

Happy New Year!

As we enter 2018 you may be considering RRSP and TFSA contributions or top ups. Below is some information you might find helpful.

TFSA

- 2018 TFSA Contribution room **\$5,500**
- **Cumulative** TFSA room as of 2018 is **\$57,500**
- **Do you hold more than one TFSA?** – Although you can hold more than one TFSA, we don't recommend it. We have heard of several instances of clients losing track of their contributions **resulting in substantial penalties**. The best way to avoid over-contribution is to **hold one TFSA at one location**.
- **Over-contribution Penalty** – The penalty for over-contribution is **1% per month** on the amount you have over-contributed. This means that if you happen to double up on a TFSA contribution of \$5,500, CRA could charge you **\$55 per month** until the overage is discovered and corrected or until your TFSA limit has increased to make room for the over-contribution.

Unsure of your TFSA room?

If you want to know what your available contribution balance is, log in to the **Canada Revenue Agency's My Account service**. At the top of the page, locate and click on the RRSP and Savings Plans tab. On the following page, there is a link titled Tax-Free Savings Account (TFSA) which will direct you to relevant information concerning your TFSA. One of the links on that page is entitled Contribution Room. By clicking on this link, you will see your annual and cumulative TFSA balances. Keep in mind, the available room will not include any recent TFSA contributions as it takes time for your financial institution to report your contribution to CRA. <https://www.canada.ca/en/revenue-agency/services/e-services/e-services-individuals/account-individuals.html>

RRSP

- Your RRSP contribution limit is **18% of your earned income** reported on your previous years' tax return up to a maximum amount.
- **2017** RRSP Maximum Contribution room was **\$26,010**
- **2018** RRSP Maximum Contribution room is **\$26,230**
- The deadline for your 2017 Contributions is **March 1, 2018**
- **Doctors of BC Contribution matching** – If you participate in this program keep in mind the deadline of March 1 still applies for 2017 tax year planning.
- **Over-contribution penalty** – You can over-contribute to your RRSP by **up to \$2,000 without being penalized**. However, you cannot claim a deduction for the excess amount. If you over-contribute by more than \$2,000, you are subject to a **1% penalty** for each month you are over.
- **How to find out what your RRSP Room is** – After you have completed your previous years' tax return, CRA will send you out a Notice of Assessment (NOA) with your new RRSP contribution room, as well as any Pension Adjustments or cumulative RRSP Room. If you cannot find your NOA, you can log on to My Account as mentioned above.

How to make your RRSP or TFSA Contributions

- **Online – RBC Banking Client** – If your accounts are set up with DS Online, you can do **real time transfers** from your bank account to your TFSA or RRSP.
- **Online – Non-RBC Banking Client** – You must set up your DS accounts as a payee and **make the contribution as a bill payment**. This usually takes **3 business days** to show up on our end.
- **By Cheque** – Please make the cheque payable to **RBC Dominion Securities Inc.** and mail or drop off at our branch. Please indicate the **account numbers and amounts** that you wish to contribute in the memo section.
- **DS Cash Account** – If you have a DS Non-Registered Cash account, we can transfer directly to your TFSA or RRSP using funds from this account.

- **Set up a monthly contribution** – If you wish to set up a monthly contribution, we would require a form completed and signed as well as a void cheque.

Please feel free to contact me directly at (250)549-4084 or by email at jennifer.r.armstrong@rbc.com if you have any questions or concerns.

Regards,
Jennifer

Jennifer Armstrong, PFP® | Associate Wealth Advisor to Terry Curran | RBC Wealth Management |
RBC Dominion Securities Inc. | T. 250-549-4084 | T. 1-800-663-6439 | F. 250-545-4139
jennifer.r.armstrong@rbc.com 2701 Highway 6, Vernon, BC V1T 5G6