REGISTERED RETIREMENT INCOME FUND

2025 Reference Guide

You've spent your working years saving for your future and now it's time to start drawing on your investments for your retirement income needs.

A Registered Retirement Income Fund (RRIF) is a tax-deferred investment account that transitions investors from retirement savings to retirement income.

A Registered Retirement Savings Plan (RRSP) must mature by December 31 of the year you turn 71. Transferring your RRSP to a RRIF is one of the options available for establishing a retirement income stream from your registered investments. The income provided through a RRIF withdrawal is fully taxable, however, the funds that remain in the plan continue to grow on a tax-deferred basis until they are withdrawn.

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RRSP MATURITY OPTIONS

By the end of the year you turn 71 or any time sooner, you have three options, or a combination of the three, for what you can do with the assets in your RRSP:

Convert the RRSP to a RRIF

Similar to an RRSP, the investments in a RRIF are chosen by the RRIF holder and remain tax-deferred until withdrawn. There are minimum annual payments you are required to receive from your RRIF each year beginning the year after you make the conversion from RRSP to RRIF. This means that, at the latest, you must begin to take an income from your RRIF before the end of the year in which you turn 72. RRIF payments are included in your taxable income in the year the income is received. While there is a minimum, there is no maximum. As a result, a RRIF can provide you with some flexibility and access to funds if required. You may open multiple RRIFs or consolidate multiple RRSPs into one RRIF.

Purchase an annuity

An annuity will pay you a set amount of annual income over your lifetime or a specified period of time. The annuity is purchased from an insurance company and the amount of income you will be entitled to is based on a variety of factors including: the current interest rate, your age, health and life expectancy. The payments received will be included in your taxable income each year. An annuity provides a guaranteed amount of income for a defined time period, however, annuities are not flexible. When you purchase an annuity, you are giving up control over your capital in exchange for a guaranteed income. This loss of control makes some people uncomfortable as you can no longer access the capital if an unexpected expense arises. Guaranteed income, however, may appeal to others. If an annuity is purchased without indexing, inflation will also be a factor as the purchasing power of the annuity payments will decrease over time.

Cash in the RRSP

The entire fair market value of your RRSP is included in your income for the year of withdrawal and taxed at your marginal tax rate. As a result, this option would generally not be recommended.

RRIF WITHDRAWALS

You must withdraw at least the minimum annual payment from your RRIF beginning in the year after you open your RRIF. You are able to withdraw more than the minimum at any given time. Your yearly minimum withdrawal amount is calculated as a percentage of the value of your account on December 31 of the previous year. The applicable percentages, as outlined in the table on the next page, are based on age.

Prior to receiving any payments, you can base the annual minimum withdrawal calculation on your own age or the age of your spouse or common-law partner. It is recommended that the younger spouse's or common-law partner's age be used to provide greater flexibility in the annual RRIF withdrawal amounts. Once the election is made, it cannot be changed. The annuitant can establish another RRIF, however, by transferring the funds to a new RRIF and making a new election.

You also have the flexibility to choose the timing and frequency of the payments that you receive from your RRIF during the year. This can be arranged with your issuer, and amended throughout the life of your RRIF plan. For example, if your RRIF will be the sole source of your income in retirement, you may prefer to receive your RRIF payments on a bi-weekly or monthly schedule. If you will be reinvesting the yearly minimum payment that you receive from your RRIF into another investment vehicle, such as a Tax-Free Savings Account (TFSA) or non-registered account, you can have your issuer pay your minimum amount in a lump-sum annually. Regardless of the timing of your RRIF payments, all withdrawals will be included in your income and are fully taxable. As a result, RRIF payments may impact your income-tested government benefits such as Old Age Security (OAS).

EXAMPLE

Lesley is turning 71 this year and must convert his RRSP to a RRIF. He has saved his entire working life and has amassed a large sum of money in his RRSP. He knows that next year he will be required to begin withdrawing the annual minimum amount from his RRIF and is concerned that this minimum is much too high as he does not currently have a need for additional income. He asks his financial advisor if he can delay the payments until later in his retirement as a withdrawal in the five per cent range is beyond the needs of his financial plan. Lesley finds out during the conversation that he is able to base the amount of his RRIF payments on the age of his younger spouse, which he believes is a great option for him. As Lesley's wife is 10 years younger than him, he is able to benefit from a significantly lower RRIF payment if he requests the financial institution to base the withdrawal on her age.

RRIF minimum annual payment amounts

Fair market value of RRIF on December 31 multiplied by percentages below:

Age at beginning of year	Minimum Withdrawal %
50	2.50%
51	2.56%
52	2.63%
53	2.70%
54	2.78%
55	2.86%
56	2.94%
57	3.03%
58	3.13%
59	3.23%
60	3.33%
61	3.45%
62	3.57%
63	3.70%
64	3.85%
65	4.00%
66	4.17%
67	4.35%
68	4.55%
69	4.76%
70	5.00%
71	5.28%
72	5.40%

Age at beginning of year	Minimum Withdrawal %
73	5.53%
74	5.67%
75	5.82%
76	5.98%
77	6.17%
78	6.36%
79	6.58%
80	6.82%
81	7.08%
82	7.38%
83	7.71%
84	8.08%
85	8.51%
86	8.99%
87	9.55%
88	10.21%
89	10.99%
90	11.92%
91	13.06%
92	14.49%
93	16.34%
94	18.79%
95 and older	20.00%

RRIF WITHDRAWAL PLANNING

Your income in retirement will come from a variety of sources including government benefits, such as the Canada Pension Plan (CPP) and OAS, maybe pension payments from an employer pension plan, and ultimately, withdrawals from your personal investments. Many retirees will hold retirement assets in RRSPs, TFSAs and non-registered accounts. Withdrawal planning considers which income source or sources to draw from first.

The rule of thumb is that you should draw from your non-registered accounts first until they are exhausted, then access your TFSA investments, and finally convert your RRSPs to a RRIF and initiate RRIF withdrawals. This is often referred to as the "traditional approach." In most cases, this traditional approach of deferring registered withdrawals as long as possible is the most beneficial way to access the assets. By deferring taxes, your investment pie stays bigger for longer. For further information on this topic, please refer to our article: **Structuring your retirement income - the mystery of decumulation**.

The traditional approach

Exhaust non-registered accounts → Access TFSA investments → Convert RRSPs to a RRIF and initiate withdrawals

TAXATION AND WITHHOLDING TAX

Although the full value of your RRIF withdrawal is taxable, your financial institution will only apply withholding tax on the amount of your withdrawal that is above the minimum annual payment. The financial institution will remit this tax to the CRA on your behalf, thus decreasing the amount of tax payable at the end of the year. The amounts that are withheld are as follows:

10% **for amounts up to and including $5,000**

20% **for amounts more than $5,000 and up to $15,000**

30% **for amounts more than $15,000**

To assist with your tax reporting, the financial institution will issue a T4RIF to the RRIF holder each year which will summarize the RRIF income received in the previous year and any withholding tax submitted.

There is no minimum payment in the year of establishing the RRIF as the minimum payments begin in the following year. As a result, withholding tax would be applied to the full amount of a withdrawal in the year you converted your RRSP to a RRIF.

EXAMPLE

Daria is 75 years old and is currently withdrawing her minimum payment of $2,000 a month from her RRIF but requires further funds to meet her monthly spending requirements. She asks her financial advisor to increase the monthly withdrawal amount to $2,400 starting in March. Her financial advisor reminds her that there is no tax withheld for her annual minimum withdrawal, however, withholding taxes will apply for withdrawals above this amount. Withholding tax of 10%, or $40, will be applied to each payment based on the total excess for the year of $4,000 (10 x $400).

SPOUSAL RRIFS AND ATTRIBUTION RULES

A RRIF will be a spousal or common-law partner RRIF if it receives funds from a spousal or common-law partner RRSP. The funds contributed to a spousal or common-law partner RRSP will include contributions made by the annuitant's spouse or common-law partner. The tax deduction for such RRSP contributions will have been available to the contributing spouse or common-law partner with the intention that future RRSP or RRIF withdrawals will be taxable to the annuitant.

While spousal or common-law partner RRIFs are generally a permitted method of income splitting, the attribution rules are in place to prevent abuse of such plans. If there were contributions to any spousal RRSP in the year of a withdrawal from a spousal plan, or in the two previous calendar years, such withdrawals (up to the amount of the total spousal contributions made in that time frame), would attribute back to the contributor and be taxable to the contributor rather than the annuitant.

RRIF minimum annual payments are not subject to the attribution rules. Where a contribution has been made to a spousal RRSP in the current year or the two preceding calendar years, you may wish to limit withdrawals to the minimum annual payment in order to avoid attribution.

EXAMPLE

Shane is the contributing spouse to his wife Cynthia's spousal RRSP for which she is the annuitant. Cynthia has been retired for many years and is currently relying on her pension income as well as Shane's income as he is still working. Shane has always been in a higher tax bracket than Cynthia and they have benefitted from the deductions he claims as a result of the contributions to her spousal RRSP. Shane learns that as long as Cynthia does not withdraw more than the minimum annual payment once she converts her RRSP to a RRIF, the attribution rules will not apply, and the income will be taxable to Cynthia, even if he had made spousal contributions in the current year or two previous years.

PENSION INCOME SPLITTING AND THE PENSION INCOME CREDIT

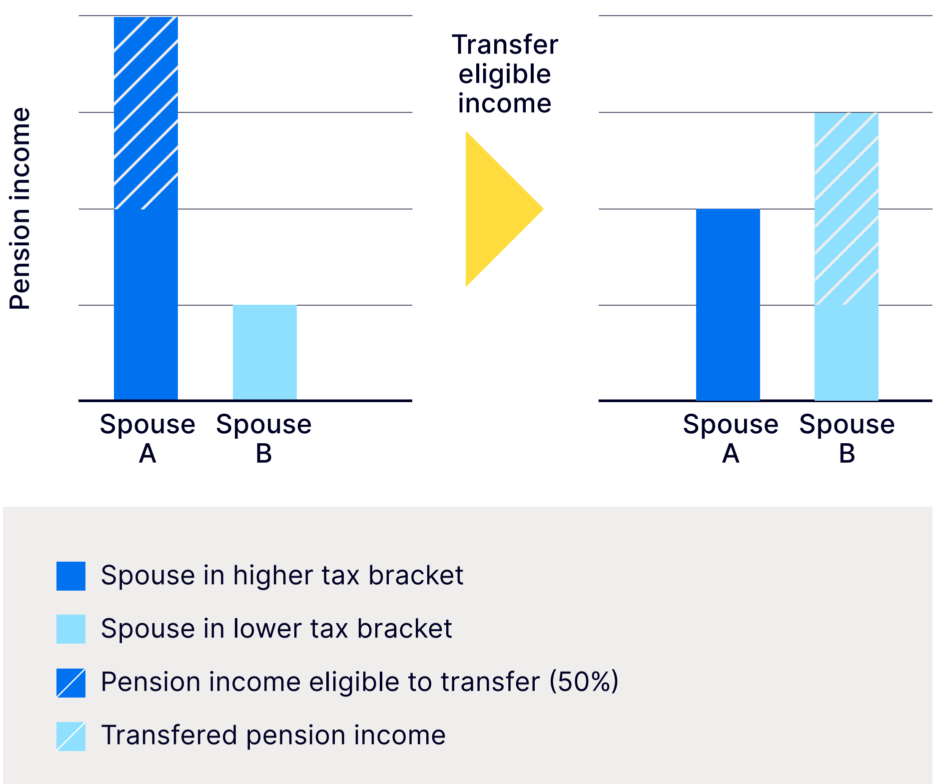
Pension income splitting can be a smart way to transfer income from a higher earning spouse to one that is in a lower tax bracket. Pension income splitting is available for up to 50% of an individual's "eligible pension income" which includes:

- Income in the form of a pension from a registered pension plan (at any age)
- Income from a RRIF, LIF, registered annuity, or DPSP annuity (if the recipient is 65 years of age or older)

To take advantage of this opportunity, both spouses must jointly elect to split eligible pension income when they are completing their personal income tax returns each year.

The pension income credit provides a non-refundable tax credit for up to $2,000 of eligible pension income per individual.

Transfering income to a spouse in a lower tax bracket



CONTRIBUTIONS AND TRANSFERS

You are not able to make contributions to a RRIF account. If you have excess funds to invest, you may still make contributions to an RRSP or a spousal RRSP if you have RRSP contribution room and are 71 or under, or have a spouse that is 71 or under. Otherwise, consider investing in a TFSA or non-registered investment account.

Only transfers from other tax-deferred registered plans are accepted into a RRIF. Allowable tax-deferred registered plans include RRSPs, RRIFs, specified pension plans (SPP), pooled registered pension plans (PRPP) and FHSAs. The conversion from your RRSP to a RRIF is the most common transfer into a RRIF. Eligible transfers include:

- Transfer or consolidation of your own registered plans
- Transfer of registered assets on breakdown of marriage or common-law relationship
- Transfer of registered assets on death of spouse or common-law partner

RRIF transfers must be processed by the financial institutions or issuers of the respective registered plans. Once the transfer has been processed, you may choose to invest the proceeds however you wish, as long as the investment is considered a qualified investment for a RRIF.

EXAMPLE

Marcus is 72 years old and, after converting his RRSP to a RRIF two years ago, is enjoying his RRIF income in retirement. Marcus has found that the legislated annual minimum RRIF payment that he is receiving, combined with his other income sources, is exceeding his annual spending needs and he would prefer to reinvest the excess income. After meeting with his financial advisor, he learns that he is not able to contribute this money to his RRIF as only existing RRIF funds may be added to a RRIF account. He then questions if he can contribute these funds to a RRSP. This is also not a possibility for Marcus as he is over the age of 71, and does not have a spouse that is 71 or under. As an alternative, his advisor suggests he contribute the excess funds to his TFSA, if he has not already maximized his contributions, or add the funds to his non-registered investment account. Marcus determines these are viable options for him and will continue to work with his advisors to optimize this strategy.

Transfer or consolidation of your own registered accounts

You are able to consolidate multiple RRIFs, RRSPs, or other registered accounts, into a single RRIF. This may be preferred for simplicity, to keep fees to a minimum and for ease of calculating your minimum annual payment.

Transfer of registered assets on breakdown of marriage or common-law relationship

You may have the right to a portion of the registered assets belonging to your current or former spouse or common-law partner following a written separation agreement or court order. If that is the case, the assets from your current or former spouse or common-law partner may be transferred without tax implications to your RRIF. The transfer would be processed by the financial institution with the use of Canada Revenue Agency (CRA) Form T2220.

Transfer of registered assets on death

Another scenario in which you may receive a transfer of registered assets into your RRIF is at the time of death of your spouse or common-law partner. This topic is discussed further later in this guide.

EXAMPLE

Abi is 75 years old and has two RRIF accounts. He is finding it confusing that he receives two annual minimum RRIF payments and would like to simplify his finances in retirement.
His financial advisor informs him that he may consolidate both of his RRIF accounts to one, as they are both in his name. He also informs Abi that this transfer must be completed by the financial institution. This is not a transaction that Abi can do himself since a withdrawal from the RRIF is fully taxable and there is no ability to contribute back to a RRIF. In order to avoid unnecessary taxation, the financial institution processes the transfer and this keeps the funds tax-deferred.

QUALIFIED INVESTMENTS

There are a variety of investment options to consider once funds have been converted to or transferred to your RRIF. You can hold the same investments in a RRIF that you can hold in a RRSP.

Qualifying investments include:

Cash

Guaranteed Investment Certificates (GICs)

Mutual funds

Bonds

Securities listed on a designated stock exchange in Canada or internationally:

- Exchange-traded funds (ETFs)
- Stocks

Certain shares of small business corporations

The rules for investments that are not publicly traded are complex. Should you be considering such an investment, please consult your tax advisor.

Although foreign securities listed on a designated exchange are qualifying investments for a RRIF, dividends paid on those shares may be subject to foreign withholding tax, with no tax relief available. Tax treaties with certain countries, including the US, provide that RRIF accounts are exempt from foreign withholding tax.

Ultimately, the type of investment you choose to hold in your RRIF should reflect your specific situation, risk tolerance and time horizon. Your ATB Wealth advisor will be able to ensure your RRIF investment choices are in line with your personal objectives.

DEATH OF A RRIF ANNUITANT

To ensure your RRIF assets are passed on according to your wishes, careful consideration should be given to naming a beneficiary, or successor annuitant. When the annuitant of a RRIF passes away, the full value of the RRIF will generally be included in the deceased's income in the year of death. The resulting tax bill, in many cases, will be over 40% of the RRIF assets.

A transfer of the RRIF assets at death to a "qualifying beneficiary" can shift the tax liability to the qualifying beneficiary, and in some cases, defer the tax consequences, with the most common scenario being a tax-deferred transfer to a spouse or common-law partner. Other qualifying beneficiaries include financially dependent children or grandchildren.

Spouse or common-law partner

Your RRIF can be transferred on a tax-deferred basis to your spouse or common-law partner at death if they are named as a successor annuitant. This opportunity is also available if the spouse is named beneficiary of your RRIF or the estate is named the beneficiary of the RRIF and the spouse is named beneficiary of the estate through the deceased's will. Although these designations may seem similar, there are important differences and distinctions to be aware of.

General rules

Spouse or common-law partner named as successor annuitant in RRIF contract or will	Only a spouse or common-law partner can be designated as a successor annuitant. The RRIF continues in the name of the surviving spouse or common-law partner, who now becomes the annuitant of the RRIF going forward. All the assets in the RRIF remain tax-deferred. The minimum payment is based on the schedule set out in the original plan. Although the survivor becomes the annuitant of the existing plan, there is still flexibility. The assets can be transferred on a tax-deferred basis to another RRIF, or if the survivor is under 71, they could transfer assets back to an RRSP. If the spouse or common-law partner is not named as the successor annuitant, but is named as beneficiary, they can still be considered as a successor annuitant if the deceased annuitant's personal representative and the RRIF carrier agree.
Spouse or common-law partner named as sole beneficiary in RRIF contract & entire value transferred to spouse's RRSP/RRIF	If a spouse or common-law partner is named as the sole beneficiary of the RRIF, the value of the RRIF at death and the income earned from the date of death to December 31 of the year after the year of death is considered a "designated benefit." A designated benefit is taxable to the surviving spouse or common-law partner, who can transfer this amount directly to an RRSP or RRIF and can claim a deduction equal to the amount of the designated benefit. As a result, the value of the RRIF can continue to grow tax-deferred (less the minimum annual withdrawal). The transfer must take place in the year the designated benefit is received or within 60 days after the end of the year.

General rules (continued)

Spouse or common-law partner named as sole beneficiary in RRIF contract & less than entire value transferred to spouse's RRSP/RRIF	When the spouse or common-law partner is the sole beneficiary of the RRIF but the full amount is not transferred to an RRSP/RRIF, the tax-deferred rollover is still available, but the process and tax reporting is not as simple. Initially, the value of the RRIF at death is considered taxable income of the deceased. The income from the RRIF after death to December 31 of the year following the year of death is taxable income of the spouse or common-law partner. The deceased's income can then be reduced by an amount that is designated by the personal representative as a designated benefit. The spouse or common-law partner includes this amount in their taxable income. The designated benefit cannot be more than the combined value of the RRIF at the date of death and the income earned from the day after death to December 31 of the year after the year of death. If the spouse or common law partner transfers the designated benefit to their own RRSP or RRIF in the year the designated benefit is received, or within 60 days after the end of that year, the amount can be deducted from the spouse or common-law partner's income resulting in a tax-deferred transfer.
Estate named as beneficiary in RRIF contract and spouse named as beneficiary of the estate in will	If the estate is the beneficiary of the RRIF and the spouse is the beneficiary of the estate, the tax-deferred rollover is still available, but the process and tax reporting is more complicated. Initially, the value of the RRIF at death is considered taxable income of the deceased. The income from the RRIF after death to December 31 of the year following the year of death is taxable income of the estate. The deceased's personal representative and the spouse or common-law partner would jointly file Form T1090, "Death of an RRIF Annuitant – Designated Benefit," to designate all or part of the amounts paid to the estate as a "designated benefit." The deceased's income can then be reduced by that amount and the spouse or common-law partner includes the amount in their taxable income. The designated benefit cannot be more than the combined value of the RRIF at the date of death and the income earned in the RRIF from the day after death to December 31 of the year after the year of death. If the spouse or common-law partner transfers the designated benefit to their own RRSP or RRIF in the year the refund of premiums is received, or within 60 days after the end of that year, the amount can be deducted from the spouse or common-law partner's income resulting in a tax-deferred transfer (less the minimum annual withdrawal).

Tax reporting prior to death

The deceased will receive a T4RIF for any withdrawals from the RRIF that occurred before their death. This income is to be reported on the deceased's tax return and applicable taxes paid.

Tax reporting after death

Spouse or common-law partner named as successor annuitant in RRIF contract or will	The successor annuitant will receive a T4RIF for the withdrawals from the RRIF after the death of the original annuitant. This income is to be reported on the successor annuitant's tax return and applicable taxes paid.
Spouse or common-law partner named as sole beneficiary in RRIF contract & entire value transferred to spouse's RRSP/RRIF	The spouse or common-law partner will receive a T4RIF slip. The total RRIF value received will be indicated in Box 16 "Taxable Amount." The beneficiary spouse or common-law partner will include this amount as income on line 11500 of their tax return. The amount that is considered to be a "transfer" will be indicated in box 24 "Excess amount." A 60(l) contribution receipt will be issued for the amount transferred to an RRSP or RRIF. If transferred to a RRIF, deduct the amount on line 23200. If transferred to an RRSP, deduct the amount on line 20800 and report the amount as a transfer on Schedule 7.
Spouse or common-law partner named as sole beneficiary in RRIF contract & less than entire value transferred to spouse's RRSP/RRIF	The value of the RRIF as of the date of death is reported on a T4RIF slip issued to the deceased in Box 18 "Amounts deemed received by annuitant on death." The income earned from the day after death to December 31 of the year after the year of death will be reported in box 16 of T4RIF issued to the spouse or common-law partner. The deceased's income can be reduced by the designated benefit amount as elected by the personal representative. The spouse or common-law partner will include this amount as income on line 11500 of their tax return. A 60(l) contribution receipt will be issued for the amount transferred to an RRSP or RRIF. If transferred to a RRIF, deduct the amount on line 23200. If transferred to an RRSP, deduct the amount on line 20800. Report the amount as a transfer on Schedule 7.
Estate named as beneficiary in RRIF contract and spouse named as beneficiary of the estate in Will	The value of the RRIF as of the date of death is reported on a T4RIF slip issued to the deceased in Box 18 "Amounts deemed received on death." The income earned from the day after death to December 31 of the year after the year of death will be reported in box 22 of a T4RIF issued to the estate. The deceased's personal representative and the spouse or common-law partner jointly file Form T1090, "Death of an RRIF Annuitant – Designated Benefit," to designate all or part of the amounts paid to the estate as a "designated benefit." A copy of the T1090 must be submitted with the tax returns of both the deceased and the spouse or common-law partner. The deceased's income is reduced by the designated benefit amount. The spouse or common-law partner will include this amount as income on line 11500 of their tax return. A 60(l) contribution receipt will be issued for the amount transferred to an RRSP or RRIF. If transferred to a RRIF, deduct the amount on line 23200. If transferred to an RRSP, deduct the amount on line 20800. Report the amount as a transfer on Schedule 7.

If your spouse or common-law partner is to receive all the proceeds of your RRIF on a tax-deferred basis, consider naming your spouse or common-law partner as a successor annuitant to simplify administration and tax reporting, and to avoid any missed deadlines and unintended consequences.

Although the successor annuitant designation is generally recommended, there may be limited circumstances when it will be beneficial to have some of the RRIF proceeds paid out directly to the spouse or common-law partner, for example, if there is an immediate need for funds. There may also be situations when it is beneficial to generate taxable income for the deceased, for example where a RRIF annuitant has capital losses that will not be utilized while they are living, the taxable income from RRIF proceeds could utilize these capital losses in the year of death.

EXAMPLES

Talia is 80 years old and her common-law partner, Steve, has recently passed away. Talia was listed as the successor annuitant on Steve's RRIF account and is meeting with her financial advisor to discuss the implications of this designation. Her financial advisor informs her that as the successor annuitant she gains ownership of the RRIF plan as of the time of death and is eligible to transfer the funds to her own RRIF.

Financially dependent child or grandchild

RRIF proceeds paid to a child or grandchild would ordinarily be paid to that child or grandchild, with the value of the RRIF considered income of the deceased, with their estate responsible for the tax.

However, a financially dependent child or grandchild can be considered a qualified beneficiary.

If a financially dependent child or grandchild receives the RRIF proceeds, a designation can be made that all or a portion of the proceeds be considered a designated benefit. The designated benefit will then be deducted from the deceased's RRIF income they were deemed to have received, and the amount is then included in the financially dependent child's or grandchild's income. Depending on the size of the RRIF, proceeds may still end up being taxed at a relatively high tax rate even when received as income to the financially dependent child or grandchild. There are options for tax deferral available if the financial dependent child or grandchild is a minor or is disabled.

Please refer to the chart on the following page regarding definitions for financial dependency, and options for tax-deferred transfers.

	Definition of financial dependency	Options for tax-deferred transfer
Financial dependency is not a result of an impairment	• Was dependent on and ordinarily resided with the RRIF annuitant • Child's or grandchild's net income for the previous year was less than the basic personal amount (line 23600 of the income tax and benefit return was less than $16,129 for 2025).	• Term certain annuity that pays to the child or grandchild until age 18 (refer to RRIF rollover to term certain annuity information below).
Financial dependency is a result of mental or physical impairment	• Was dependent on and ordinarily resided with the RRIF annuitant • Child's or grandchild's net income for the previous year was less than the basic personal amount plus the disability amount (line 23600 of the income tax and benefit return was less than $16,129 plus $10,138 for 2025).	• RRSP • RRIF • PRPP • SPP • Annuity • Registered Disability Savings Plan (RDSP) -no requirement to ordinarily reside. (refer to RRIF rollover to RDSP information provided on the following page).

If before the RRIF annuitant's death, the child or grandchild had ordinarily resided with and was dependent on the annuitant but was away from home to attend school, the CRA will still consider the child or grandchild to have resided with the RRIF annuitant. If the child's or grandchild's net income was more than the amounts described above, the child or grandchild may still be considered financially dependent. A written request should be submitted to a CRA tax service office outlining the reasons why the child or grandchild should be considered financially dependent on the annuitant at the time of death.

RRIF rollover to term certain annuity

A designated benefit of RRIF proceeds received by a minor child can be used to buy a term certain annuity payable to age 18, which would defer the tax over several years at a lower tax rate. Payments from the annuity must be made at least annually, and begin no later than one year after the date the annuity is purchased. For example, if a child was only eight years old when the RRIF proceeds were received, a 10-year term annuity could be purchased and the income spread out a number of years. Consideration should be given to size of the RRIF and the age of the child or grandchild.

RRIF rollover to RDSP

The RDSP is a long-term registered savings plan to assist people with disabilities save for their future financial security. An eligible individual that is the beneficiary of an RDSP and is entitled to the proceeds from a deceased annuitant's RRIF may transfer the proceeds on a tax-deferred basis to the eligible individual's RDSP. An eligible individual is a child or grandchild of the deceased RRIF annuitant who was financially dependent on the deceased for support at the time of the deceased's death by reason of mental or physical infirmity. The child or grandchild is considered financially dependent if the net income of the child or grandchild for the previous year (line 23600 of the income tax and benefit return) was less than the basic personal amount plus the disability amount ($16,129 plus $10,138 for 2025).

The amount that can be rolled over to an RDSP cannot exceed the RDSP beneficiary's lifetime RDSP contribution limit of $200,000. Although the transfer to an RDSP decreases the beneficiary's contribution room, it will not generate any RDSP grants.

The rollover of the deceased's RRIF assets to an RDSP requires completion of CRA Form RC4625 Rollover to a Registered Disability Savings Plan. A T4RIF will be issued to the deceased with the amount of the rollover shown in box 22. Both the deceased and the eligible individual must report this amount as income on line 13000 of their respective income tax and benefit returns, with the deduction of the transfer reported on line 23200. CRA Form RC4625 must be attached to both the deceased's and the eligible individual's income tax and benefit returns. The eligible beneficiary will also have to attach a 60(m) contribution receipt for the amount of the rollover.

EXAMPLES

Luke is currently an RDSP beneficiary and since the plan has been open he and his family, with his written permission, have contributed $20,000 to the plan. Luke's grandfather Joe, whom he was financially dependent on, passed away recently and has left his RRIF account to Luke as the sole beneficiary. The balance in Joe's RRIF account at the time of death was $109,000. Since the lifetime contribution limit for an RDSP is $200,000, Luke is able to rollover the full value of Joe's RRIF to his RDSP on a tax-deferred basis. This rollover will decrease Luke's remaining RDSP contribution room to $71,000, but will not generate any grants in the RDSP account.

Charitable organization as beneficiary

If you name a registered charity or other qualified donee under the Income Tax Act, as the beneficiary of your RRIF, a donation tax credit will be available. If the transfer of funds to the charity occurs within 36 months after the date of death and the estate qualifies as a "graduated rate estate," the donation tax credit can be applied to either:

- the last two taxation years of the deceased;
- the taxation year of the estate in which the donation is made;
- an earlier taxation year of the estate; or
- any of the five taxation years of the estate following the year in which the donation is made.

CRA sets a limit on the amount of donations that can be utilized for the donation tax credit in a given year. In the year of death, donations up to 100% of net income can be utilized.

Estate as beneficiary

Naming the estate as beneficiary will not eliminate the availability of the tax-deferred rollovers to qualified beneficiaries. As long as the qualifying beneficiary is named as a beneficiary of the estate, the personal representative can file an election along with the beneficiary to have proceeds treated as a designated benefit.

The RRIF assets will be subject to probate if the estate is named the beneficiary of your RRIF. In Alberta, probate fees are relatively low—a maximum of $525 on estates over $250,000, so this is usually not a concern. Legal fees for probate work may be calculated as a percentage of the assets, however, so this can increase the cost of the legal fees.

Naming the estate as RRIF beneficiary can be beneficial in certain circumstances such as when the RRIF holder wishes to name several beneficiaries on the account, when there are minor beneficiaries requiring a trustee, or other situations where the RRIF assets are to be held in trust. Designating the estate as beneficiary can also provide the personal representative with more flexibility to arrange the distribution of the assets in a tax-efficient manner and to maximize the estate value.

Alberta has enacted legislation that protects RRIFs from creditors during an individual's lifetime. However, where creditor protection on death is of concern, individuals should consult with a qualified legal advisor regarding this matter and beneficiary designations.

Non-qualified beneficiaries

If someone other than a spouse, common-law partner or financially dependent child/grandchild is entitled to the RRIF proceeds, the general rule applies. The fair market value of the RRIF at death will be taxable to the deceased and any amount that represents income earned in the RRIF after the date of death will be taxable to the named beneficiary, or the annuitant's estate if no beneficiary is named. In other words, for a non-qualifying beneficiary, the full value of the RRIF will be paid directly to the beneficiary, however, the tax burden for the value of the RRIF at death will fall on the deceased's estate.

This may not be an issue if the RRIF beneficiary is the same as the beneficiary of the estate. It can be a problem, however, if others are the beneficiaries of the estate. They may be left with less than what the deceased had intended unless the deceased had taken into account that their share would be reduced by the tax burden with respect to the RRIF. It is important to ensure that there are other assets or life insurance available to pay the tax bill. While the estate is technically responsible for the tax, in cases where CRA is not able to obtain the applicable taxes from the estate, the person who received the proceeds is considered to be jointly liable with the estate for the payment of the related tax. Although the estate does not have the authority to request payment from the designated beneficiary, CRA does and can go after the beneficiary for taxes owing.

RRIF CONSIDERATIONS FOR NON-RESIDENTS

If you are the annuitant of a RRIF and become a non-resident, you have the option to keep your RRIF intact and growing tax-deferred for Canadian tax purposes. Your new country of residence, however, may require the reporting and taxation of income earned in your RRIF. The CRA will apply non-resident tax on withdrawals from your RRIF.

LIFE INCOME FUND (LIF) VS. RRIF

A LIF is similar to a RRIF, however, rather than being established with the funds from a RRSP, a LIF has received registered funds that were formerly held in an employer-sponsored pension plan. Even though the funds have been removed from the pension plan, they are still considered to be "locked-in" subject to specific rules under both the Income Tax Act, and applicable federal or provincial pension legislation. In addition to a minimum annual payment, there is also a maximum annual payment.

For additional information regarding locked-in retirement accounts, please refer to the ATB Wealth Locked-in Accounts Guide.