



Proposed Measure for Annuitants of Registered Retirement Income Funds (RRIF)

On November 27, 2008, the Honourable James M. Flaherty, Minister of Finance, presented the Government's 2008 Economic and Fiscal Statement. The statement included proposed changes to the calculation of the 2008 required minimum withdrawal for registered retirement income funds (RRIFs).

The proposed changes

The changes propose to reduce the minimum amount that a RRIF annuitant is required to withdraw by 25% for 2008. This change applies to all RRIF annuitants, regardless of their age.

If a RRIF annuitant received the full minimum amount based on existing law in 2008, the proposed changes allow the annuitant to re-contribute up to 25% of the 2008 minimum amount. This amount can be re-contributed to any of the annuitant's RRIFs, life income funds or other locked-in RRIFs. A re-contribution can also be made to a registered retirement savings plan (RRSP) if the individual is 71 years of age or younger at the end of the year in which he or she makes the contribution. RRIF annuitants who want to make a re-contribution should contact their financial institution.

The re-contribution must be made by the later of March 1, 2009, and 30 days after these proposed changes receive Royal Assent.

Note

Because March 1, 2009, falls on a Sunday, we will consider a re-contribution made on March 2, 2009, to have been made on March 1, 2009.

RRIF annuitants who turned 71 years of age in 2008 and who withdrew a minimum amount are not affected by the proposed changes. Changes were made in 2007 that deemed the 2008 minimum amount for these individuals to be nil.

Completing the 2008 income tax and benefit return

The RRIF issuer (financial institution) will provide the annuitant with a T4RIF slip, *Statement of Income From a Registered Retirement Income Fund*, showing the full amount received in 2008. The full amount of the T4RIF is reported on line 115 of the 2008 income tax and benefits return.

If the annuitant received the full minimum amount based on existing law in 2008 and opts to re-contribute up to 25% of the minimum amount, his or her financial institution will issue a receipt for the amount of the re-contribution. The amount of the re-contribution is to be claimed as a deduction on line 232 on the 2008 income tax and benefit return.

Example

Larry withdrew \$10,000, the minimum amount required, from his RRIF in 2008. In January 2009, Larry opts to re-contribute 25% of this amount, or \$2,500, to his RRIF. His financial institution issues a T4RIF for the full amount Larry received in 2008 as well as a receipt for the amount of the re-contribution.

On his 2008 tax return, Larry will report the \$10,000 received on line 115. Larry can also claim a \$2,500 deduction for the re-contribution on line 232.

If Larry had only withdrawn the reduced minimum amount of 75% in 2008, he would not be allowed to re-contribute any amount. He would report \$7,500 on line 115 of his 2008 income tax and benefit return.

More information

Contact your financial institution for more information on these changes.

Visit the Canada Revenue Agency Web site at www.cra.gc.ca for additional information.

08-121 E



Canada Revenue
Agency

Agence du revenu
du Canada

Canada