■ **the beneficiary of the estate**, the spouse or common-law partner and legal representative can jointly elect in writing to treat amounts the RRSP paid to the estate as being paid to the spouse or common-law partner. The surviving spouse or common-law partner must attach a copy of the written election to his or her return. The election has to specify that the surviving spouse or common-law partner is electing to become the annuitant of the RRSP. If such an election is made, no T4RSP slip will be issued in the name of the estate even if the estate received the amounts.	16	surviving spouse or common-law partner
For all other beneficiaries – Annuity payments from an RRSP registered after June 29, 1978, that are to be paid to a beneficiary other than the RRSP annuitant's surviving spouse or common-law partner, have to be commuted. This commutation payment is not taxable in the beneficiary's hands. The fair market value of the property the RRSP held at the time of the annuitant's death is included in the deceased annuitant's income for the year of death.	34	deceased annuitant
The amount reported on the deceased annuitant's final return may be reduced if, at the time of death, you were a financially dependent child or grandchild of the annuitant, and an amount is paid from the RRSP to you or to the estate of which you are a beneficiary. For deaths that occurred before 1999, this only applies if there was no surviving spouse (according to the definition of this term in 1999 or earlier) at the time of death. For more information, see Information Sheet RC4177, *Death of an RRSP Annuitant*, and Form T2019, *Death of an RRSP Annuitant – Refund of Premiums*.		
Income earned in the RRSP after the annuitant dies that the beneficiary receives.	28	beneficiary
Income earned in the RRSP after the annuitant dies that the estate receives.	28	estate
Payments from an unmatured RRSP		
Transfer to the surviving spouse or common-law partner (named as beneficiary in the RRSP contract) – If, **before** the end of the year following the year of death of the annuitant, **all** of the property the RRSP held is paid to you as the deceased annuitant's spouse or common-law partner (as specified in the RRSP contract), and that payment is transferred to your RRSP, claim a deduction equal to the amount transferred to your RRSP on line 208 of your return. If the amount is transferred to your RRIF or to an issuer to buy yourself an eligible annuity, claim a deduction equal to the amount transferred on line 232 of your return.	18	surviving spouse or common-law partner
For all other situations – The fair market value of the property the RRSP held at the time of death is included in the deceased annuitant's income for the year of death.	34	deceased annuitant's final return
The amount reported on the deceased annuitant's final return may be reduced if:		
■ you were the spouse or common-law partner of the annuitant at the time of death, and an amount is paid from the unmatured RRSP to you or to the estate of which you are the beneficiary; or	18 or 28	surviving spouse or common-law partner or estate
■ you were, at the time of death, a financially dependent child or grandchild of the annuitant, and an amount is paid from the unmatured RRSP to you or to the estate of which you are a beneficiary. For deaths that occurred before 1999, this only applies if there was no surviving spouse (according to the definition of this term in 1999 or earlier) at the time of death. For more information, see Information Sheet RC4177, *Death of an RRSP Annuitant*, and Form T2019, *Death of an RRSP Annuitant – Refund of Premiums*.	28	child/grandchild or estate
Income earned in the RRSP after the annuitant dies that the beneficiary receives.	28	beneficiary
Income earned in the RRSP after the annuitant dies that the estate receives.	28	estate

Chart 3 – Amounts From a Deceased Annuitant's RRIF

- In all cases, tax will not be withheld.
- If you were 65 or older on December 31, 2004, or if you received the payments because your spouse or common-law partner died, report these payments on line 115 of your return. In all other cases, report the payments on line 130 of your return.

Description of amount	T4RIF box number	Slip issued in the name of, and to be reported by:
Spouse or common-law partner is designated as the new annuitant – If the RRIF annuitant made a written election in the RRIF contract or in the will to have the RRIF payments continue to the spouse or common-law partner after death, the surviving spouse or common-law partner becomes the annuitant after death and will begin to get the RRIF payments as the new annuitant. The spouse or common-law partner can become the annuitant of the RRIF after the deceased annuitant's death, even if the deceased annuitant did not make this election in the RRIF contract or in the will. This is the case if the legal representative consents to the spouse or common-law partner becoming the annuitant, and if the RRIF carrier agrees to continue the payments under the deceased annuitant's RRIF to the surviving spouse or common-law partner.	16	surviving spouse or common-law partner
Spouse or common-law partner is designated as beneficiary of the RRIF – If, **before** the end of the year following the year of death of the annuitant, **all** of the property the RRIF held is paid to you (as specified in the RRIF contract) as the deceased annuitant's spouse or common-law partner, include in your income the amount that appears in box 16. You may then transfer an amount (up to the amount appearing in box 24) to your RRSP, your RRIF, or to buy an eligible annuity for yourself. If you transfer an amount to your RRSP, claim a deduction equal to the amount transferred to your RRSP on line 208 of your return. If you transfer an amount to your RRIF or to an issuer to buy an eligible annuity, claim a deduction equal to the amount you transfer on line 232 of your return.	16 and 24	surviving spouse or common-law partner
For all other situations – On line 130 of the deceased annuitant's final return, include the fair market value of the property the RRIF held at the time of death. The amount reported on the deceased annuitant's final return may be reduced if one of the following conditions applies:	18	deceased annuitant's final return
■ You were the spouse or common-law partner of the annuitant at the time of death and an amount is paid from the RRIF to you or to the estate of which you are a beneficiary.	16 or 22	surviving spouse or common-law partner or estate
■ You were, at the time of death, a financially dependent child or grandchild of the annuitant, and an amount is paid from the RRIF to you or to the estate of which you are a beneficiary. For deaths that occurred before 1999, this only applies if there was no surviving spouse (according to the definition of this term in 1999 or earlier) at the time of death. For more information, see Information Sheet RC4178, *Death of a RRIF Annuitant*, and Form T1090, *Death of a RRIF Annuitant – Designated Benefit*.	22	child/grandchild or estate
Income earned in the RRIF after the annuitant dies that the beneficiary receives.	22	beneficiary
Income earned in the RRIF after the annuitant dies that the estate receives.	22	estate

Locked-in RRSP

A locked-in RRSP is a plan containing funds transferred from a registered pension plan (RPP) for a member of the RPP. Under the pension laws of certain provinces, locked-in RRSPs are sometimes called locked-in retirement accounts (LIRAs). This means that the member cannot receive the transferred funds. They either have to stay in the RPP or be transferred to a locked-in RRSP to provide the member with a retirement income.

You cannot withdraw funds from a locked-in RRSP. The money has to stay in the RRSP and will be used to buy a life annuity at retirement age. However, under the pension laws of certain provinces, pension funds or funds from a locked-in RRSP can be transferred to a locked-in RRIF. These locked-in RRIFs are sometimes called life income funds (LIFs) or locked-in retirement income funds (LRIFs).

Your employer or pension plan administrator can answer any questions you have about locked-in funds.

> **Note**
> Do not confuse locked-in RRSPs with fixed-term investments in an RRSP. A fixed-term investment, such as a guaranteed investment certificate, can have a locked-in interest rate for the term of the certificate.

Amounts from a spousal or common-law partner RRSP or RRIF

This section applies to you if you receive income from a spousal or common-law partner RRSP or a spousal or common-law partner RRIF. This section may also apply to you if you contributed to your spouse's RRSP or common-law partner's RRSP.

A spousal or common-law partner RRSP is any of your RRSP:

- to which your spouse or common-law partner contributed;
- that received payments or transfers of property from your RRSP to which your spouse or common-law partner had contributed; or
- that received payments or transfers of property from your RRIFs to which you had transferred amounts from your spousal or common-law partner RRSP.

A spousal or common-law partner RRIF is any of your RRIFs:

- that received payments or transfers of property from a spousal or common-law partner RRSP; or
- that received payments or transfers of property from any of your other spousal or common-law partner RRIFs.

Calculating the income you and your spouse or common-law partner have to report

If you contributed to any spousal or common-law partner RRSP in 2002, 2003, or 2004, you may have to include in your 2004 income all or part of:

- the amounts your spouse or common-law partner received in 2004 from any of his or her unmatured spousal or common-law partner RRSP;
- the commutation payments your spouse or common-law partner received in 2004 from any of his or her matured spousal or common-law partner RRSP;
- the amounts we consider your spouse or common-law partner to have received in 2004 from any of his or her deregistered spousal or common-law partner RRSP; and
- the amounts your spouse or common-law partner received, or that we consider he or she received, in 2004 from any of his or her spousal or common-law partner RRIFs that are more than the minimum amount for the year.

To determine the amount to include in your income or your spouse's income or common-law partner's income, your spouse or common-law partner (the annuitant) should complete Form T2205, *Amounts From a Spousal or Common-Law Partner RRSP or RRIF to Include in Income for ____*.

Tax Tip
If you want to ensure that you do not have to include any amount in your income when your spouse or common-law partner withdraws funds from a spousal or common-law partner RRSP or spousal or common-law partner RRIF, make sure you have not contributed to any spousal or common-law partner RRSP in the year your spouse or common-law partner withdraws the funds, or in either of the two preceding years. Otherwise, you (the contributor) will probably have to include in your income the funds your spouse or common-law partner (the annuitant) withdraws.

Example
In May 2002, Joshua started contributing to his wife Keri's RRSP. He contributed the following amounts to her RRSP:

Year	Amount
2002	$ 2,000
2003	2,000
2004	+ 1,000
Total	$ 5,000

In 2004, Keri withdrew $4,000 from her spousal RRSP. Before 2004, she had not withdrawn any amounts from her spousal RRSP.

Keri determines that Joshua has to include $4,000 in his income on line 129 of his 2004 return, since the amount Joshua has to include as income is the **lesser of**:

- the amounts he contributed to all spousal RRSP for his wife in 2002, 2003, and 2004 ($5,000); and
- the amount his wife withdrew from her spousal RRSP in 2004 ($4,000).

Keri does not include any amount in her income for this withdrawal.

Exceptions – The rule that requires you, the contributor, to include certain amounts from spousal or common-law partner RRSP or spousal or common-law partner RRIFs as income **does not** apply to the following situations:

- At the time of payment, or when we consider the payment to have been received, you and your spouse or common-law partner were living separate and apart because of the breakdown of your relationship.
- At the time of payment, or when we consider the payment to have been received, you or your spouse or common-law partner were non-residents.
- The amount is a commutation payment that is transferred directly for your spouse or common-law partner to another RRSP, to a RRIF, or to an issuer to buy an eligible annuity that cannot be commuted for at least three years.
- The contributor dies in the year of payment or the year we consider the payment to have been received.
- We consider the deceased annuitant to have received the amount because of death.

In any such case, the annuitant spouse or common-law partner includes the payment in income for the year he or she receives it or is considered to have received it.

Tax deducted – In all cases, the tax deducted has to be claimed by the individual to whom the slip is issued. In most cases, the information slip issued for the withdrawal will be in the name of the annuitant. However, report the income according to the calculations completed in Parts 1 and 2 of Form T2205.

Chapter 5 – Transfers to registered plans or funds and annuities

You can transfer certain types of payments to an RPP, an RRSP, a RRIF, or a deferred profit sharing plan (DPSP). You can also use certain payments from an RRSP or a RRIF to buy yourself an eligible annuity.

You have to transfer certain payments directly. For other payments, you can transfer them either directly or indirectly. This chapter provides information about the rules on these transfers.

The three charts in this chapter list the most common types of payments that you can transfer and the types of plans or funds to which you can transfer them. Chart 4 covers payments that you can transfer either directly or indirectly. Chart 5 covers payments that you have to transfer directly. Chart 6 covers payments that you transfer because of the breakdown of your relationship.

Note
If you are a non-resident of Canada, see Form NRTA1, *Authorization for Non-Resident Tax Exemption*, for more information on transfers.

Transfers from a Registered retirement income fund (RRIF) to a Registered pension plan (RPP)

Starting in 2004 you can transfer directly an amount from your RRIF to a money purchase provision of an RPP under which you were a member before the transfer.

Transfers of registered education savings plan (RESP) accumulated income payments

Since 1998 and under certain conditions, investment earnings in an RESP can be paid. These payments are called accumulated income payments from an RESP and are subject to tax. The amount subject to tax may be reduced if all of the following conditions are met:

- The recipient is the subscriber.
- The payment is contributed to the subscriber's RRSP or to the RRSP of the subscriber's spouse or common-law partner in the year it is received, or in the first 60 days of the following year.
- The subscriber has an RRSP deduction limit that is sufficient to deduct the amount contributed to an RRSP on line 208 of his or her return.

For more information, see Information Sheet RC4092, *Registered Education Savings Plans (RESPs)*.

Other transfers

Depending on the source of income, the following payments can also be transferred to your RPP or RRSP:

- certain lump-sum payments from a non-registered pension plan that relate to services rendered while a non-resident;
- eligible pension income from an estate or a testamentary trust; and
- amounts received from foreign retirement arrangements, such as United States Individual Retirement Accounts (IRAs).

For more information on these types of transfers, see Interpretation Bulletin IT-500, *Registered Retirement Savings Plans – Death of an Annuitant*, or IT-528, *Transfers of Funds Between Registered Plans*. For information on how to report the income, see your income tax and benefit guide.

Chart 4 – Payments That You Can Transfer Directly or Indirectly

- To deduct a payment, you have to make the contributions to a plan or fund in the year you receive the payment or no later than 60 days after the end of that year.
- If you transfer the amount to your RRSP, you must be 69 or younger at the end of the year you transfer the funds. You also have to complete Schedule 7, *RRSP Unused Contributions, Transfers, and HBP or LLP Activities* and file it with your 2004 return. If you did not receive a Schedule 7 in your income tax package, you can get one by visiting our Web site at **www.cra.gc.ca**, or by calling **1-800-959-2221.**

Type of payment	Can be transferred to your:				Instructions
	RPP	RRSP	RRIF	Annuity	
Retiring allowance	**Yes**	**Yes**	**No**	**No**	■ A retiring allowance is an amount you receive on or after your retirement from an office or employment in recognition of long service. It includes payment for unused sick leave and amounts you receive for loss of office or employment, whether as a payment of damages or a payment under an order or judgment of a tribunal. ■ You can only transfer the eligible part of your retiring allowance to your RPP or RRSP. The eligible part is $2,000 for each year or part-year of service before 1996 in which you were employed by the employer or a person related to that employer from whom you received the retiring allowance. You can also transfer an extra $1,500 for each year or part-year of service before 1989, as long as you were not entitled to receive any benefits you earned under a pension plan or a DPSP from contributions your employer made for each such year. ■ Box 26 of your T4A slip shows the **eligible** portion of your retiring allowance. Box 27 indicates the part of your retiring allowance that is **not eligible**. On a T3 slip, the **eligible** part of a retiring allowance appears in box 36 and in the footnotes area of the slip. ■ Report the retiring allowance shown in boxes 26 and 27 of your T4A or box 26 of your T3 slip on line 130 of your return. Claim a deduction for the amount you transfer to your RPP on line 207 of your return. Claim a deduction for the amount you transfer to your RRSP on line 208 of your return. Indicate the amount of the transfer on line 240 of Schedule 7. ■ You cannot transfer the eligible part of your retiring allowance to your spouse's RRSP or common-law partner's RRSP. You may be able to contribute amounts you received from your retiring allowance to your own or your spouse's RRSP or common-law partner's RRSP, up to the limits explained in Chapter 2. ■ If you transfer the amount to your RPP, you may have a pension adjustment (PA). For more information, contact your plan administrator. **Note** No tax is withheld if your employer directly transfers the eligible part of your retiring allowance.
Amounts paid from an RRSP or RRIF upon death of the annuitant	**No**	**Yes**	**Yes**	**Yes**	**Deaths after 1998** – If, at the time of death, you are the deceased annuitant's spouse or common-law partner, or you are a financially dependent child or grandchild of the annuitant because of a physical or mental infirmity, you can transfer tax free certain amounts paid from the annuitant's RRSP or RRIF. If you are not financially dependent because of a physical or mental infirmity, you can only transfer the amounts to a term annuity. If the death occurred before 1999, a financially dependent child or grandchild may be able to transfer the amounts only if, at the time of death, the deceased annuitant had no spouse (according to the definition of this term in 1999 or earlier). For more information on these transfers, see Information Sheet RC4177, *Death of an RRSP Annuitant*, and Information Sheet RC4178, *Death of a RRIF Annuitant*. No tax is withheld at source on these payments. For more details, see "Chart 2 – Amounts From a Deceased Annuitant's RRSP" on page 19 or "Chart 3 – Amounts From a Deceased Annuitant's RRIF" on page 20.

Chart 5 – Payments That You Have to Transfer Directly

- If you receive any of the types of payments listed below in cash or by cheque, you have to include them in your income for the year you receive them and you cannot transfer them tax free. Therefore, if you want to transfer these amounts tax free to another registered plan or fund, make sure you inform the payer to transfer them directly.
- If you transfer the amount to your RRSP, you must be 69 or younger at the end of the year you transfer the funds.
- You do not have to use the forms listed in this chart. The institution that transfers your payments may use other forms of documentation to record the transfer. The institution has to provide you with confirmation of the details of the transfer.

Type of payment	**Can be transferred to your:**				**Instructions**	**Form***
	RPP	RRSP	RRIF	Annuity		
RPP lump sum	**Yes**	**Yes**	**Yes**	**No**	■ This includes a lump-sum payment you receive from your RPP or from your current or former spouse's RPP or common-law partner's RPP because your current or former spouse or common-law partner has died. ■ Do not claim a deduction for the amount you transfer, and do not report any amount on your return. ■ If you transfer an excess RPP lump-sum payment, see "Direct transfer of an excess RPP lump-sum payment" on page 25.	T2151
DPSP lump sum	**Yes**	**Yes**	**Yes ****	**No**	■ This includes a lump-sum payment you receive from your DPSP or from your current (or former**) spouse's DPSP or common-law partner's DPSP because your current (or former**) spouse or common-law partner has died. ■ You can also transfer this amount to another DPSP. ■ Do not claim a deduction for the amount you transfer, and do not report any amount on your return.	T2151
RRSP commutation payment	**No**	**Yes**	**Yes**	**Yes**	■ The commutation payment is shown in box 22 of your T4RSP slip. Report it on line 129 of your return. ■ If you transfer the amount to your RRSP, claim a deduction for the amount you transfer on line 208 of your return. If you transfer the amount to your RRIF or to an issuer to buy an eligible annuity, claim a deduction for the amount you transfer on line 232. ■ Attach official receipts to your return showing the amount transferred.	T2030
Property from an unmatured RRSP	**Yes**	**Yes**	**Yes**	**No**	■ This is a payment you receive from an RRSP that has not yet started to pay you retirement income. ■ Do not claim a deduction for the amount you transfer, and do not report any amount on your return.	T2033
Property from a RRIF	**Yes**	**No**	**Yes**	**No**	■ This is an amount you transfer from one of your RRIFs to another of your RRIFs or to a RPP (see page 22). ■ Do not claim a deduction for the amount you transfer, and do not report any amount on your return.	T2033
Excess amount from a RRIF	**No**	**Yes**	**Yes**	**Yes**	■ The excess amount appears in box 24 of your T4RIF slip. The excess amount is also included in the total in box 16 of the same T4RIF slip. Report the total amount in box 16 on your return. ■ See line 115 of your income tax and benefit guide for details on how to report this income. ■ If you transfer the excess amount to your RRSP, claim a deduction for the amount you transfer on line 208 of your return. If you transfer the excess amount to your RRIF or to an issuer to buy an eligible annuity, claim a deduction for the amount you transfer on line 232.	T2030
Saskatchewan Pension Plan (SPP) lump-sum payment	**No**	**Yes**	**Yes**	**Yes**	■ This includes a lump-sum payment you receive from the SPP as a member. It also includes a lump-sum payment you receive as the current or former spouse or common-law partner of a member on the breakdown of your relationship, or if the member has died. ■ Do not claim a deduction for the amount you transfer, and do not report any amount on your return.	

* You can find the form titles on page 28. ** Under proposed legislation.

Chart 6 – Payments That You Transfer Directly Because of the Breakdown of Your Relationship

- **In all cases, the transfer must be direct**. If you receive any of the types of payments listed below in cash or by cheque, you have to include them in your income for the year you receive them and you cannot transfer them tax free. Therefore, if you want to transfer these amounts tax free to another registered plan or fund, make sure you inform the payer to transfer them directly.
- In all cases, you must be entitled to the payment under a decree, order, or judgment of a court, or under a written agreement relating to a division of property between you and your current or former spouse or common-law partner in settlement of rights arising from the breakdown of your relationship.
- If you transfer the amount to your RRSP, you must be 69 or younger at the end of the year you transfer the funds.

Type of payment	Can be transferred to your:				Instructions	Form*
	RPP	RRSP	RRIF	Annuity		
RPP lump sum payment	**Yes**	**Yes**	**Yes**	**No**	■ Do not claim a deduction for the amount you transfer, and do not report any amount on your return.	T2151
DPSP lump sum payment	**Yes** **	**Yes** **	**Yes** **	**No**	■ Do not claim a deduction for the amount you transfer, and do not report any amount on your return.	T2151
Property from an unmatured RRSP	**No**	**Yes** ***	**Yes**	**No**	■ You and your current or former spouse or common-law partner have to be living separate and apart at the time of the transfer because of the breakdown of your relationship. ■ Do not claim a deduction for the amount you transfer, and do not report any amount on your return.	T2220
Property from a RRIF	**No**	**Yes**	**Yes**	**No**	■ Do not claim a deduction for the amount you transfer, and do not report any amount on your return.	T2220
Saskatchewan Pension Plan lump-sum payment	**No**	**Yes**	**Yes**	**Yes**	■ You and your current or former spouse or common-law partner have to be living separate and apart at the time of the transfer because of the breakdown of your relationship. ■ Do not claim a deduction for the amount you transfer, and do not report any amount on your return.	

* You can find the titles of the forms on page 28.

** Under proposed legislation.

*** You and the RRSP issuer have to complete Form T2220 for this type of transfer. The RRSP issuer reports the transfer in Box 35 of a T4RSP or T4RIF slip issued in your name. Do not report any amount on your tax return.

Direct transfer of an excess RPP lump-sum payment

In most cases, if you transfer an RPP lump-sum payment directly to another RPP, to an RRSP, or to a RRIF, you do not have to include any part of the payment in your income, and you cannot deduct it. However, the *Income Tax Act* limits how much you can transfer directly to such registered plans or funds without having to include an amount in your income. If the amount you transfer is more than the limit, you have to include the excess transfer in your income. Your T4A slip shows the excess transfer as pension income in box 18, which you report on line 130 of your return.

If you made the excess transfer to your RRSP for 2004, we consider you to have contributed it to the RRSP in the year in which you transfer it. Even if the excess transfer is made to your RRIF, we still consider you to have contributed it to your RRSP. In both cases, the carrier will give you an official RRSP receipt for this contribution.

You can deduct these RRSP contributions on line 208 of your return, up to your RRSP deduction limit for the year in which you made the transfer. If you cannot deduct the contributions because they are more than your RRSP deduction limit for the year, you can leave them in your RRSP or your RRIF and deduct them for future years up to your RRSP deduction limit for those years, or you can withdraw them if they are not locked in.

Note
You may be subject to the 1%-per-month tax on unused RRSP contributions during the period they stay in the RRSP or the RRIF. For more information, see "Tax on overcontributions" on page 14.

Withdrawal from an RRSP or a RRIF – If you withdraw funds from an RRSP or a RRIF in 2004 and we consider you to have contributed an excess transfer to your RRSP, a deduction is available if you meet both of the following conditions:

- You did not previously deduct the amount.
- You included the amount in your income for the year you received it.

You can use Form T1043, *Deduction for Excess Registered Pension Plan Transfers You Withdrew From an RRSP or RRIF*, to calculate your deduction. Deduct the amount on line 232 of your return.

Note
You **cannot** use Form T3012A, *Tax Deduction Waiver on the Refund of Your Unused RRSP Contributions Made in* ____ to withdraw unused contributions in respect of an excess RPP lump-sum payment transferred to the RRSP or RRIF

Chapter 6 – PAs, PARs, and PSPAs

Pension adjustments (PAs)

The following is an overview of PAs under registered pension plans (RPPs) and deferred profit sharing plans (DPSPs). If you want to know how your PA is calculated or why you have a PA, contact your employer or plan administrator.

Your PA for a year is the total pension credits accrued for the year under RPP defined benefit or money purchase provisions and DPSPs your employer sponsors. A pension credit is a measure of the value of the benefit you earn for the year under a DPSP, or under a defined benefit or money purchase provision of an RPP.

If you participate in a government-sponsored retirement arrangement or a specified retirement arrangement, your pension credit amount may also measure the value of the benefit you earn for the year under these arrangements.

Does your employer have to report a PA for you?

Your employer usually has to report a PA for you whether you get an immediate right to the benefit or pension you earn or your right arises only after you complete a further period of service or plan membership.

Where is your PA shown on your T4 or T4A slip? – Your PA for 2004 appears in box 52 of your 2004 T4 slip, or in box 34 of your 2004 T4A slip. If you worked for more than one employer in 2004 and each employer sponsors their own RPP or DPSP, you may have more than one PA for 2004. Enter the total of your 2004 PAs from your 2004 T4 or T4A slips on line 206 of your 2004 return.

What does your PA affect?

Your PA for a year will usually reduce your RRSP deduction limit for the following year. Your PA does not affect your income. If you contribute to an RRSP, your PA may indirectly affect the income taxes you pay or the refund you receive for the following year, because it reduces your RRSP deduction limit for the following year. For details on how to calculate your RRSP deduction limit, see "Calculating your 2004 RRSP deduction limit" on page 10.

If you participate in a foreign plan, you may have to report an amount similar to a PA that will reduce your RRSP deduction limit for the following year. To determine the amount you have to report, contact us.

Pension adjustment reversals (PARs)

A PAR restores the reduction of your RRSP deduction limit if you earn benefits under an RPP or a DPSP and then lose your entitlement to the benefits, usually because you leave your plan before retirement. Your plan administrator or trustee will report a PAR for you, if the amount you receive from the plan is **less** than the total PAs and PSPAs that were previously reported for you.

Your plan administrator or trustee will send you a T10 slip that shows your PAR amount in box 2. Do not report this amount on your return. Your plan administrator or trustee will send us a copy of your T10 slip. We use that copy to increase your RRSP deduction limit for the year.

If you have a PAR for a termination in 2004, it increases your 2004 RRSP deduction limit. In such a case, we will usually send you Form T1028, *Your RRSP Information for 2004*, and give you your revised 2004 RRSP deduction limit when we have updated our records. If you do not receive Form T1028 and you want to confirm your 2004 RRSP deduction limit, visit our Web site at **www.cra.gc.ca/myaccount** or call our Tax Information Phone Service (T.I.P.S.) at **1-800-267-6999**. The T.I.P.S. RRSP service is available from mid-September to April 30. For RRSP information, you will be asked to provide your social insurance number, your month and year of birth, and the total income you reported on line 150 of your 2003 return.

Past service pension adjustments (PSPAs)

The following is an overview of PSPAs**.** If you have questions about how your PSPA is calculated or why you have a PSPA, contact your employer or plan administrator.

A PSPA is an amount your RPP administrator calculates when benefits relating to a previous period of pensionable service are improved or when you are credited with a new period of pensionable past service. A PSPA only occurs if the improved benefits, or the new past service benefits relate to a period of service after 1989. A PSPA is the sum of the additional pension credits that would have been included in your PA if the upgraded benefits had actually been provided, or the additional service credited in those previous years.

Types of PSPAs

The plan administrator calculates your PSPA and determines whether we have to certify the PSPA before the RPP can provide the past service benefits. There are two types of PSPAs: **certifiable** PSPAs, and PSPAs that are **exempt from certification** (exempt PSPAs). In most cases, the plan administrator has to report each PSPA to us, whether exempt or certifiable.

Exempt PSPAs – An exempt PSPA usually occurs when all or almost all plan members receive past service benefit upgrades. In most cases, when an employer provides past service benefits and there is an exempt PSPA that is more than zero, the plan administrator has to report the PSPA to us and to the plan member. For exempt PSPAs, the plan administrator has to complete a T215 slip, *Past Service Pension Adjustment (PSPA) Exempt From Certification*. Do not attach the T215 slip to your return.

An exempt PSPA will not reduce your RRSP deduction limit until the year following the year of the past service event. For details on how to calculate your RRSP deduction limit, see "Calculating your 2004 RRSP deduction limit" on page 10.

Certifiable PSPAs – A certifiable PSPA usually occurs if you, as a plan member, decide to buy a period of past service that is pensionable service under your RPP.

We have to certify most PSPAs that are more than zero and do not meet the conditions for exemption outlined under "Exempt PSPAs" on the previous page. We have to certify the PSPA before you have the right to receive the benefits under the plan. A certified PSPA will reduce your RRSP deduction limit for the year in which it is certified.

Your plan administrator applies for PSPA certification by submitting a completed Form T1004, *Applying for the Certification of a Provisional PSPA*. Since the *Income Tax Act* has limits on the PSPA amount for past service benefits that we can certify, we will apply these limits to the information on Form T1004 and determine if we can certify the PSPA.

Cost of past service benefits

The amount it costs you to pay for past service benefits will likely not equal the PSPA associated with the benefits, since a PSPA measures the value of the past service benefits rather than how much it costs to fund the benefits. Usually, you can pay for the cost of past service benefits by:

- making a lump-sum contribution;
- making instalment contributions; or
- directly transferring amounts from certain other registered plans. In this case, transfers may reduce the PSPA amount your plan administrator has to report to us.

Qualifying transfers – In general, a qualifying transfer is a direct transfer of a lump-sum amount from an unmatured RRSP, a money purchase provision of an RPP, or a DPSP. You can make a qualifying transfer to pay for all or part of the cost of the past service benefits related to the PSPA. If you make a qualifying transfer, the amount you transfer will reduce the PSPA amount the plan administrator has to report. Do not report your qualifying transfer amount as income, and do not deduct it.

What happens if we cannot certify your PSPA?

If we cannot certify your PSPA because the PSPA amount is more than the allowable limit, you may still be able to obtain certification if you agree to make a qualifying RRSP withdrawal. We will send you Form T1006, *Designating an RRSP Withdrawal as a Qualifying Withdrawal*. Complete this form and return it to us within 30 days.

To speed up the certification process, your plan administrator can review the certification formula before sending Form T1004 to us. If your plan administrator knows that we will not certify the PSPA, the administrator may ask you in advance if you want to designate an RRSP qualifying withdrawal. If you choose to do so, the administrator may ask you to complete Form T1006, and will send it to us with the certification request. If you cannot or choose not to make an RRSP qualifying withdrawal, we will not certify the PSPA.

Qualifying withdrawal – In general, a qualifying withdrawal is an amount you withdraw from your RRSP and include in your income for the year you withdraw it. You have to meet a number of conditions before we will consider the amount to be a qualifying withdrawal. If you meet these conditions, you can designate the withdrawal and we can certify the PSPA. We outline these conditions in Part 3 of Form T1006, which you use to designate a qualifying withdrawal.

Net PSPA

Your net PSPA for 2004 reduces the amount of RRSP contributions you can deduct for 2004. Your 2004 net PSPA is the total of:

- your exempt PSPAs for 2003 (total from box 2 of your T215 slips);

plus

- your certified PSPAs for 2004 (copy 2, Form T1004, Part 3, line A);

minus

- your RRSP qualifying withdrawals (Form T1006, Part 3).

Your RRSP deduction limit may be reduced by the net PSPA or similar amount for the year if you participated in a foreign plan or specified retirement arrangement and your past service benefits accruing under the plan were improved.

You can find your 2004 RRSP deduction limit on your latest *Notice of Assessment* or *Notice of Reassessment*. If you receive a certified Form T1004 after we send you your notice, we may reduce your 2004 RRSP deduction limit. In such a case, we will usually send you Form T1028, *Your RRSP Information for 2004,* and give you your revised 2004 RRSP deduction limit when we have updated our records. If you do not receive Form T1028 and you want to confirm your 2004 RRSP deduction limit, visit our Web site at **www.cra.gc.ca/myaccount** or call our Tax Information Phone Service (T.I.P.S.) at **1-800-267-6999**.
The T.I.P.S. RRSP service is available from mid-September to April 30. For RRSP information, you will be asked to provide your social insurance number, your month and year of birth, and the total income you reported on line 150 of your 2003 return.

References

You can get the following forms and publications on our Web site at **www.cra.gc.ca** or by calling us at **1-800-959-2221**.

Forms

NRTA1	*Authorization for Non-Resident Tax Exemption*
RC96	*Lifelong Learning Plan (LLP) – Request to Withdraw Funds From an RRSP*
T1-OVP	*2004 Individual Tax Return for RRSP Excess Contributions*
T1-OVP Schedule	*Calculating the Amount of RRSP Excess Contributions Made Before 1991 That Are Subject to Tax*
T1-OVP-S	*2004 Simplified Individual Tax Return for RRSP Excess Contributions*
T1E-OVP	*Individual Tax Return for Registered Education Savings Plans Over-Payments*
T746	*Calculating Your Deduction for Refund of Unused RRSP Contributions*
T1004	*Applying for the Certification of a Provisional PSPA*
T1006	*Designating an RRSP Withdrawal as a Qualifying Withdrawal*
T1007	*Connected Person Information Return*
T1036	*Home Buyers' Plan (HBP) – Request to Withdraw Funds From an RRSP*
T1043	*Deduction for Excess Registered Pension Plan Transfers You Withdrew From an RRSP or RRIF*
T1090	*Death of a RRIF Annuitant – Designated Benefit*
T1171	*Tax Withholding Waiver on Accumulated Income Payments From RESPs*
T1172	*Additional Tax on Accumulated Income Payments From RESPs*
T2019	*Death of an RRSP Annuitant – Refund of Premiums*
T2030	*Direct Transfer Under Subparagraph 60(l)(v)*
T2033	*Direct Transfer Under Paragraph 146(16)(a) or 146.3(2)(e), or Subsection 146.3(14.1)*(available on the Internet only)
T2078	*Election Under Subsection 147(10.1) in Respect of a Single Payment Received From a Deferred Profit Sharing Plan*
T2151	*Direct Transfer of a Single Amount Under Subsection 147(19) or Section 147.3*
T2205	*Amounts From a Spousal or Common-Law Partner RRSP or RRIF to Include in Income for ____*
T2220	*Transfer From an RRSP or a RRIF to Another RRSP or RRIF on Breakdown of Marriage or Common-law Partnership*
T3012A	*Tax Deduction Waiver on the Refund of Your Unused RRSP Contributions Made in ____*

Guides

RC4112	*Lifelong Learning Plan (LLP)*
RC4135	*Home Buyers' Plan (HBP)*

Information circulars

72-22	*Registered Retirement Savings Plans*
77-1	*Deferred Profit Sharing Plans*
78-18	*Registered Retirement Income Funds*

Information sheets

RC4092	*Registered Education Savings Plans (RESPs)*
RC4177	*Death of an RRSP Annuitant*
RC4178	*Death of a RRIF Annuitant*

Interpretation bulletins

IT-124	*Contributions to Registered Retirement Savings Plans*
IT-167	*Registered Pension Plans – Employee's Contributions*
IT-221	*Determination of an Individual's Residence*
IT-320	*Qualified Investments – Trusts Governed by Registered Retirement Savings Plans, Registered Education Savings Plans and Registered Retirement Income Funds*
IT-337	*Retiring Allowances*
IT-412	*Foreign Property of Registered Plans*
IT-499	*Superannuation or Pension Benefits*
IT-500	*Registered Retirement Savings Plans – Death of an Annuitant*
IT-528	*Transfer of Funds Between Registered Plans*

Notes

Notes

Your opinion counts!

We review our publications every year. If you have any comments or suggestions that would help us improve them, we would like to hear from you.

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