

August 10, 2026

Registered retirement savings plan (RRSP)—the facts



MK1730E - Registered retirement savings plans (RRSP): The facts

Download now
>

Everything you need to know about RRSPs

If you're like most Canadians, chances are you could use a little help when it comes to saving for your retirement. Manulife Investment Management has written a registered retirement savings plan (RRSP) guide to give you the information you need. The guide describes types of RRSPs, contribution options, saving taxes through RRSPs, and much more. The help you need for using an RRSP to create a sound retirement plan is right here.

What's an RRSP?

A *registered retirement savings plan (RRSP)* is a retirement account registered with the Canada Revenue Agency. Over the course of your lifetime, you can put money into your RRSP to accumulate savings.

An RRSP is designed to hold several qualified investments, such as:

- stocks
- bonds
- mutual funds units
- segregated fund contracts
- guaranteed investment certificates (GICs)

... and more.

Why invest in RRSPs?

- Your contributions can lower the amount of tax you pay while you're still working.
- An RRSP can provide financial security for you and your family when you retire.

Contributing to an RRSP can help you save on your taxes

Your contributions are deductible and can be used to reduce your tax. Income or growth earned in the plan is usually exempt from tax while the funds remain in it, so

an RRSP acts like a tax advantaged vehicle that gives you a powerful incentive to save money for your retirement years. RRSPs can work even better if you contribute while you're in a high tax bracket (while you're working) and withdraw when you're in a lower tax bracket (when you're retired). With compounding, your RRSP can grow much faster than it would if you had to pay tax on your profits each year.

Taxes on withdrawals from an RRSP

If you withdraw from or close a registered retirement savings plan before it matures, you have to pay tax on the amount taken out that same year. You'll have to include the gross amount of any RRSP withdrawal on your tax return.

How much can you contribute to an RRSP?

In any given calendar year, your *RRSP deduction limit* is equal to:

- any unused RRSP deduction room left over from prior years
- *plus* the lesser of 18% of your earned income for the previous year *or* the RRSP dollar limit for the current year
- *minus* the pension adjustment (PA) reported on your previous year's T4 (to reflect the value of the benefits provided by your employer's pension plan), if applicable
- *minus* any past service pension adjustment (PSPA) reported in the current year, if applicable
- *plus* any pension adjustment reversal (PAR) reported, if applicable.

What if I don't use the full contribution amount each year?

Unused deduction room is the cumulative difference between your RRSP deduction limit and the contributions you've made. Since 1991, if you don't make your maximum contributions in any year, you can carry forward the unused amount as long as you want to and make contributions later.

Make informed decisions about RRSPs

A registered retirement savings plan can help you save for retirement on a tax-sheltered basis and accumulate a substantial sum of money. The potential tax savings during your working years and when you make withdrawals during retirement makes RRSPs very attractive.

Talk to your advisor about your retirement goals and sources of future income. Learn how an RRSP can help you achieve a comfortable, enjoyable retirement.

Advisors, share this guide with your clients to help answer their questions and get them further along their retirement savings path.

 **Download the full document**

Important disclosure ▼

This communication is published by Manulife Investments. Any commentaries and information contained in this communication are provided as a general source of information only and should not be considered personal investment, tax, accounting or legal advice and should not be relied upon in that regard. Professional advisors should be consulted prior to acting based on the information contained in this communication to ensure that any action taken with respect to this information is appropriate to their specific situation. Facts and data provided by Manulife Investments and other sources are believed to be reliable as at the date of publication.

Certain statements contained in this communication are based, in whole or in part, on information provided by third parties and Manulife Investments has taken reasonable steps to ensure their accuracy but can't be held liable for such information being inaccurate. Market conditions may change which may impact the information contained in this document.

You may not modify, copy, reproduce, publish, upload, post, transmit, distribute, or commercially exploit in any way any content included in this communication. Unauthorized downloading, re-transmission, storage in any medium, copying, redistribution, or republication for any purpose is strictly prohibited without the written permission of Manulife Investments.

Manulife Investments is a trade name of Manulife Investment Management Limited and The Manufacturers Life Insurance Company.

Manulife, Manulife & Design, Stylized M Design, and Manulife Investments are trademarks of The Manufacturers Life Insurance Company and are used by it and by its affiliates under license.

08/26

© 2026 The Manufacturers Life Insurance Company. All rights reserved.

The Manufacturers Life Insurance Company is the issuer of guaranteed insurance contracts, annuities and insurance contracts containing Manulife segregated funds. Manulife Mutual Funds, Manulife Private Investment Pools, Manulife Closed-End Funds and Manulife Exchange-Traded Funds (ETFs) are managed by Manulife Investment Management Limited. Manulife Investments is a trade name of Manulife Investment Management Limited. Manulife, Manulife & Design, Stylized M Design, and Manulife Investments are trademarks of The Manufacturers Life Insurance Company and are used by it and by its affiliates under license.