

RRSP season is upon us!

An RRSP (Registered Retirement Savings Plan) is a tax-advantaged savings plan that can help you grow your nest egg for retirement. Any investment income earned in an RRSP is tax-deferred, until withdrawn. Please read on for useful tips in making your RRSP contribution for 2024 and 2025.

Important Things to Know

You have until March 3rd, 2025 to make a contribution deductible on your 2024 tax filing. If you've already made your maximum contribution for 2024, think about contributing for 2025. The earlier you contribute, the more income you can shelter from tax.

The maximum allowable contribution each year is 18% of your prior year's earned income up to a maximum contribution of \$31,560 for 2024 and \$32,490 for 2025. Find out your total allowable contribution amount by reviewing your CRA Notice of Assessment from last year. This will include your amount allowed for 2024 as well as any carry-forward from previous years that has not already been used.

Not sure how much you have contributed so far for 2024? Check your December 31, 2024 account statement. While you're doing that, please check the designated beneficiary on your account statement to make sure the name is correct. Or give us a call - Robert and I are happy to look these up for you.



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SPECIAL NOTE

RRSP SEASON

Consider consolidating RRSPs held outside Research Capital into your main RRSP with us to simplify your finances.

Frequently Asked Question: Pay down your mortgage or contribute to your RRSP?

Consider contributing to your RRSP and use the tax refund to pay down your mortgage. Similarly, you can contribute to your RRSP and use your tax refund to start or add to a TFSA.

Ways to Contribute to Your RRSP

- Cheque, payable to Research Capital Corporation (please indicate your account number on the cheque).
- Your RRSP at Research Capital can be set up as a bill payment in your online banking.
- Maybe it is easier for you to spread out your contributions during the year. “Pay yourself first” - we can set up an automated RRSP contribution from your bank account at any frequency you wish. \$500 invested monthly could become \$300,000 in about 25 years (assuming 5% annual interest rate compounded).

If you do not have extra cash on hand but you do have investments in a non-registered, taxable investment account - some of these may be moved as an ‘in kind contribution’ to your RRSP so you receive a tax deduction.

Please call Robert or me if you have questions or need assistance. We are here to help!