

## Frequently Asked Questions About Registered Retirement Savings Plans

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### How much can I contribute to my RRSP?

The RRSP contribution limit is the lesser of 18 per cent of your previous year's earned income, or the maximum limit. If your contribution falls short of your RRSP limit in a particular year, you can carry forward the unused portion indefinitely. You can over-contribute up to \$2000 in your lifetime, without being subject to a penalty.

### Should I contribute more to an RRSP or pay down the mortgage?

This is one of the most frequently asked questions in the financial planning process. Depending on certain criteria there is a definitive answer to this question, but not a universal one. The calculation depends upon your individual situation.

You would have to compare the amortization period of your mortgage to your RRSP contribution period; the interest rate on the mortgage to the anticipated rate of return on the RRSP; the marginal tax rate, payment frequency and contribution limits. Without proper planning this could be a daunting task. Our expertise allows us to weigh all the factors and provide you with the best solution for your particular situation.

### What happens if I over-contribute to my RRSP?

Contact the Canada Revenue Agency (CRA) and review form T1-OVP. Generally, over-contributions in excess of the permitted limits are subject to a punitive penalty tax of 1% per month as long as the excess remains in the plan. If the amount has already been claimed you can also apply for a refund of over-contributions.

### When do I have to mature my registered plans?

The age limit for the maturity of RRSPs was increased from 69 to 71 in the 2007 Federal Budget. If you are turning 71 this year, you will need to convert your RRSP to one of the RRSP Maturity options by December 31.

### Can I make pre-authorized automatic payments to my account?

It is easy to make regular payments to your Odlum Brown account without the inconvenience of writing a cheque, the cost of postage or a trip to your Investment Advisor. With your permission, automatic payments can be made routinely to your RRSP account from your bank or financial institution chequing account.