Canada Revenue Agency
Agence du revenu du Canada

RRSPs and Other Registered Plans for Retirement

T4040(E) Rev. 10

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), registered retirement income funds (RRIFs), or registered education savings plan (RESP) accumulated income payments (AIP). 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 has information about making contributions to an RPP. Chapter 2 has information about RRSPs, including what your options are if you cannot deduct all the amounts you contribute to an RRSP, and when to complete Form T1-OVP, *2010 Individual Tax Return for RRSP Excess Contributions*. 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.

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

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What's new

Rollover of RRSP proceeds to a registered disability savings plan

Under proposed changes, as of July 1, 2011, for deaths occurring after March 3, 2010, the existing RRSP rollover rules will be extended to allow a rollover of a deceased individual's RRSP proceeds to the registered disability savings plan (RDSP) of the deceased individual's financially dependent infirm child or grandchild. These rules will also apply for amounts transferred to an RDSP from registered retirement income fund (RRIF) proceeds and certain lump-sum amounts paid from registered pension plans (RPP).

In addition, where the death of an RRSP annuitant occurs after 2007 and before 2011, special transitional rules will allow a contribution to be made to the RDSP of a financially dependent infirm child or grandchild of the annuitant that will provide a similar result to the proposed measures. It is important to note that in order to be eligible, the contribution to an RDSP can only be made **after June 30, 2011**, and, where the death of the annuitant occurs after 2007 and before 2011, the contribution must be made before 2012: individuals will have six months in which to make the contribution to an RDSP.

For updated information on these proposed changes, go to **www.cra.gc/rdsp**.

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

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Definitions

These definitions give you a general description of the technical terms 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
RDSP – Registered Disability Savings Plan
RESP – Registered Education Savings Plan
RRIF – Registered Retirement Income Fund
RRSP – Registered Retirement Savings Plan
SPP – Saskatchewan Pension Plan

Annuitant – an annuitant is the individual or spouse or common-law partner for whom a retirement plan provides retirement income.

Common-law partner – this applies to a person who is **not your spouse** (see definitions on the next page), with whom you are living in a conjugal relationship, and to whom at least **one** of the following situations applies. He or she:

a) has been living with you in such a relationship for at least 12 continuous months;

b) is the parent of your child by birth or adoption; or

c) has custody and control of your child (or had custody and control immediately before the child turned 19 years of age) **and** your child is wholly dependent on that person for support.

In addition, an individual immediately becomes your common-law partner if you previously lived together in a conjugal relationship for at least 12 continuous months and you have resumed living together in such a relationship. **Under proposed changes**, this condition will no longer exist. The effect of this proposed change is that a person (other than a person described in b) or c) 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 provision – these are terms of an RPP that promise a certain level of pension on retirement based on the employee's earnings and years of service.

Earned income – we calculate your earned income by adding your employment earnings, self-employment earnings, and certain other types of income, then subtracting specific employment expenses and business or rental losses. To determine your earned income, see Step 2 of Chart 3 on page 14.

Financially dependent – if you are a child or grandchild of a deceased annuitant, you are generally considered financially dependent on that 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 from Schedule 1) for that previous year; or
- you are infirm and your net income for the previous year was equal to or less than the basic personal amount **plus** the disability amount (line 316 from Schedule 1) for that previous year.

If, before the annuitant's death, you are 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.

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

Money purchase provision – 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.

Qualifying group RRSP contributions – these are often referred to as "**mandatory group RRSP contributions**". They are required contributions you make to a "qualifying arrangement". An arrangement is a qualifying arrangement if:

- it is for two or more individuals;
- the contributions are amounts you are entitled to for services you rendered; and
- the contributions are remitted to the RRSP by the person that is required to remunerate you, or by an agent for that person.

Qualifying group RRSP contributions **do not** include amounts that you could have prevented from being paid after beginning to participate in the arrangement and within 12 months before the contribution was paid.

Qualifying retirement plan – for purposes of the Canada-U.S. Tax Convention (Convention), a United States (U.S.) qualifying retirement plan is a plan that, among other things, is generally exempt from income taxation in the U.S. and is operated primarily to provide pension or retirement benefits. Canadian plans that are considered to be qualifying retirement plans under the Convention include RPPs, RRSPs that are part of a group RRSP, DPSPs, and any RRSP or RRIF that is funded exclusively by rollover contributions from an RPP, a DPSP or an RRSP that is part of a group RRSP.

Retiring allowance – also called severance pay, this 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. For more information, see page 26.

RESP – this is a registered contract between an individual (the subscriber) and a person or organization (the promoter). The subscriber generally makes contributions to the RESP, which earns income, paid in the form of educational assistance payments to one or more identified beneficiaries.

RPP – this is a pension plan that we have registered. Funds are contributed 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 – this is 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. In kind contributions consist of the fair market value of the property.

RRSP deduction – this refers to the amount you indicate on line 208 when you file your return. Your RRSP deduction claim is limited by the amount of RRSP contributions previously made and your RRSP deduction limit.

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 (excluding transfers to your RRSPs of certain types of qualifying income). The calculation is based, in part, on your previous year earned income. Pension adjustments (PAs), past service pension adjustments (PSPAs), pension adjustment reversals (PARs), and your unused RRSP deduction room at the end of the previous year are also used to calculate the limit.

RRSP dollar limit – this is the maximum amount of new RRSP deduction room that you can create for a year and is one of the amounts used to determine your RRSP deduction limit for that year. See Step 3 of Chart 3 in Chapter 2 of this guide.

RRSP excess contributions – generally, this is the amount of your RRSP contributions that is more than your RRSP deduction limit for the year **plus** $2,000. If you have RRSP excess contributions, you may have to pay a tax of 1% per month on those contributions. For more information, see "Tax on RRSP excess contributions," on page 16.

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 – this applies only to a person to whom you are legally married.

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

Unused RRSP contributions – this is the amount of your RRSP contributions that you could not deduct or have chosen not to deduct and that you did not designate as an HBP or LLP repayment for any year. This amount is carried forward to the following year and you can use it as a deduction up to your RRSP deduction limit for that year.

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.

For 2009 and later years, this amount is reduced by contributions you deduct for a year for amounts you contributed in the year to a qualifying retirement plan in the United States for services you rendered as an employee in the United States in the year. For more information, see "Other deductions," on page 7.

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 2010 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 provision 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 25.

For more information on RPP contributions, see Interpretation Bulletin IT-167, *Registered Pension Funds or 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 2010 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 2010 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 the entire amount shown in box 20 is for past service before 1990. For more information, see "Past service contributions for 1989 or earlier years," later on this page.

> **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, see "Past service pension adjustments (PSPAs)," on page 29.

Past service contributions for 1989 or earlier years

Calculate the amount you can deduct for past service contributions to an RPP 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. Chart 1 on page 8 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 2010 T4 slip, in boxes 032 and 126 of your 2010 T4A slip, or on a receipt that your plan administrator issued.

In some cases, you may be able to deduct for 2010 only part of the past service contributions you made. If this applies, you can carry forward the amount you cannot deduct to 2011 or later years. Future versions of this guide will help you calculate the amount you can deduct for 2011 or later years.

If, for 2010, you deduct a carry forward of past service contributions from an earlier year, attach a statement to your 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 chart 2 on page 10 to determine the amount of past service contributions you made for 1989 or earlier years that you can deduct for 2010.

> **Note**
> The maximum amount you can deduct for 2010 for past service contributions made for 1989 or earlier years for service while not a contributor is limited to $3,500. The maximum total amount you can deduct for all years is limited to $3,500 multiplied by 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 2010 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, where you could not have fully deducted the amount in excess of $3,500 for the years you contributed them or following years. If you still have these excess contributions that you could not deduct, contact us at **1-800-959-8281** to find out how to calculate your deduction claim for these amounts.

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**.

> **Note**
> In general, you cannot deduct contributions you made to pension plans in other countries. However, Canada has entered into income tax conventions or agreements – commonly known as tax treaties with many countries that allow a deduction on your Canadian income tax return for some of those contributions. If you have contributed to a pension plan in another country, contact the International Tax Services Office at one of the following numbers: **1-800-267-5177** (for calls from anywhere in Canada and the U.S,) or **613-952-3741** (for calls from outside Canada and the U.S.—call collect).

For 2009 and later years, a resident of Canada who works in the U.S. (commonly referred to as a “commuter”), and is a member of a qualifying retirement plan (see the definition on page 4) in the U.S. can deduct their contributions to that plan on their Canadian income tax and benefit return, as long they meet certain conditions and respect certain limits.

The maximum amount that you can deduct for a year is the contributions you made in the year that are attributable to the work you performed in the year. This maximum is further limited to your RRSP deduction limit for the year after reducing that limit by any RRSP contributions that you deducted for the year.

The qualifying retirement plan contributions you deduct for the year also reduce your unused RRSP deduction room at the end of the year that is carried forward and included in your following year’s RRSP deduction limit.

Depending on your situation, you will have to complete either Form RC267, *Employee Contributions to a US Retirement Plan for 2010 – Temporary Assignments*; Form RC268, *Employee Contributions to a United States Retirement Plan for 2010 – Cross-border Commuters*; or Form RC269, *Employee Contributions to a Foreign Pension Plan or Social Security Arrangement for 2010 – Non-US Plans or Arrangement)*, all of which are available at **www.cra.gc.ca/forms**.

Chart 1 – 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 contribution relates to. You can then use chart 2 on page 10 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 chart 2 on page 10 to calculate the amount you can deduct for this contribution.	**Example** – Ryan joined TTM Company's RPP on February 4, 2010. This RPP allowed Ryan to buy back 12 years of past service 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 2010 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 2010, 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 chart 2 on page 10 to calculate the amount you can deduct for this contribution. If you answer **no**, go to Step 3.	**Example** – Vern has been employed with YYW Ltd. since 1980 and has contributed to his employer's RPP ever since. In 2010, Vern makes a past service contribution of $8,000 to upgrade past service benefits that were previously credited under the RPP from 1980 to 1988. Vern 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 chart 2 on page 10 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 chart 2 on page 10 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 past service 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 2010 deduction for your RPP contributions

Example
Mark has been working for his employer and has participated in the company's registered pension plan (RPP) since 1997. He had previously worked for his current employer from 1984 to 1994. The pension plan would allow Mark to have that entire period of past service to be recognized as pensionable service if he chose to. In Mark's plan, the past service is broken into periods before 1990 while a he was contributor and while he was not a contributor, and for his service after 1989.

For the period of service of 1984 to 1986, Mark **was not a contributor** to an RPP at that time, and the plan requires that he pay his and the employer's share to fund the past service; this amount is $12,000.

For the period of 1987 to 1989, Mark **was a contributor** to the RPP at that time, and it only requires that he pay his share to fund the past service; this amount is $13,500.

Likewise, the period from 1990 to 1994, Mark was contributing to the RPP and it only requires that he fund his portion for the past service, an amount of $18,500. The total cost to Mark for his past service request will be $44,000. The plan would allow him to fund this past service with a cash payment and/or a transfer of funds from another registered plan, like an RRSP.

In order to buy back his past service, Mark makes a cash payment of $44,000. Mark will receive a T4A slip showing $44,000 in box 032 for the total past service contributions, with $25,500 reported in box 126 for the past service contributions Mark made for 1989 or earlier years.

Mark is a member of the RPP and has current (2010) service contributions of $5,000. With his past service contributions, his total contribution for service that relates to 1990 or later years is $23,500 ($18,500 + $5,000).

Mark completes Chart 2 to properly calculate the amount of contributions that he can deduct from income for 2010.

Area A calculates the amount of contributions for service that relates to 1990 or later years that is deductible for 2010. The amount on line 3 is entirely deductible for 2010. For Mark this amount is $23,500.

Area B calculates the amount of contributions for service that relates to 1989 or earlier years while not a contributor that is deductible for 2010. For Mark the amount that is deductible for 2010 is $3,500. Mark will be able to claim $3,500 in each year for 2011 and 2012. Mark will not be able to deduct the last $1,500, because the maximum total amount he can deduct for all years in limited to $3,500 multiplied by the number of years of some he bought back.

Area C calculates the amount of contributions for service that relates to 1989 or earlier years while a contributor that is deductible for 2010. For Mark the amount that is deductible for 2010 is $0. Once he no longer claims any deductions under Areas A and B, Mark will be able to deduct $3,500 each year until his $13,500 contribution is fully deducted.

Area D summarizes the total amount from Parts A, B and C and calculates the amount that can be deducted from income for 2010.

Chart 2 – Calculating your 2010 deduction for your RPP contributions

		Example from the previous page
Area A – Complete this area if you made current service contributions in 2010, or if you made past service contributions in 2010 for service that relates 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 2010 T4 slips, box 032 of your 2010 T4A slips, or from your receipts for union dues that represent RPP contributions	$ ______ 1	$ 49,000 1
2. Enter the amount from box 74 or 75 of the "Other information" area of your T4 slip and box 126 of your T4A slip that represents past service contributions made for service that relates to 1989 or earlier years while a contributor or while not a contributor	– $ ______ 2	$ 25,500 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 2010. Enter this amount on line 31 of Area E	= $ ______ 3	$ 23,500 3
Area B – Complete this area if you made past service contributions for service that relates to 1989 or earlier years while not a contributor (for deceased individuals, ignore any reference to line 7).		
4. Enter the total amount you contributed in 2010 or earlier years for past service contributions while not a contributor	$ ______ 4	$ 12,000 4
5. Enter the amount you deducted before 2010 for contributions you entered on line 4	– $ ______ 5	$ 0 5
6. Line 4 **minus** line 5	= $ ______ 6	$ 12,000 6
7. Annual deduction limit	$ 3,500 7	$ 3,500 7
8. Number of years* of service to which the contributions on line 4 relate ______ X $3,500 ▶	$ ______ 8	3 × 3,500 $ 10,500 8
9. Enter the amount from line 5	– $ ______ 9	$ 0 9
10. Line 8 **minus** line 9	= $ ______ 10	$ 10,500 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 service while not a contributor that you can deduct for 2010. Enter the amount you deduct for 2010 on line 32 of Area E**	$ ______ 11	$ 3,500 11
Area C – Complete this area if you made past service contributions for service that relates to 1989 or earlier years while a contributor (for deceased individuals, ignore any reference to lines 15 to 19).		
12. Enter the total amount you contributed in 2010 or earlier years for past service contributions while a contributor .... $ ______ 12		$ 13,500 12
13. Enter the amount you deducted before 2010 for contributions you entered on line 12 .... – $ ______ 13		$ 0 13
14. Line 12 **minus** line 13 .... = $ ______ ▶	$ ______ 14	$ 13,500 14
15. Annual deduction limit .... $ 3,500 15		3,500 15
16. Enter the amount from line 3 in Area A that you deduct for 2010 .... $ ______ 16		$ 23,500 16
17. Enter the amount from line 11 in Area B that you deduct for 2010 .... + $ ______ 17		$ 3,500 17
18. Line 16 **plus** line 17 .... = $ ______ ▶ – $ ______ 18		$ 27,000 18
19. Line 15 **minus** line 18 (if negative, enter "0") .... = $ ______ ▶	$ ______ 19	$ 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 service while a contributor that you can deduct for 2010. Enter the amount you deduct for 2010 on line 33 of Area E**	$ ______ 20	$ 0 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.

(continued on next page)

Chart 2 – Calculating your 2010 deduction for your RPP contributions (continued)					
Area D – Complete this area to calculate the total amount you can deduct on line 207 of your 2010 return.					
j21. Enter the amount from line 3 in Area A that you deduct for 2010 (If you did not complete Area A, enter "0").	$	21	$	23,500	21
22. Enter the part of the amount from line 11 in Area B that you deduct for 2010 .... +	$	22	$	3,500	22
23. Enter the part of the amount from line 20 in Area C that you deduct for 2010 .... +	$	23	$	0	23
24. **Add** lines 21 to 23. Enter this amount on line 207 of your 2010 return .... =	$	24	$	27,000	24

Chapter 2 – RRSP contributions

This chapter has general information on contributing to your RRSPs or your spouse's RRSPs or common-law partner's RRSPs 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 2010 RRSP deduction limit. The rules we explain in this chapter apply to all RRSPs.

March 1, 2011, is the deadline for contributing to an RRSP for the 2010 tax year.

Canada Savings Bonds – You can transfer your holdings of past series compound-interest Canada Savings Bonds to your RRSPs or your spouse's RRSPs or common-law partner's RRSPs. 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 bank, credit union, trust, or insurance company) can take care of the administrative details, including getting the plan registered, receiving the amounts you contribute, and trading securities. **Securities cannot be held in your own name.**

Qualified Investments – All your investments in your RRSP must be qualified investments, from when you first purchase them, as long as they are in your RRSP. You should pay particular attention to the type of investments you choose for the plan. If you buy non-qualified investments in your RRSP or if qualified investment held in your RRSP becomes non-qualified, there are tax implications.

For more information, 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.

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(s) with your paper 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 make changes to your return.

If you deduct an amount for 2010 that you contributed to an RRSP from March 2, 1995, to March 1, 2010, which you had not previously deducted, you should have completed and filed a Schedule 7, *RRSP Unused Contributions, Transfers, and HBP or LLP Activities*, for these 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 2010 return.

Age limit for contributing to an RRSP

The year you turn 71 is the last year in which you can make a contribution to your RRSP.

You can contribute to an RRSP under which your spouse or common-law partner is the annuitant until the end of the year your spouse or common-law partner turns 71.

Contributing to your RRSPs

This section will help you determine how much of your RRSP contributions you can deduct on line 208 of your 2010 return.

How much can you deduct?

The amount of RRSP contributions that you can deduct for 2010 is based on your 2010 RRSP deduction limit, which appears on your latest notice of assessment or notice of reassessment, or on a T1028, *Your RRSP Information for 2010*.

You can also deduct amounts for contributions you make for certain income you transfer to your RRSP. Your RRSP deduction limit is not reduced by these amounts. For more information on transfers, see Chapter 5, "Transfers to registered plans or funds and annuities," on page 25.

Any income you earn in your RRSP is usually exempt from tax for the time the funds remain in the plan. However, you cannot claim a deduction for capital losses within your RRSP.

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.

If we reassess a previous year's return, your revised 2010 RRSP deduction limit will appear on your notice of reassessment or in some cases on a T1028, *Your RRSP Information for 2010*. We will also send you a 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 a T1028, you can find out the amount of your RRSP deduction limit by going to **www.cra.gc.ca/myaccount**, **www.cra.gc.ca/quickaccess**, or by calling our automated T.I.P.S. RRSP service. For more information, see "My Account," and "TIPS (Tax Information Phone Service)," on page 33.

Calculating your 2010 RRSP deduction limit

Your 2010 RRSP deduction limit is shown on the latest notice of assessment or notice of reassessment or T1028 we sent you after we processed your 2009 return. We determined your limit from information on your 2009 and previous year's returns, and from information we keep on record. If any of that information changes, your 2010 RRSP deduction limit may also change. In most cases, we will tell you about any change to your 2010 RRSP deduction limit.

You can also find out your deduction limit by registering for **My Account**. Once you've registered and received your password, you can sign in and access your RRSP Deduction Limit Statement online. You can also use **Quick Access** (see "My Account," on page 33).

If you want to calculate your 2010 RRSP deduction limit, use chart 3 on pages 14 and 15.

> **Note**
> The RRSP dollar limit for 2010 is $22,000. If you did not use your entire RRSP deduction limit for the years 1991 to 2009, you have unused RRSP deduction room at the end of 2009 that was carried forward to 2010. Therefore, your 2010 RRSP deduction limit may be more than $22,000. If you are a Canadian who works in the United States see, "Other deductions," on page 7.

Contributions you can deduct for 2010

For 2010, you can deduct contributions you made to your RRSP from January 1, 1991, to March 1, 2011. 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 2010. Even if you can no longer contribute to your RRSP in 2010 because of your age, you can deduct your unused RRSP contributions up to your RRSP deduction limit.

> **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 either of these plans. To determine the part of the contributions you made to your RRSP that you cannot deduct, see Guide RC4135, *Home Buyers' Plan (HBP)* or Guide RC4112, *Lifelong Learning Plan (LLP)*, 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 2010 return for contributions you make to your spouse's RRSP or common-law partner's RRSP and your RRSP cannot be more than your 2010 RRSP deduction limit.

Example
Joey's 2010 RRSP deduction limit is $9,500. Joey contributes $4,000 to his RRSP in 2010, and $6,000 to his common-law partner Ghislaine's RRSP in 2010. Joey deducts the $4,000 he contributed to his RRSP on line 208 of his 2010 return. Although Joey contributed $6,000 to his common-law partner's RRSP in 2010, he can only deduct $5,500 of this contribution on his 2010 return ($9,500 – $4,000). He may be able to deduct the remaining $500 on a future year's tax return. To find out what other options are available, see "Unused RRSP contributions," on page 16.

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 until the end of the year he or she turns 71.

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 2010. His 2010 RRSP deduction limit is $7,000. Before he died, Dave did not contribute to either his RRSP or his wife's RRSP for 2010. His wife Paula is 66 years old in 2010. On Dave's behalf, his legal representative can contribute up to $7,000 to Paula's RRSP for 2010. The legal representative can then claim an RRSP deduction of up to $7,000 on line 208 of Dave's 2010 final return.

Note
If you contributed amounts to your spouse's RRSP or common-law partner's RRSP in 2008, 2009, or 2010, you may have to include in your 2010 income all or part of the amount your spouse or common-law partner withdrew in 2010 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 24.

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 either of these plans. 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 Guide RC4135, *Home Buyers' Plan (HBP)* or Guide RC4112, *Lifelong Learning Plan (LLP)*, 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 RRSP contributions.

If you made contributions to your RRSP or your spouse's RRSP or common-law partner's RRSP from March 2, 2010, to March 1, 2011, and you are not deducting the total contributions on your 2010 return, attach a completed Schedule 7 to your 2010 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 showing your name and social insurance number.

For instructions about how to complete Schedule 7, see the section called "Schedule 7," in your income tax guide.

2009 and earlier years – If you made contributions in the first 60 days of 2010 or an earlier year, and you did not claim them for 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 from our Web site at **www.cra.gc.ca/forms**, or by calling us at **1-800-959-2221**.

Note
You may have to pay a special tax if you have RRSP excess contributions. For more information, see "Tax on RRSP excess contributions," on page 16.

Chart 3 – 2010 RRSP deduction limit

The line numbers in brackets refer to the line numbers on your 2009 income tax return.

Step 1 – Calculating your unused RRSP deduction room at the end of 2009

1.	Enter your RRSP deduction limit for 2009*				$	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 re-contributed to your RRSP in 2009)			–		2
3.	Line 1 **minus** line 2. This is your unused RRSP deduction room at the end of 2009. This amount can be negative. Enter this amount on line 40.			=	$	3

Step 2 – Calculating your 2009 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.	Unemployment benefit plan payments (line 104)	+	7			
8.	Wage earner protection plan payments you received 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.	Total of **all** taxable and non-taxable support payments tat you received or, if you are the payer, the payments that were repaid to you under a court order in 2009 (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.	Total of all deductible and non-deductible support payments that you made or, if you are the payee, that were repaid to you under a court order in 2009 (line 220)				+	24
25.	**Add** lines 21 to 24				= $	25
26.	Line 20 **minus** line 25. This amount is your 2009 earned income				= $	26

* If you had a **net** PSPA in 2009 or a previous year and your 2009 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 2009 on line 3.

** Certain income you earned in 2009 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: **1-800-267-5177** (for calls from anywhere in Canada and the U.S.) or **613-952-3741** (for calls from outside Canada and the U.S.) – call collect. For more information on residency, see Interpretation Bulletin IT-221, *Determination of an Individual's Residence Status.*

Chart 3 – 2010 RRSP Deduction Limit (continued)

Step 3 – RRSP dollar limit for 2010

27. Enter the amount from line 26 .... $ ______ × 18% ▶	=	$	27
28. RRSP dollar limit for 2010		$ 22,000	28
29. Enter the amount from line 27 or 28, **whichever is less**	=	$	29

Step 4 – Your 2009 pension adjustment (PA)

30. Enter your 2009 PA (the total from box 52 of your 2009 T4 slips and box 034 of your 2009 T4A slips)***	–		30
31. Line 29 **minus** line 30 (if negative, enter "0")	=	$	31

Step 5 – Your 2010 pension adjustment reversal (PAR)

32. Enter your PAR (the total from box 2 of your 2010 T10 slips)	+	$	32
33. Line 31 **plus** line 32 (enter this amount on line 40)	=	$	33

Step 6 – Your 2010 net past service pension adjustment (PSPA)

34. Enter your exempt PSPA for 2009 (the total from box 2 of your 2009 T215 slips)		$	34
35. Enter your certified PSPA for 2010 (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 2010 (Part 3 of Form T1006, *Designating an RRSP Withdrawal as a Qualifying Withdrawal)*	–		37
38. Line 36 **minus** line 37. This amount is your 2010 net PSPA.(this amount can be negative; enter this amount on line 42)	=	$	38

Step 7 – Your 2010 RRSP deduction limit

39. Enter your 2009 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 2010 net PSPA from line 38	–		42
43. Line 41 **minus** line 42. This amount is your 2010 RRSP deduction limit (if negative, enter "0")	=	$	43

Step 8 – Your 2010 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 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 re-contributed to your RRSP in 2010****	–		47
48. Line 46 **minus** line 47. This amount is your 2010 unused RRSP deduction room that you can carry forward to 2011 (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 the International Tax Services Office at one of the following numbers: **1-800-267-5177** (for calls from anywhere in Canada and U.S.) or **613-952-3741** (for calls from outside of Canada and U.S.) – call collect.

**** If you contributed to the Saskatchewan Pension Plan during 2010, include the amount you deduct on line 209 of your 2010 return, on line 47 of this chart.

Unused RRSP contributions

This section applies to you if you did not use all of 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 on your *RRSP Deduction Limit Statement* shown on your latest notice of assessment, notice of reassessment or a T1028. 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 13.

If you did not deduct all of 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, you may have to pay a 1% per month tax on the part of your unused contributions that are excess contributions. For more information, see "Tax on RRSP excess contributions," later 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 RPP lump-sum payment," on page 28.
- 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 at least one of the following applies:

- You reasonably expected to be able to fully deduct the RRSP contributions for the year you made the contributions or the immediately preceding year; or
- You did not make the unused RRSP contributions intending to withdraw them and deduct an offsetting amount.

Withdrawal made using Form T3012A, *Tax Deduction Waiver on the Refund of Your Unused RRSP Contributions Made in ___* – If you meet all of the previous conditions and have not already withdrawn the unused contributions, 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," below.

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 2010 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 24.
- 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 and box 24 of the T4RIF slip and you are 65 years or older at the end of December 2010, report the amount from box 16 on line 115. Otherwise, report that 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 RRSP excess contributions

Generally, you have RRSP excess contributions if your unused contributions from prior years and your current calendar year contributions are more than your RRSP deduction limit shown on your latest notice of assessment, notice of reassessment, or a T1028, *Your RRSP information for 2010*, **plus** $2,000.

The $2,000 is reduced when you have a negative RRSP deduction limit which may be due to a past service pension adjustment (PSPA) amount. Also, you can only qualify for the additional $2,000 amount if you were 19 years old or older at any time in 2010.

Generally, you have to pay a tax of 1% per month on your unused contributions that exceed your RRSP deduction limit by more than $2,000. Your notice of assessment or notice of reassessment will indicate that you may have to pay a 1% tax on RRSP excess contributions if your unused RRSP contributions exceed your RRSP deduction limit.However, if you withdrew the excess amounts, or all your contributions were **qualifying 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 excess contributions.

Follow the six-step process described in chart 4 on the next page to determine if you have to complete Form T1-OVP, *2010 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 file your completed T1-OVP return and pay the tax no later than 90 days after the end of the year in which you had the excess contributions.

Penalties – If you owe tax in a year and do not file your return within 90 days after the end of that year, we will charge you a late-filing penalty. The penalty is 5% of your balance owing, plus 1% of your balance owing for each month that your return is late, to a maximum of 12 months. Your late-filing penalty may be higher if we charged you a late-filing penalty on Form T1-OVP return for any of three previous years.

Attach your payment to your completed T1-OVP return 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.

Interest – If you have a balance owing in a year, we charge compound daily interest starting on the 91st day (ordinarily April 1st) of the following year on any unpaid amounts owing for that year. This includes any balance owing if we reassess your return. In addition, we will charge you interest on the penalties indicated in the previous section, starting on that 91st day.

Voluntary disclosure – You may have had to file a previous year return, but you have not sent it or you sent us an incorrect return. If so, you can voluntarily file or correct that return under the Voluntary Disclosures Program, and pay only the taxes owing (plus interest) without penalty.

> **Note**
> This program does not apply to any return for which we have started a review.

For more details, and to see if your disclosure qualifies for this program, see Information Circular IC00-1, *Voluntary Disclosures Program*.

Be sure to indicate clearly, on any disclosure you make, that you are submitting information under the Voluntary Disclosures Program.

Which return do you have to use?

- If you have RRSP excess contributions made from February 27, 1995, to December 31, 2010 that are subject to tax, complete Form T1-OVP-S, *(year) Simplified Individual Tax Return for RRSP Excess Contributions*, for each applicable tax year.
- 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 2009 or 2010 that are subject to tax, you must complete Form T1-OVP, *(year) Individual Tax Return for RRSP Excess Contributions*, for each applicable tax year.

Waiver of the RRSP excess contribution tax – If you determined that you must pay a tax on your RRSP excess contributions, you may ask in writing that the CRA waive the tax if:

- your excess contributions on which the tax is based arose due to a reasonable error; **and**
- you are taking, or have taken, reasonable steps to eliminate the excess contributions.

To consider your request, we will require a letter from you that explains:

- the reasons why you made excess contributions and why this is a reasonable error; **and**
- the steps you are taking, or have taken, to eliminate the excess contributions.

All supporting documents should be included with your letter, such as copies of your RRSP or RRIF account statements that identify the date you withdrew your excess contributions, as well as any other correspondence that identifies that your excess contributions arose due to a reasonable error.

For relief on the assessment of late-filing penalties and interest please refer to Information Circular IC07-1 *Taxpayer Relief Provisions*.

Chart 4 – Do you have to complete a 2010 T1-OVP return?

- If you follow the chart below and arrive at a point where we say, "You do not have to complete a 2010 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 2010 RRSP deduction limit includes a net PSPA for 2010 or your unused RRSP deduction limit at the end of 2009 is a negative amount, complete a 2010 T1-OVP return to determine if you are subject to the 1%-per-month tax. If you are not subject to this tax for 2010, you may be subject to it for 2011.

Situation	Action
Steps 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, 2010, that you did not and will not deduct on line 208 on your 2010 or earlier year returns. ■ A gift was made to your RRSP from January 1, 1991 to December 31, 2010. 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 2010 T1-OVP.
Step 2 – Is your 2010 RRSP deduction limit from your latest notice of assessment, notice of reassessment, or T1028, *Your RRSP Information for 2010* more than the total of your unused RRSP contributions (including gifts) made from January 1, 1991, to December 31, 2009, **plus** the total of any RRSP contributions (including gifts) made during 2010?	■ If **no**, go to Step 3. ■ If **yes**, you do not have to complete a 2010 T1-OVP.
Step 3 – Were you younger than 19 years old at any time in 2010?	■ If **no**, go to Step 4. ■ If **yes**, you may be subject to tax on your unused RRSP contributions. Complete a 2010 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, 2010, **less** than the total of your 2010 RRSP deduction limit from your latest notice of assessment or notice of reassessment **plus** $2,000?	■ If **no**, go to Step 5. ■ If **yes**, you do not have to complete a 2010 T1-OVP.
Step 5 – Do any of these situations apply to you? ■ At the end of 2010, 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, 2010.	■ If **all** of these situations apply to you, you do not have to complete a 2010 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 made in 2010 as a result of your participation in a qualifying group RRSP?	■ If **yes**, you do not have to complete a 2010 T1-OVP. ■ If **no**, you may be subject to tax on your unused RRSP contributions. Complete a 2010 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 RRSPs. For more information, see "Self-directed RRSPs," on page 11.

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 was 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 a 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 information, 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;
- 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 the following conditions:
  - 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 RPP lump-sum payment," on page 28.

DPSP payments

Under proposed changes, 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.

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 amount up to the eligible amount of the designated benefit 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 more information, 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 25.

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 71. On maturity, the funds must be withdrawn, transferred to a RRIF, or used to purchase an annuity. There are no immediate tax implications when amounts are 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.

Sometimes there can be an **increase** in the fair market value (FMV) of an RRSP or a RRIF between the date of death and the date of final distribution to the beneficiary or estate. Generally, this amount has to be included in the income of the beneficiary or the estate for the year it is received. A T4RSP slip or T4RIF slip may be issued for this amount.

Sometimes, the FMV of the property of an unmatured RRSP or a RRIF can **decrease** between the date of death and the date of final distribution to the beneficiary or the estate. If the total of all the amounts paid from an unmatured RRSP or RRIF is less than the FMV of the unmatured RRSP or RRIF at the time of the annuitant's death, a deduction may be claimed on the final return of the annuitant. The deductible amount will generally be calculated as the difference between:

- the FMV at the time of the death that was included in the decedent's income for the year of death; and
- the total of all the amounts paid from the unmatured RRSP or RRIF.

This applies where the final payment from the unmatured RRSP or the RRIF occurs after 2008. For more information, see charts 6 and 7 on pages 23 and 24.

Note
The deduction will generally not be available if the unmatured RRSP **or** the RRIF held a non-qualified investment after the annuitant died or if the final payment is made after the end of the year that follows the year in which the annuitant died. However, the CRA may waive these conditions to allow the deduction for a deceased annuitant on a case-by-case basis. Form RC249, *Post-death Decline in the Value of an Unmatured RRSP or a RRIF – Final Distribution Made in 20__*, must accompany any request by the legal representative for an adjustment to the deceased annuitant's final tax return.

Example 1
Mark died on August 12, 2009. When he died, the FMV of his unmatured RRSP was $185,000. The RRSP contract named Mark's estate as the sole beneficiary. A 2009 T4RSP slip was issued in Mark's name to report the $185,000 FMV of the RRSP in box 34, "Amounts deemed received on death". This amount was included in income on line 129 of Mark's 2009 final income tax return.

The RRSP property was distributed to Mark's estate on March 15, 2010. The FMV of that property was $150,000. The financial institution completed Form RC249, *Post-death Decline in the Value of an Unmatured RRSP or a RRIF – Final Distribution Made in 20__*.

The $35,000 difference between the $185,000 included in Mark's 2009 income, and the $150,000 that the estate received can be deducted on Mark's 2009 return. This is because the RRSP did not hold any non-qualified investment at any time after death, and the RRSP was fully distributed by the end of the year following the year of death. Mark's legal representative should write and ask for an adjustment to the 2009 return to allow the $35,000 post-death loss to be deducted on line 232. The completed Form RC249 must be sent with the request.

Example 2
Martin died on September 10, 2009. When he died the FMV of his unmatured RRSP was $185,000. The RRSP contract named Martin's spouse Elaine, as the sole beneficiary.
In February 2010, Elaine asked the financial institution to directly transfer all of the RRSP property to her RRSP. On February 15, 2010, when the RRSP was fully transferred, its FMV was $150,000.

As the transfer was completed by the end of the year following the year of death, no 2009 T4RSP slip was issued in Martin's name to report the $185,000. A 2010 T4RSP slip was issued to Elaine to report the $150,000 in box 18, "Refund of premiums". Elaine also received an official RRSP receipt for the $150,000 transferred (contributed) to her RRSP.

The $185,000 FMV of the RRSP at the time of death was not included in income on Martin's 2009 final income tax return. Elaine includes in income on line 129 of her 2010 return, the $150,000 reported as income on her 2010 T4RSP slip. She completes Schedule 7 and deducts the $150,000 transfer (contribution) on line 208.

No deduction can be claimed on Martin's 2009 final income tax return for the $35,000 post-death loss as the $185,000 was not included in his 2009 income.

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

Chart 5 – 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, 2010. 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. If your spouse or common-law partner contributed to your RRSP, 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, 2010, 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. If your spouse or common-law partner contributed to your RRSP, 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 must select this option when filling out the original RRIF application form. 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 9 on page 27. The excess amount shown in box 24 of your T4RIF slip is for information purposes only. Only include the amount shown in box 16 on your return. If you received the excess amount from your spousal or common-law partner RRIF, see Note 1.	T4RIF – Box 16	Yes
Amounts deemed received on deregistration of an RRSP or a RRIF – If in 2010 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 2010, 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. If the deregistration was from your spousal or common-law partner RRSP or 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 2010. This applies if, in 2010, your RRSP or RRIF trust acquires or disposes 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 2010 is a spousal or common-law partner RRSP, or the RRIF from which you receive excess amounts in 2010 is a spousal or common-law partner RRIF, and your spouse or common-law partner made contributions to any of your RRSPs in 2008, 2009, or 2010, 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 24.

Note 2 If 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 16.

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

Chart 6 – 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 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, **by** 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 directly 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 directly transferred to your RRIF or directly transferred 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
Under proposed changes, effective July 1, 2011, you may also be allowed to rollover the proceeds of a deceased annuitant's RRSP to the registered disability savings plan (RDSP) of a financially dependant infirm child or grandchild.		
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;	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*. **Under proposed changes**, effective July 1, 2011, if you were a financially dependant infirm child or grandchild you may also be allowed to rollover the proceeds of a deceased annuitant's RRSP to your registered disability savings plan (RDSP).	28	Child/grandchild or estate
■ there is a decrease in the FMV of an unmatured RRSP between the date of death and the date of final distribution to the beneficiary or the estate, For more information, see Information Sheet RC4177, *Death of an RRSP Annuitant*, and Form RC249, *Post-death Decline in the Value of an Unmatured RRSP or a RRIF – Final Distribution Made in 20__*.	n/a	Deceased annuitant's final return
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 7 – Amounts from a deceased annuitant's RRIF

- In all cases, tax will not be withheld.
- If you are 65 or older on December 31, 2010 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, **by** 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 and the eligible amount of that payment is directly transferred to your RRSP, claim a deduction equal to the amount transferred on line 208 of your return. If the amount is directly transferred to your RRIF or directly transferred to an issuer to buy an eligible annuity, claim a deduction equal to the amount transferred on line 232 of your return. The eligible amount of the payment is shown in box 24 of your T4RIF slip, and this is the maximum amount that can be directly transferred.	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; **Under proposed changes**, effective July 1, 2011, you may be allowed to rollover the proceeds of a deceased annuitant's RRIF to the registered disability savings plan (RDSP) of a financially dependant infirm child or grandchild	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 more information, see Information Sheet RC4178, *Death of a RRIF Annuitant*, and Form T1090, *Death of a RRIF Annuitant – Designated Benefit*; or **Under proposed changes**, effective July 1, 2011, if you were a financially dependant infirm child or grandchild you may be allowed to rollover the proceeds of a deceased annuitant's RRIF to your registered disability savings plan (RDSP)	22	Child/grandchild or estate
■ there is a decrease in the FMV of a RRIF between the date of death and the date of final distribution to the beneficiary or the estate. see Information Sheet RC4178, *Death of a RRIF Annuitant*, and Form RC249, *Post-death Decline in the Value of an Unmatured RRSP or a RRIF – Final Distribution Made in 20__*.	n/a	Deceased annuitant's final return
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 plan or be transferred to another 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.

> **Note**
> You may be able to withdraw funds from a locked-in RRSP under special circumstances. Contact your RRSP issuer.

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 RRSPs or common-law partner's RRSPs.

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

- to which your spouse or common-law partner contributed;
- that received payments or transfers of property from your RRSPs 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 RRSPs.

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
- 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 RRSPs in 2008, 2009, or 2010, you may have to include in your 2010 income all or part of:

- the amounts your spouse or common-law partner received in 2010 from any of his or her unmatured spousal or common-law partner RRSPs;
- the commutation payments your spouse or common-law partner received in 2010 from any of his or her matured spousal or common-law partner RRSPs;
- the amounts we consider your spouse or common-law partner to have received in 2010 from any of his or her deregistered spousal or common-law partner RRSPs; and
- the amounts your spouse or common-law partner received, or those we consider he or she received, in 2010 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 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 RRSPs 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 2008, Joshua started contributing to his wife Keri's RRSPs. He contributed the following amounts to her RRSPs:

Year	Amount
2008	$ 2,000
2009	2,000
2010	+ 1,000
Total	$ 5,000

In 2010, Keri withdrew $4,000 from her spousal RRSPs. Before 2010, she had not withdrawn any amounts from her spousal or common-law partner RRSPs.

Keri determines that Joshua has to include $4,000 in his income on line 129 of his 2010 return, since the amount Joshua has to include as income is the **lesser of**:

- the amounts he contributed to all spousal RRSPs for his wife in 2008, 2009, and 2010 ($5,000); and

- the amount his wife withdrew from her spousal or common-law partner RRSPs in 2010 ($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 RRSPs 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.

For more information, see Interpretation Bulletin IT-307, *Spousal or Common-Law Partner Registered Retirement Savings Plans*.

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 8 covers payments that you can transfer either directly or indirectly. Chart 9 covers payments that you have to transfer directly. Chart 10 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.

Registered education savings plan accumulated income payments

Investment earnings in a registered education savings plan (RESP) can be paid out to an individual other than the beneficiary. These payments are called accumulated income payments (AIP) and are included in the individual's income. An additional 20% tax is also applied to these payments.

However, you can reduce the AIP subject to the special 20% tax if you are the original subscriber or the spouse or common-law partner of the deceased original subscriber (if there is no other subscriber) and you meet **both** of the following conditions:

- You contribute an amount not more than the amount of the AIPs (to a lifetime maximum of $50,000 of AIPs) to your registered retirement savings plan (RRSP), or to your spouse's or common-law partner's RRSP, in the year the AIPs are received or in the first 60 days of the following year;
- Your RRSP deduction limit allows you to deduct the amount contributed to your or your spouse's or common-law partner's RRSP on line 208 of your return. You must claim the RRSP deduction for the year in which the AIPs are received.

You cannot reduce the AIPs subject to tax if you became a subscriber because of the death of the original subscriber.

For more information, see Guide 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 throughout a period 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 8 – 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 71 years of age 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 2010 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 own 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 additional $1,500 for each year or part of year of a year of service before 1989 in which you had earned no pension or DPSP benefit from employer contributions that were either vested in you at the time of payment or that were previously paid to you. ■ For 2009 and prior years, box 26 of your T4A slip shows the **eligible** portion of your retiring allowance. Box 27 shows the part of your retiring allowance that is **not eligible**. For 2010, the **eligible** portion of your retiring allowance will be reported in box 66 your T4 slip while box 67 will show the part of your retiring allowance that is **not eligible**. On a T3 slip, the **eligible** part of a retiring allowance appears in box 47. ■ Report the retiring allowance shown in boxes 66 or 67 of your 2010 T4 slip, or in box 26 of your T3 slip on line 130 of your return. Similarly, report the retiring allowance shown in boxes 26 and 27 of your T4A slip, or in box 26 of your T3 slip for 2009 and prior years on line 130 of your return for the year in which you received the retiring allowance. 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. Write the amount of the transfer on line 11 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**	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. **Under proposed changes**, effective July 1, 2011, you may also be allowed to rollover the proceeds to a registered disability savings plan of a financially dependent infirm child or grandchild. If you are not financially dependent because of a physical or mental infirmity, you can only transfer the amounts to a term annuity. For more information on these transfers, see Information Sheets RC4177, *Death of an RRSP Annuitant*, and RC4178, *Death of a RRIF Annuitant*. No tax is withheld at source on these payments. For more details, see "Chart 6 – Amounts from a deceased annuitant's RRSP," on page 22 or "Chart 7 – Amounts from a deceased annuitant's RRIF," on page 23.

Chart 9 – Payments that you have to transfer directly

- If you receive any of the types of payments listed below (for example 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 71 or younger at the end of the year in which 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 are entitled to 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 "Excess transfer of an RPP lump-sum payment" on page 28.	T2151
DPSP lump-sum	**Yes**	**Yes**	**Yes** **	**No**	■ This includes a lump-sum payment you are entitled to receive from your DPSP or from your current (or former**) spouse's 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 are entitled to 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 money purchase provision of an RPP under which you had been a member. ■ 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 is shown in boxes 16 and 24 of your T4RIF slip unless it is directly transferred to another RRIF for you. Report the total amount shown 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 the excess amount is directly transferred to your RRSP, claim a deduction for the amount you transfer on line 208 of your return. If the excess amount is directly transferred to an issuer to buy an eligible annuity, claim a deduction for the amount you transfer on line 232. ■ The excess amount directly transferred to another of your RRIFs should not be reported on your T4RIF slip. Do not report the amount transferred as income on your return, and do not claim any deduction for the amount transferred.	T2030 T2033
Saskatchewan Pension Plan (SPP) lump-sum	**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 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 titles of the forms on page 32 ** Under proposed changes.

Chart 10 – 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 (for example 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 71 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	**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	**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 (SPP) lump-sum	**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 32.

** Under proposed changes.

*** 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 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 the amount you may transfer tax-free from a defined benefit provision of an RPP to a money purchase provision of an RPP, and RRSP or a RRIF.

Excess transfer of an RPP lump-sum payment

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 018, which you report on line 130 of your return.

If you made the excess transfer to your RRSP for 2010, we consider you to have contributed it to the RRSP in the year in which you transferred 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.

> **Note**
> You may be subject to the 1%-per-month tax on the part of your unused RRSP contributions that are excess contributions during the period these contributions stay in the RRSP or the RRIF. For more information, see "Tax on RRSP excess contributions," on page 16.

Withdrawal from an RRSP or a RRIF – If you withdraw an excess transfer amount from an RRSP or a RRIF in 2010 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 excess amount as an RRSP contribution; and
- you included the excess 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 for the year under a DPSP or a defined benefit or money purchase provision of an RPP of which you are a member. You may also have a pension credit if you participate in a foreign plan. The pension credit is a measure of the value of the benefits that accrued to you during 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 even if your benefit is not yet vested.

Where is your PA shown on your T4 or T4A slip?
Your PA appears in box 52 of your T4 slip, or in box 034 of your T4A slip. If you worked for more than one employer in 2010 and each employer sponsors their own RPP or DPSP, you may have more than one PA for 2010. Enter the total of your 2010 PAs from your T4 or T4A slips on line 206 of your 2010 return.

What does your PA affect?

Your PA for a year reduces 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 2010 RRSP deduction limit," on page 12.

You can also find out your RRSP deduction limit by registering for **My Account**. Once you've registered and received your password, you can sign in and access your RRSP Deduction Limit Statement online. See "My Account," on page 33.

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 the International Tax Services Office at one of the following telephone numbers: **1-800-267-5177** (for calls from anywhere in Canada and U.S.) or **613-952-3741** (calls from outside Canada and U.S.) – call collect.

For more information concerning pension adjustments, see Guide T4084, *Pension Adjustment Guide*.

Pension adjustment reversals (PARs)

A PAR restores your RRSP deduction limit when you terminate your membership in an RPP or a DPSP in certain circumstances. 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. You will only have a PAR under a DPSP or a money purchase provision of an RPP if you are not fully vested at termination.

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 2010, it increases your 2010 RRSP deduction limit. In such a case, we will usually send you Form T1028, *Your RRSP Information for 2010*, and give you your revised 2010 RRSP deduction limit when we have updated our records.

For more information on pension adjustment reversals, see Guide RC4137, *Pension Adjustment Reversal Guide*.

If you do not receive a T1028 and you want to confirm your 2010 RRSP deduction limit, go to **www.cra.gc.ca/myaccount**, or call our TIPS (Tax Information Phone Service) at **1-800-267-6999**.

The TIPS 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 2009 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.

> **Note**
> Certifiable PSPAs are also applicable to small plans with less than 10 members.

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 2010 RRSP deduction limit," on page 12.

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 above. 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 reflects a general measure of the value of the past service benefits rather than the actual cost 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.

In some cases, your employer may fund all or part of the cost of the past service benefits.

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.

If you choose not to proceed with Form T1006, you have the following options:

- make a qualifying withdrawal, which will have the effect of increasing your RRSP room;
- make a qualifying transfer, which will have the effect of reducing the amount of the PSPA;
- buy the amount of service that the RRSP room plus the additional $8,000 (allowance for a shortfall) could purchase; or
- wait and buy back the service at a later date when you have sufficient RRSP room.

For more information, see T4104, *Past Service Pension Adjustment Guide*, Chapter 6.4, "PSPAs requiring certification".

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 2010 reduces the amount of RRSP contributions you can deduct for 2010. Your 2010 net PSPA is the total of:

- your exempt PSPAs for 2009 (total from box 2 of your T215 slips);

plus

- your certified PSPAs for 2010 (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.

For more information, see T4104, *Past Service Pension Adjustment Guide*.

You can find your 2010 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 2010 RRSP deduction limit. In such a case, we will usually send you a T1028, *Your RRSP Information for 2010*, and give you your revised 2010 RRSP deduction limit when we have updated our records.

If you do not receive a T1028 and you want to confirm your 2010 RRSP deduction limit, go to **ww.cra.gc.ca/myaccount**, or call our TIPS (Tax Information Phone Service) at **1-800-267-6999**.

The TIPS 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 2009 return.

Related forms and publications

Interpretation bulletins

IT-124 *Contributions to Registered Retirement Savings Plans*

IT-167 *Registered Pension Funds or Plans – Employee's Contributions*

IT-221 *Determination of an Individual's Residence*

IT-307 *Spousal or Common-Law Partner Registered Retirement Savings Plan*

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 *Transfers of Funds Between Registered Plans*

Information circulars

IC00-1 *Voluntary Disclosure Program*

IC07-1 *Taxpayer Relief Provisions*

IC72-22 *Registered Retirement Savings Plans*

IC77-1 *Deferred Profit Sharing Plans*

IC78-18 *Registered Retirement Income Funds*

IC93-3 *Registered Education Savings Plans*

Forms

NRTA1 *Authorization for Non-Resident Tax Exemption*

RC96 *Lifelong Learning Plan (LLP) Request to Withdraw Funds From an RRSP*

RC249 *Post-death Decline in the Value of an Unmatured RRSP or a RRIF – Final Distribution Made in 20__*

RC267 *Employee Contributions to a United States Retirement Plan for 2010 – Temporary Assignments*

RC268 *Employee Contributions to a United States Retirement Plan for 2010 – Cross-border Commuters*

RC269 *Employee Contributions to a Foreign Pension Plan or Social Security Arrangement for 2010 – Non-United States Plans or Arrangement)*

T1-OVP *2010 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 *2010 Simplified Individual Tax Return for RRSP Excess Contributions*

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 Subsection 146.3(14.1) or Paragraph 146(16)(a) or 146.3(2)(e)* (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

RC4092 *Registered Education Savings Plans (RESPs)*

RC4112 *Lifelong Learning Plan (LLP)*

RC4135 *Home Buyers' Plan (HBP)*

RC4137 *Pension Adjustment Reversal Guide*

T4084 *Pension Adjustment Guide*

T4104 *Past Service Pension Adjustment Guide*

Information sheets

RC4177 *Death of an RRSP Annuitant*

RC4178 *Death of a RRIF Annuitant*

For more information

What if you need help?

If you need help after reading this guide, visit **www.cra.gc.ca** or call **1-800-959-8281**.

Forms and publications

To get any forms and publications, go to **www.cra.gc.ca/forms**, or call **1-800-959-2221**.

My Account

My Account is a secure, convenient, and time-saving way to access and manage your tax and benefit information online, seven days a week! If you are not registered with My Account but need information right away, use **Quick Access** to get fast, easy, and secure access to some of your information now. For more information, go to **www.cra.gc.ca/myaccount**, or see Pamphlet RC4059, *My Account for Individuals*.

TIPS (Tax Information Phone Service)

TIPS is an automated service that sends you personal and general information. You can call T.I.P.S to determine the amount of RRSP contributions you can deduct for 2010.

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 2009 return. The T.I.P.S. telephone number is **1-800-267-6999**.

Teletypewriter (TTY) users

TTY users can call **1-800-665-0354** for bilingual assistance during regular business hours.

Our service complaint process

Step 1 – Talk to us

If you are not satisfied with the **service** you have received from us, you have the right to make a formal complaint. Before you make a complaint, we recommend that you try to resolve the matter with the CRA employee you have been dealing with (or call the phone number you have been given).

If you still disagree with the way your concerns are being addressed, ask to discuss the matter with the employee's supervisor.

Step 2 – Contact CRA – Service Complaints

This program is available to individual and business taxpayers and benefit recipients who have dealings with us. It is meant to provide you with an extra level of review if you are not satisfied with the results from the **first step** of our complaint process. In general, service-related complaints refer to the quality and timeliness of the work we performed.

If you choose to bring your complaint to the attention of CRA – Service Complaints, complete Form RC193, *Service-Related Complaint*, which you can get by going to **www.cra.gc.ca/complaints** or by calling **1-800-959-2221**.

Step 3 – Contact the office of the Taxpayers' Ombudsman

If, **after following steps 1 and 2**, you are still not satisfied with the way the CRA has handled your complaint, you can file a complaint with the Taxpayers' Ombudsman.

For more information on the Taxpayers' Ombudsman and on how to file a complaint, visit their Web site at **www.taxpayersrights.gc.ca**.

Your opinion counts

If you have any comments or suggestions that could help us improve our publications, we would like to hear from you. Please send your comments to:

Taxpayer Services Directorate
Canada Revenue Agency
750 Heron Road
Ottawa ON K1A 0L5