

Your Financial Professional



Q: Do I need to buy RRSPs?

A: The RRSP, or registered retirement savings plan, is a common Canadian phrase associated with saving for retirement. Originally established back in the late 1950s, the RRSP was meant to encourage people to save for retirement by taking a slice off the top their taxable income, setting it aside to grow and compound for future use.

The RRSP is a plan you set up with your advisor or financial institution. Then you or your spouse can contribute and those contributions are deductible against your taxable income earned.

Any income earned in the RRSP is not taxable as long as you don't make any withdrawals. When you go to withdraw proceeds from your RRSP, both the original contribution and the growth will be taxable in the year of withdrawal.

Your need for RRSPs will depend on several things; your current retirement savings, whether it be in a pension plan or otherwise, and what your current income level and tax rate is.



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