By the end you will be able to...

- Explain what an RRSP is and how it differs from a TFSA.
- Know until when you can contribute and how much you can contribute in 2026.
- Avoid the mistakes that cost money (over-contributing, withdrawing without knowing how much is withheld).
- Choose your next step with your own calculator.

1 What is an RRSP?

The **RRSP** (Registered Retirement Savings Plan; **REER** in French and in Quebec) is, according to the CRA, a retirement savings plan that you set up and that the CRA registers. You or your spouse or common-law partner can contribute to it.[1] Deductible contributions can lower your income tax, and what the investments inside the plan earn is generally exempt from tax while the money stays in it.[1]

KEY IDEA

An RRSP is an account, not an investment. You set it up through a financial institution, which advises you on the types of RRSP and the investments they can hold.[2] What you earn depends on what you put inside.

- **You contribute and deduct:** what you deposit can be subtracted from your income, up to your deduction limit.[3]
- **It grows tax-deferred:** earnings are not taxed while the money stays in the plan.[1]
- **You pay tax when you receive money:** you generally pay tax when you withdraw or receive payments from the plan.[1]

2 Who can open one, and until when?

An RRSP is set up through a financial institution, such as a bank, credit union, trust or insurance company, and contributions are made directly to the plan's issuer.[2] What the CRA says:

- **There is no minimum age** to start contributing, although the institution may set its own minimum age to open an account.[3]
- **Maximum age to contribute:** until **December 31 of the year you turn 71**. For your spouse's or common-law partner's RRSP, until December 31 of the year that person turns 71.[4][9]
- **To deduct** you need available deduction room: what you can deduct is limited to your RRSP deduction limit for the year, which the CRA calculates using your earned income.[3]

1 Choose where to open it

Your financial institution explains the types of RRSP and the investments they can hold.[2]

2 Choose the type

It can be a regular RRSP, a self-directed one (you make the investment decisions and the issuer handles the administration)[11] or one in your spouse's or common-law partner's name (spousal RRSP).[2]

3 Decide what goes inside

That choice is what sets your return and your risk. Contribute directly to the plan's issuer.[2]

SPOUSAL RRSP

According to the CRA, the benefit is greatest if the higher-income spouse or partner contributes to the lower-income partner's RRSP: the contributor gets the deduction, and the annuitant, who is likely in a lower tax bracket in retirement, reports the income.[2]

AT AGE 71

Up to the end of the year you turn 71 you can choose to transfer your RRSP to a RRIF, buy an annuity or withdraw funds directly.[20] December 31 of that year is also your last day to contribute.[4]

3 How much can I contribute?

What you can **deduct** each year is your **RRSP deduction limit**: the maximum you can deduct for contributions to your RRSP (and to your spouse's or common-law partner's). It is based in part on your earned income in the previous year.[7]

For 2026 it is calculated from your 2025 earned income: **18%** of that income, or the year's dollar limit if that is lower.[6]

Year	RRSP dollar limit
2025	$32,490
2026	**$33,810**
2027	$35,390

Your limit for the year is built like this:[6]

- the lesser of **18%** of last year's earned income and the year's dollar limit
- **–** your pension adjustment (PA), if you have a workplace pension plan (shown in box 52 of your T4)
- **+** unused deduction room from previous years

UNUSED ROOM DOES NOT EXPIRE

The CRA states that you can carry forward indefinitely any RRSP deduction room you do not use.[6] You can also leave contributions undeducted and claim them in a later year, up to that year's limit.[7]

Where do you find your limit? On your latest notice of assessment or reassessment, in your CRA account, by phone, or on Form T1028 if the CRA sends it to you. Future assessments may change the figure, so confirm it before you contribute.[8]

Deadline. Contributions made during the first 60 days of the following year can count toward the previous year.[3] For example, for the 2025 return, the deadline was March 2, 2026.[9] Contributions are deducted on line 20800 of your return.[10]

4 What can I hold inside?

Qualified investments are, in general, property other than real property:[11]

- Cash and savings accounts
- GICs (fixed-term deposits)
- Canada savings bonds and provincial savings bonds
- Mutual funds
- Most securities listed on a designated stock exchange

WATCH OUT FOR NON-QUALIFIED INVESTMENTS

Buying non-qualified investments in your RRSP has tax implications, and the CRA imposes a tax on the annuitant who acquires a prohibited investment.[11] Before buying anything unusual, confirm with the plan issuer that it is eligible.

In a self-directed RRSP you decide what to buy and sell, and the issuer handles the administration; securities cannot be held in your own name.[11]

5 Benefits

- **Deduction:** deductible contributions can lower your income tax.[1] They are claimed on line 20800.[10]
- **Tax-deferred growth:** income earned inside the plan is generally exempt from tax while it stays there.[1]
- **Room carries forward:** what you do not use today is still available tomorrow.[6]
- **Spousal RRSP:** it can help split retirement income more evenly between the two of you.[2]
- **Home Buyers' Plan (HBP):** lets you withdraw from your RRSP to buy or build a qualifying home; the current limit is $60,000.[18]
- **Lifelong Learning Plan (LLP):** lets you use RRSP funds for training or education for you or your spouse or common-law partner.[19]

The HBP and the LLP have their own eligibility and repayment rules: the HBP is repaid to the plan over a 15-year period and the LLP generally over 10 years. Whatever you do not repay on time is added to your income.[18][19][3] These special withdrawals are not included as income and have no tax withheld if you meet the conditions.[17]

6 Limits and common mistakes

Limit	What it means
You pay tax when you withdraw	What you withdraw is generally taxable. You report it on line 12900 for the year you withdraw, using the T4RSP slip your institution issues.[13][14]
Withholding is not the final tax	When you withdraw, the institution withholds **10%** up to $5,000, **20%** from $5,001 to $15,000 and **30%** over $15,000 (in Quebec: 5%, 10% and 15%, plus provincial tax). If you withdraw $10,000 outside Quebec, **$2,000** is withheld. The CRA warns that the amount withheld may not cover the tax you owe at your tax bracket; the difference is settled when you file.[15]
Over-contributing	A buffer of **$2,000** over your limit is allowed (only if you are 18 or older). Anything above that buffer is taxed at **1% per month**. If your room is $5,000 and you contribute $8,500, the excess is $3,500; after the buffer, $1,500 remains and the tax is **$15 per month**. Withdrawing the excess before the end of the month it was made can avoid the tax on that amount.[12]
Deducting more than your limit	What you can deduct on your return is limited to your deduction limit for the year.[3]
Contributing after 71	The last year to contribute to your own RRSP is the year you turn 71.[4]
Converting to a RRIF	If you transfer your RRSP to a RRIF, you must withdraw a minimum amount every year starting the year after, and those payments are taxable when received.[20]

Limit	What it means
Spousal RRSP and withdrawals	If you contributed to your spouse's or common-law partner's RRSP in the year of the withdrawal or in the two preceding years, you will probably have to include in your income what that person withdraws. [16]

7 Withdrawals, transfers, spouses and death

Withdrawals. Except for locked-in plans, you can withdraw at any time, but you generally pay tax when you do.[13] Your issuer may withhold tax and gives you a T4RSP slip; the tax withheld is claimed on line 43700 of your return.[20] [14]

Transfers. Moving funds directly from one RRSP to another is a *transfer*, not a withdrawal.[13] Amounts transferred directly to your RRSP generally do not affect your RRSP deduction limit.[21] So if you change institutions, ask for a direct transfer rather than withdrawing and re-depositing.

Spouse or common-law partner. A plan in your partner's name follows an attribution rule: if you contributed that year or in the two years before they withdraw, the income can fall on you.[16]

Death. For an unmatured RRSP, the fair market value at the time of death is included in the annuitant's income for the year of death. If all of the plan is paid to the named spouse or common-law partner and transferred directly to their RRSP, that amount is deductible, as long as the transfer is completed by the end of the year after the year of death. The amount reported can also be reduced when a financially dependent child or grandchild receives it.[22]

8 RRSP vs. TFSA, in brief

Both are registered accounts and they are not mutually exclusive. This table only compares their rules; it is not a recommendation for your case:

	RRSP	TFSA
Contributions	Deductible from your income up to your limit. [1]	Not deductible. [23]
Growth	Exempt from tax while it stays in the plan. [1]	Tax-free. [23]
Withdrawals	Generally taxable. [13]	Tax-free. [23]
2026 limit	18% of last year's earned income, up to $33,810. [6] [5]	$7,000 for everyone. [24]
Unused room	Carries forward. [6]	Carries forward. [24]

SO, WHICH ONE?

There is no "best" account for everyone: it depends on your income today and the income you expect later, your goals and your time horizon. Many people use both. Let's talk and build the combination for your situation.

9 Three examples

Sofia earns $60,000 a year

Her 2025 earned income was $60,000 and she has no pension plan. 18% is **$10,800** of new room for 2026, below the $33,810 limit. Any unused room from previous years is added on top.[6] [5]

Marcos earns $250,000 a year

18% of $250,000 would be $45,000, but the 2026 limit is **$33,810**. That is his new room, plus any unused room from previous years.[5] [6]

Elena has a workplace pension plan

Her 2025 earned income was $90,000: 18% is $16,200. Her 2025 PA is $9,000 and she has $5,000 of unused room left. Her limit is $16,200 – $9,000 + $5,000 = **$12,200**.[6]

✓ The essentials in 5 ideas

An RRSP is a registered retirement account: you contribute, deduct, and it grows tax-deferred.

You can contribute until December 31 of the year you turn 71.

Your new room is 18% of last year's earned income, up to $33,810 in 2026; unused room carries forward.

> What you withdraw is taxable, and withholding is not the final tax. Over-contributing costs 1% a month on the excess above the $2,000 buffer.

> To change institutions, use a direct transfer, not a withdrawal.

Official sources

Links open in a new tab. Content reviewed on November 3, 2026. CRA pages are in English and French.

1. **CRA: Registered Retirement Savings Plan (RRSP)**
   www.canada.ca/en/revenue-agency/services/tax/individuals/topics/rrsps-related-plans/registered-retirement-savings-plan-rrsp.html
2. **CRA: Setting up an RRSP**
   www.canada.ca/en/revenue-agency/services/tax/individuals/topics/rrsps-related-plans/setting-rrsp.html
3. **CRA: Saving for the future**
   www.canada.ca/en/revenue-agency/services/tax/individuals/educational-programs/saving-future.html
4. **CRA: RRSP options when you turn 71**
   www.canada.ca/en/revenue-agency/services/tax/individuals/topics/rrsps-related-plans/rrsp-options-when-you-turn-71.html
5. **CRA: Dollar limits (RRSP, TFSA)**
   www.canada.ca/en/revenue-agency/services/tax/registered-plans-administrators/pspa/mp-rrsp-dpsp-tfsa-limits-ympe.html
6. **CRA: Guide T4040, RRSPs and Other Registered Plans for Retirement**
   www.canada.ca/en/revenue-agency/services/forms-publications/publications/t4040/rrsps-other-registered-plans-retirement.html
7. **CRA: Definitions for RRSPs**
   www.canada.ca/en/revenue-agency/services/tax/individuals/topics/rrsps-related-plans/definitions-rrsps.html
8. **CRA: Where to find your RRSP deduction limit**
   www.canada.ca/en/revenue-agency/services/tax/individuals/topics/rrsps-related-plans/contributing-a-rrsp-prpp/where-you-find-your-rrsp-prpp-deduction-limit.html
9. **CRA: How contributions affect your RRSP deduction limit**
   www.canada.ca/en/revenue-agency/services/tax/individuals/topics/rrsps-related-plans/contributing-a-rrsp-prpp/contributions-affect-your-rrsp-prpp-deduction-limit.html
10. **CRA: How to claim your RRSP contributions**
    www.canada.ca/en/revenue-agency/services/tax/individuals/topics/rrsps-related-plans/contributing-a-rrsp-prpp/claim-your-rrsp-prpp-contributions-on-your-tax-return.html
11. **CRA: Self-directed RRSPs and qualified investments**
    www.canada.ca/en/revenue-agency/services/tax/individuals/topics/rrsps-related-plans/contributing-a-rrsp-prpp/self-directed-rrsps.html
12. **CRA: Excess contributions**
    www.canada.ca/en/revenue-agency/services/tax/individuals/topics/rrsps-related-plans/contributing-a-rrsp-prpp/what-happens-you-over-your-rrsp-prpp-deduction-limit.html

13. **CRA: Making RRSP withdrawals**
www.canada.ca/en/revenue-agency/services/tax/individuals/topics/rrsps-related-plans/making-withdrawals.html

14. **CRA: Withdrawing from your own RRSPs**
www.canada.ca/en/revenue-agency/services/tax/individuals/topics/rrsps-related-plans/making-withdrawals/withdrawing-your-rrsps.html

15. **CRA: Tax rates on withdrawals**
www.canada.ca/en/revenue-agency/services/tax/individuals/topics/rrsps-related-plans/making-withdrawals/tax-rates-on-withdrawals.html

16. **CRA: Withdrawing from spousal or common-law partner RRSPs**
www.canada.ca/en/revenue-agency/services/tax/individuals/topics/rrsps-related-plans/making-withdrawals/withdrawing-spousal-common-law-partner-rrsps.html

17. **CRA: HBP and LLP withdrawals**
www.canada.ca/en/revenue-agency/services/tax/individuals/topics/rrsps-related-plans/making-withdrawals/home-buyers-plan-lifelong-learning-plan-withdrawals.html

18. **CRA: The Home Buyers' Plan (HBP)**
www.canada.ca/en/revenue-agency/services/tax/individuals/topics/rrsps-related-plans/what-home-buyers-plan.html

19. **CRA: Lifelong Learning Plan (LLP)**
www.canada.ca/en/revenue-agency/services/tax/individuals/topics/rrsps-related-plans/lifelong-learning-plan.html

20. **CRA: Receiving income from an RRSP**
www.canada.ca/en/revenue-agency/services/tax/individuals/topics/rrsps-related-plans/receiving-income-rrsp.html

21. **CRA: Transferring**
www.canada.ca/en/revenue-agency/services/tax/individuals/topics/rrsps-related-plans/transferring.html

22. **CRA: Death of an RRSP annuitant (unmatured RRSP)**
www.canada.ca/en/revenue-agency/services/tax/individuals/topics/rrsps-related-plans/death-rrsp-annuitant-a-prpp-member/unmatured-rrsp.html

23. **CRA: What is a TFSA?**
www.canada.ca/en/revenue-agency/services/tax/individuals/topics/tax-free-savings-account/what.html

24. **CRA: TFSA, before you contribute (limits)**
www.canada.ca/en/revenue-agency/services/tax/individuals/topics/tax-free-savings-account/contributing/before.html

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