



## RRIF

### Make your retirement dreams a reality

#### The Echelon Difference

As an independent wealth management and capital markets firm, we aim to build lifetime relationships by providing our clients with unbiased investment solutions, professional management and unparalleled service. Canadian-owned and operated, Echelon has more than \$7 billion in assets under administration and management with offices in Toronto, Oakville, Ottawa, Montreal, Calgary, Vancouver, Victoria, Saskatoon, London and Edmonton.

#### TIP

Avoid a surprise tax bill. Withdrawing RRIF funds earlier than you need them, or taking out more than you require, may place you in a higher marginal tax bracket. Result: more taxes.

Nothing is more gratifying to us than seeing our clients living comfortable, enriching retirements.

Think of a Registered Retirement Income Fund, or RRIF, as an extension of your RRSP (Registered Retirement Savings Plan). While your RRSP is used to save for retirement, a RRIF is used to draw income when you retire.

The Canada Revenue Agency requires that you convert your RRSP to a RRIF (or another income option) by the time you turn 71. Once converted, you can no longer make contributions and you're required to make a minimum annual withdrawal.

#### RRIFs have two key benefits:

1. Assets within RRIFs continue to grow tax-sheltered until withdrawn as income.
2. When you withdraw funds from your RRIF, you'll likely be in a lower tax bracket, and subject to a lower tax rate.

An Echelon Advisor understands that retirement is the culmination of years of hard work, saving and smart investing decisions. They will work diligently to create income planning strategies that help maximize your retirement income while minimizing taxes.

#### Your guide to minimum withdrawal amounts

You can withdraw any amount you like from your RRIF, as long as you meet the minimum withdrawal each year. Canada Revenue Agency calculates this minimum using two variables:

1. The market value of your RRIF account on December 31st of the previous year.
2. A percentage based on your age and when you opened your RRIF (see the chart below).

#### Here's an example:

You turned 71 last year and your RRIF account, which you opened in 2013, had a market value of \$100,000 on December 31st. Your minimum payment this year would be \$7,380 (\$100,000 x 7.38%).

#### SOME BASIC GROUND RULES

- Your RRSP must be converted to a RRIF, annuity, or paid out in a lump sum by the end of the calendar year in which you turn age 71.
- While there's no withdrawal required in the year your RRIF is set up, you must withdraw a minimum amount each subsequent year.
- Want to retire before age 71? You can convert your RRSP into a RRIF at any time. This will enable you to use a portion of your RRSP before you're eligible for Canadian Pension Plan or Old Age Security benefits.
- Assets that are withdrawn from a RRIF are taxed as income in the year in which they are received, and should be included in your annual tax return.

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### FAQs

#### What kinds of investments can I hold in my RRIF?

You're free to choose from a range of options to reflect your risk tolerance and retirement goals, including:

- Stocks, bonds and T-bills
- GICs (Guaranteed Investment Certificates)
- Mutual funds
- Cash
- ETFs

Because your RRIF can hold a variety of investments, you can take advantage of the benefits of a diversified portfolio.

#### What happens to the RRIF if the account holder passes away?

Any remaining funds become taxable income, unless the account holder has a spouse, or has children or grandchildren under the age of 18 who are financially dependent on them at the time of their death.

#### How much should I withdraw from my RRIF?

Every investor will have different financial needs. The first step is to figure out how much you'll need to live comfortably in retirement. Then, consider all sources of retirement income. These two numbers will enable you to calculate how much you'll need from your RRIF to meet your needs.

#### Do I have any other retirement income options?

In addition to converting your RRSP to a RRIF, you can also purchase an annuity, or cash out your money completely. However, with the latter option, withholding taxes will apply.

### YEAR OF RRIF OPENING

Your age	2015 and later	1992-2015	Prior to 1992
65	4.00%	4.00%	4.00%
66	4.17%	4.17%	4.17%
67	4.35%	4.35%	4.35%
68	4.55%	4.55%	4.55%
69	4.76%	4.76%	4.76%
70	5.00%	5.00%	5.00%
71	5.28%	7.38%	5.26%
72	5.40%	7.48%	5.56%
73	5.53%	7.59%	5.88%
74	5.67%	7.71%	6.25%
75	5.82%	7.85%	6.67%
76	5.98%	7.99%	7.14%
77	6.17%	8.15%	7.69%
78	6.36%	8.33%	8.33%
79	6.58%	8.53%	8.53%
80	6.82%	8.75%	8.75%
81	7.08%	8.99%	8.99%
82	7.38%	9.27%	9.27%
83	7.71%	9.58%	9.58%
84	8.08%	9.93%	9.93%
85	8.51%	10.33%	10.33%
86	8.99%	10.79%	10.79%
87	9.55%	11.33%	11.33%
88	10.21%	11.96%	11.96%
89	10.99%	12.71%	12.71%
90	11.92%	13.62%	13.62%
91	13.06%	14.73%	14.73%
92	14.49%	16.12%	16.12%
93	16.34%	17.92%	17.92%
94	18.79%	20.00%	20.00%
95+	20.00%	20.00%	20.00%