

## Spousal RRSP Account

# Frequently Asked *Questions*

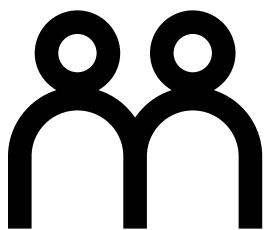
### **What is the purpose of a spousal RRSP?**

A spousal RRSP can help ensure that both you and your spouse have a comfortable retirement. If you or your spouse have a significantly higher income than the other and are in different tax brackets, or expect to have a significantly higher retirement income, setting up a spousal RRSP will allow you to equalize your income in retirement by splitting your income now.

### **How does it work?**

The higher income earner will make contributions to the spousal RRSP set up for the lower income earner, and will claim the tax deduction now. The lower income earner will take money out of their RRSP in retirement, but at a lower tax bracket, which means they'll pay less tax when they withdraw the funds.

If only one spouse has a large amount of savings in an RRSP at retirement, that person will pay more income tax when they withdraw their retirement income. If each spouse has the same amount of savings divided between their RRSPs, they'll both be in a lower tax bracket and will pay less income tax at the same lower rate.



### **How much can you contribute to a spousal RRSP?**

The maximum contribution allowed to a spousal RRSP is based on the contribution limit of the contributor. Whether you contribute to your own RRSP, a spousal RRSP, or both, you may not contribute more than your personal contribution limit, which is indicated on your most recent Notice of Assessment issued to you by the Canada Revenue Agency (CRA) after you've filed your taxes.

### **Can your spouse withdraw the money at any time?**

Just like a regular RRSP, savings in a spousal RRSP should be used at retirement. At that time, money in the spousal RRSP will be converted into a Registered Retirement Income Fund (RRIF) or an annuity so that it can be used as income. Your spouse will then be taxed on that income at his or her tax rate. However, if your spouse withdraws funds within three calendar years of your contribution, that amount will be added to your taxable income in the year of the withdrawal.

### **Are there any exceptions?**

Yes! If you are a first-time home buyer, you can take money out of a spousal RRSP to use as a down payment through the CRA's Home Buyers' Plan. By withdrawing money from one spouse's RRSP and the other spouse's spousal RRSP, you can double the \$35,000 maximum withdrawal amount allowed by the CRA.

Similarly, money can be withdrawn from a spousal RRSP through the CRA's Lifelong Learning Plan if you or your spouse want to return to school and finance full-time training or education. Your spouse, the owner of the account, has to pay back the amount(s) withdrawn, but there is no penalty if the required repayments are made.

## How can you set-up a spousal RRSP?

To set-up a spousal RRSP, you must first be enrolled in your company group RRSP. Once you are enrolled, sign in to your member account site with your email and password. Under the Quick Links heading, click on **Forms** and have your spouse complete the **Application Form Group Retirement Savings Plan (RSP)** by following the instructions on the form.

Make sure they complete the section of the form titled “Tell us about the contributor (the member).” You can return the completed form by mail to the address indicated on the form. You can also scan and email the form to [gromail@manulife.ca](mailto:gromail@manulife.ca). Your spouse will then receive a welcome letter from Manulife, which will include their customer number and confirm their group policy number.

To set up contributions to your spousal account, complete a **Spousal Direction Form** indicating the percentage of your payroll deductions that should go to the spousal RRSP and the percentage that should go to your RRSP. Please note, this must total 100%. See HR for the Spousal Direction form.

Both the Application Form Group Retirement Savings Plan (RSP) and Spousal Direction Form can be returned to the address indicated on the form, or scanned and emailed to [gromail@manulife.ca](mailto:gromail@manulife.ca).

## How do you make contributions to your spousal account?

There are three ways you can contribute to your account.

- 1. Regular payroll deductions** - Ongoing contributions are taken off your pay, before tax is calculated, which is a great way to reduce the amount of your taxable income.

- 2. Lump sum contribution by cheque** - To make a one-time contribution, sign in to your member account, and look for the **Lump sum contribution form** under the **Forms** section. Follow the instructions on the form, being sure to include your spouse’s information in the “Your personal information” section of the form, along with the group policy number and customer number. Indicate how much money you want to contribute and what fund(s) you are directing it to. Make sure your spouse signs the form and be sure to attach your cheque, made payable to Manulife, to the completed form.

- 3. Electronic transfer on a scheduled or one-time basis** - You can choose to make regular or one-time deposits from your bank account by completing a **Pre-Authorized Cheque Plan (PAC) Request and Authorization form** found under the **Forms** section on your member account. Include your spouse’s information in the Your personal information section of the form, along with their group policy number and customer number. Make sure you sign on the **Signature of bank depositor** line, and your spouse signs on the **Your signature** line under the “Please sign here” section of the form. You can mail the form to the address indicated on the form, or scan and email it to [gromail@manulife.ca](mailto:gromail@manulife.ca).

## How can you monitor your contributions to your spousal RRSP?

If you are making payroll deductions, you will see contribution amounts deducted from your pay, just as you will if you are making contributions to your own RRSP. However, your spouse, the owner of the account, is the only person who has online access to the account, so they are responsible for monitoring the contributions made to it.

If you require *additional* assistance, contact Manulife Customer Service Centre toll-free at **1-888-727-7766** Monday to Friday, from 8 a.m. to 8 p.m. ET, or email [gromail@manulife.ca](mailto:gromail@manulife.ca)



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