



# H&R BLOCK

## NEED A LEGAL TAX SHELTER? CONTRIBUTE TO AN RRSP

- **Beat the deadline:** The deadline for making a contribution to a Registered Retirement Savings Plan (RRSP) that can be deducted on your 2011 tax return is February 29, 2012.
- **Know your limit:** The maximum annual dollar limit for RRSP contributions in 2011 is \$22,450. For 2012, the limit is \$22,970.
- **Over the limit rules:** Contributions up to \$2,000 in excess of RRSP limits can be made without being subject to a penalty tax.
- **Spousal support:** A spouse in a higher tax bracket may consider income-splitting opportunities for the future by contributing to a spousal RRSP. However, the contributing spouses are limited to their own personal deduction limits.
- **Contribution room:** RRSP contributions can be carried forward if claimants foresee being in a higher tax bracket in future years. This will help maximize the tax deduction.
- **Age restrictions:** If you turn 71 in 2011, you must convert your RRSPs into a form of retirement income before the end of this year or be taxed on the Fair Market Value of the plan. Be sure to discuss your options with a tax professional.
- **RRSP withdrawals:** With few exceptions, RRSPs withdrawals are taxed. However, there are federal programs allowing contributors to borrow from their RRSP for putting a down payment on a first house or financing education. The special rules and restrictions should be discussed with a tax professional.