



In this issue, we summarize the features of various tax-deferred plans offered in Canada. The following applies when all participants are residents of Canada. Special rules may apply otherwise.

	Registered Retirement Savings Plan "RRSP"	Registered Education Savings Plan "RESP"	Tax Free Savings Account "TFSA"	Registered Retirement Income Fund "RRIF"	Registered Disability Savings Plan "RDSP"
Who can contribute?	Anyone age 71 or less, with earned income	Anyone	Must be at least 18 years old	Funds must be transferred from an RRSP or other similar account	Anyone, with the written permission of the "plan holder" (beneficiary)
What is the annual contribution room?	Lesser of 18% of previous year's income, \$20,000 (2008), \$21,000 (2009)	No annual limit	\$5,000 (2009)	N/A	No annual limit
What is the maximum lifetime limit?	N/A	\$50,000 per beneficiary	N/A	N/A	\$200,000 per beneficiary
Are contributions to the plan tax deductible?	Yes	No	No	N/A	No
Are withdrawals taxable?	Yes	To beneficiary if used for education; accumulated income only	No	Yes (minimum withdrawal required - note 1)	To beneficiary, partially (part is return of capital)
Are the plan assets transferable on a tax-free basis to:					
1. spouse?	Upon death or separation	No	Upon death or separation	Upon death or separation	N/A
2. a child?	Upon death, if financially dependant	No	Yes, but account must collapse	Upon death, if financially dependant	Original contributions are paid out to a disabled child on a tax-free basis
Contributions can be made until what time?	The end of the year in which the annuitant turns 71	Generally for 31 years after the plan is opened	Death of the account holder	N/A	The end of the year in which the beneficiary turns 59
What happens upon death of a beneficiary / annuitant?	Included in the annuitant's income unless transferred to RRIF or annuity (note 2)	Subscriber's contributions are paid out tax-free. Accumulated income of up to \$50,000 may be transferred to the subscriber's RRSP (subject to contribution room)	Ordinary withdrawal	Included in the annuitant's income unless transferred to a spouse or financially dependant child (note 2)	Taxable portion included in the income of the beneficiary's estate (not terminal return)
Who can be a beneficiary?	Anyone	Anyone	Anyone	Anyone	Anyone under age 60 and qualifying for the "Disability Tax Credit"

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Does the government contribute?	No	<p>Canada Educational Savings Grant ("CESG") and Canada Learning Bond ("CLB")</p> <p>CESG - 20% of annual contributions (up to \$500 per year); lifetime limit of \$7,200</p> <p>CLB - Family-income tested - grant of up to \$2,000 - initial upfront payment of \$500, \$100 annually until the child reaches age 15</p>	No	No	<p>Canada Disability Savings Grant ("CDSG") and Canada Disability Savings Bond ("CDSB")</p> <p>CDSG - Family-income tested - up to \$3,500 per year; lifetime limit of \$70,000 - repayable under certain situations</p> <p>CDSB - Family-income tested - \$1,000 per year; lifetime limit of \$20,000 per beneficiary until age 49</p>

RRSP Contribution Deadline

The deadline for RRSP contributions for the 2008 tax year is March 2, 2009.

Proposed Changes to RRIFs & RRSPs:

On November 27, 2008, the Government's 2008 Economic and Fiscal Statement proposed changes.

1. The RRIF minimum withdrawal is reduced by 25% for 2008. Individuals who withdrew more than 75% of the minimum are eligible to re-contribute the difference to their RRIF by the later of March 1, 2009, and 30 days after these proposed changes receive Royal Assent.
2. If the value of an RRSP or RRIF declines following death, a deduction will be allowed on the deceased individual's year-of-death return for the amount of the post-death decreases in the value, up until the final distribution.



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