

Tax Tip
April 18, 2011

RRSP Deductions after Age 71

By December 31 of the year an individual turns 71, the RRSP must be collapsed and normally the amounts are transferred to a RRIF or an annuity. As a general rule, one can no longer claim a RRSP deduction once they have reached the age of 72. However, there are two exceptions:

- 1) An individual can make a contribution to a spousal RRSP assuming the spouse has not reached age 72. In order to make such a deduction, the individual must have earned income to generate an allowable RRSP contribution; and
- 2) If an individual has made a RRSP contribution before age 72 but elected to not claim the deduction, this unused deduction can be claimed after the individual has turned 72.

Just because an individual has turned 72 does not necessarily mean they cannot claim a RRSP deduction. However, in most cases it is desirable to claim the deduction as soon as possible. Since investment and pension income do not qualify as earned income for RRSP purpose, many individuals over the age of 72, even with a younger spouse, will not qualify for the deduction.