

# Thinking of withdrawing money

from your Registered Retirement Savings Plan (RRSP)?

Maybe if...

- It's for investing in your future through government programs like the Home Buyers' Plan or the Lifelong Learning Plan. You can re-contribute the money you withdraw over time
- This is a one-time emergency withdrawal

Maybe not if...

- You have other non-registered savings you could use instead
- The funds are for a want, not a need
- You are transferring from the **ABC Company** to a bank – did you know that you get lower fund management fees in your workplace plan?

## It's only \$1,000... How could this impact my retirement?

Taking out \$1,000 today means, by the time you retire, you will **lose out on**



\* Assumptions: you have \$10,000 already invested, you make \$40,000 each year, you contribute \$800 per year to the RRSP, you retire at age 65, you average a 5% rate of return and live until age 85.

## RRSP withdrawals before retirement come with some drawbacks



\* Cash withdrawals may be subject to withholding tax and considered taxable income in the year of withdrawal.

For example, if you request a cash withdrawal of \$1,000 from your RRSP, \$100 in tax would be withheld from your payment. You would also need to include the full \$1,000 as income when you file your tax return for the year.



You will never get that contribution room back. Once you use it outside of a government program (i.e. the Home Buyers' Plan) you lose it!



Withdrawals create a gap in your retirement savings. Withdrawing early in your career gives that gap an even longer time to compound, which means you lose out on a lot more potential investment growth.



Withdrawing later in your career means you have less time to put that money back in, and fix the gap in your retirement savings.



\* Withholding tax may not be your final income tax obligation. When you file your tax return, you must report the gross amount of the withdrawal as taxable income. Please note: examples shown are for illustrative purposes only. Your individual circumstances should be taken into consideration when making financial decisions.

## Know the numbers before you withdraw



Before you withdraw money from your RRSP, ensure you complete the **Withdrawal Calculator** on [mysunlife.ca](https://mysunlife.ca), to see how your withdrawal will impact your future savings. Once you're on the member website, select **my financial centre**, then **my money tools** from the **Resource Centre** drop-down menu.

Life's brighter under the sun



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