

AWC RRSP

Registered Retirement Savings Plan Information

T 403.254.9075 EXT. 4218 | E investor.relations@awcapital.ca | awcapital.ca

WHAT IS AN RRSP?

A Registered Retirement Savings Plan, or RRSP, is a special type of investment account designed to encourage Canadians to save for retirement.

WHY OPEN AN RRSP?

Tax benefits are the main motivation for contributing to an RRSP. Annual contributions to an RRSP can be used as a tax deduction, which reduces the amount of tax a person will pay on their income.

RRSP tax benefits come in two forms:

- 1 Tax-Deferred Growth** All investments within an RRSP account grow tax-deferred. In other words, any profits made on investments within an RRSP account in the form of interest, dividends or capital gains are not immediately taxable to you as income. (Note: there is a difference between tax-deferred and tax-free, RRSP investors do have to pay taxes on the profits in their RRSP, but this does not occur until the funds are withdrawn. Tax deferral remains a benefit because, in theory, income tends to be lower in retirement than in your peak earning years).
- 2 Tax Deductions** The second major tax benefit comes in the form of a tax deduction. The contributions are tax-deductible as long as you do not exceed the maximum contribution room.

**ANNUAL CONTRIBUTIONS
TO AN RRSP CAN BE USED
AS A TAX DEDUCTION.**



WHAT IS MY MAXIMUM CONTRIBUTION AMOUNT?

For 2026, the maximum contribution amount is \$33,810 or 18% of your annual income. However, you may have unused contribution room. See your most recent Notice of Assessment to see what amount may be available.

WHEN SHOULD I START CONTRIBUTING TO MY RRSP?

If you're like the typical Canadian, you wait until "RRSP season" – the first two months of the year – to make your RRSP contribution. But coming up with the cash all at once can be difficult, especially for those who are still paying the holiday bills. Consider monthly contributions to ensure you achieve your goal. Keep in mind, the earlier you invest, the earlier your investment money starts to grow for you.

HOW MUCH OF A TAX BENEFIT CAN I RECEIVE?

The chart below outlines the tax you pay on the income you earn each year. Each person's tax savings will vary depending on your tax rate bracket and the amount you put into your RRSP. Deferring RRSP and RRIF income is smart, especially in your working years. If you take money out of your RRSPs when you are working, you will probably pay more tax because you will be in a higher tax bracket.

COMBINED FEDERAL & ALBERTA TAX BRACKETS AND TAX RATES

2026 Taxable Income	Marginal Tax Rates
First \$58,523	22.00%
over \$58,523 up to \$61,200	28.50%
over \$61,200 up to \$117,045	30.50%
over \$117,045 up to \$154,259	36.00%
over \$154,259 up to \$181,440	38.00%
over \$181,440 up to \$185,111	41.29%
over \$185,111 up to \$246,813	42.29%
over \$246,813 up to \$258,482	43.29%
over \$258,482 up to \$370,220	47.00%
over \$370,220	48.00%



WHEN SHOULD YOU TAKE MONEY OUT OF YOUR RRSP/RRIFs?

When you retire, remember what the whole point of putting money into the RRSPs was to save and to make retirement the best years of your life. Despite this common goal, too many people hit retirement and are reluctant to spend their RRSPs and RRIFs. This is because of over-generalized advice around the benefits of continued tax deferral. Determining when to withdraw will be based on your individual needs. One strategy to minimize income tax on your RRSP/RRIF at the time of your death is to take annual withdrawals, even if you do not need the money during your retirement years. This strategy will help to maximize the income each year that will be paid out at a lower tax rate.

WHY DEVELOPING AN RRSP WITHDRAWAL STRATEGY MAKES SENSE

- 1 RRSP income can create new claw backs on income-tested programs. RRSP withdrawals are fully taxable and can cause higher incomes, which can lead to Old Age Security (OAS) claw back, and less Guaranteed Income Supplement (GIS), depending on your income levels. If you know your higher taxable income can create 'claw backs,' it can be advantageous to take money out of the RRSPs before you qualify for these programs.
- 2 Higher incomes in retirement. If you knew you would pay 32% tax on any RRSP withdrawals in the future, would you be willing to take that money out now at only 25%, even if you did not need the money? In most cases, people retire with less income than when they were working. There are, however, many examples in which people may actually have more income in retirement. This can be more common among people who have defined-benefit pensions and others who plan to work in retirement.
- 3 Deferral of lifestyle. Retirement is not just about money and tax. People who defer their RRSPs to age 71 are also deferring their lifestyle. Think about this... if you have not used any of your RRSPs by the time you turn 71, what makes you think you will need your money after 71? Many people defer taking income from their RRSPs to age 71 and then only take the minimum income because they are required to, but don't even spend that money. And then they die with large RRSPs. This is against the tax-saving purpose.
- 4 Taxation of RRSPs at death. The tax consequences of having a large RRSP at the time of death can be significant. You may wind up paying even more tax when you pass away than if you developed a withdrawal strategy while you were living because the RRSPs are all taxed at once. You would never withdraw all of your RRSPs at once while you are living because the tax hit would be too severe but that's exactly what happens when you die. It's like taking all your RRSPs out at once and taking the big tax hit in one shot. Deferring tax to retirement makes sense but deferring tax to death may be counterproductive from a taxation perspective.

Good planning will make all the difference so take this information and apply it to your own personal situation.

Please seek individual tax and/or estate planning advice from your accountant/lawyer. They are qualified to assess your personal situation. Alta West Capital is not an accounting or legal firm and does not provide tax or estate advice.

WHAT HAPPENS WHEN I MAKE WITHDRAWALS FROM MY RRSP?

You pay a withholding tax. Your financial institution will hold back the tax on the amount you take out and pay it directly to the government on your behalf. The withholding tax rate is between 10% and 30%, depending on how much you take out of your RRSP. In Quebec, the rate is between 5% and 15% and there will also be provincial tax withheld.

If you withdraw	Withholding tax rate (except Quebec)	Withholding tax rate in Quebec
Up to \$5,000	10%	5%
Between \$5,000 and \$15,000	20%	10%
More than \$15,000	30%	15%

Example: You want to take out \$20,000 from your RRSP this year. After the 30% withholding tax (\$6,000) is applied, you end up with \$14,000.

The amount you withdraw is taxable income. You must report the amounts you withdraw from your RRSP as income. At that time, you may have to pay more tax on the money – on top of the withholding tax. It depends on your total income and tax situation.

HOW IS A TFSA DIFFERENT FROM AN RRSP?

There are many clever ways to make the TFSA and RRSP work together to improve your wealth. As a general rule, RRSPs are a good choice for longer-term goals such as retirement, while TFSAs work better for more immediate objectives, such as a house down payment. A TFSA is also a good place to save if you have reached your RRSP contribution limit.

	RRSP	TFSA
LIMITS	The contribution limit is based on an individual's earned income from the previous year, up to a maximum amount (e.g. in 2019, the limit is \$26,500.00 less your pension adjustment or the amount indicated in your 2018 Notice Of Assessment).	- The maximum contribution limit is set by the government annually. - Any unused contributions can be carried forward.
TAX DEDUCTIBILITY	- Contributions are tax-deductible and therefore reduce taxable income. - Income/returns earned on investments are tax-sheltered until withdrawn.	- Contributions are not tax-deductible and therefore do not reduce taxable income. - Income/returns earned on investments are tax-free.
WITHDRAWALS	- Withdrawals are added to taxable income and taxed at the applicable marginal tax rate. - Withdrawals cannot be "re-contributed" in subsequent years.	- Withdrawals are not added to taxable income – they are tax-free. - Plus, withdrawals can be "re-contributed" in subsequent years

ARE SPOUSAL RRSPs STILL USEFUL?

In October 2007, the government introduced new pension splitting rules allowing Canadians to split pension income with their spouse. Therefore, traditional income-splitting no longer may be applicable.

Here are situations in which the spousal RRSP is still useful:

- If you are planning to retire before age 65 and don't have a registered pension plan; spousal RRSPs allow income-splitting before age 65, whereas pension income-splitting normally begins at age 65
- If you are saving for a home (each person can withdraw \$60,000 under the Home Buyers' Plan)
- If you're 71 or older and can no longer contribute to your own RRSP, you can still contribute to your spouse's RRSP if you have earned income and your spouse is younger than 71
- If you and your spouse want to make the balance of assets in your household more equal

CAN I BORROW FROM MY RRSP?

Buy your first home: You and your spouse each can borrow up to \$60,000 from your RRSPs for a down payment on your first home under the government's Home Buyers' Plan (HBP). You won't pay any tax on the money as long as you pay it back over the next 15 years.

Pay for education or training: You and your spouse each can borrow up to \$20,000 from your RRSPs to pay for full-time or part-time education or training expenses under the government's Lifelong Learning Plan (LLP). The maximum you can take out in any year is \$10,000. You won't pay any tax on the money as long as you pay it back over a period of 10 years. You can't borrow money from your RRSP to pay for your child's education. But you can save tax-free for your child's post-secondary education in a Registered Education Savings Plan (RESP).

In general, remember to think about taxes in your retirement years. Consider how you can lower your taxable income in retirement. The fewer taxes you have to pay, the more money you can spend on having fun!



Investing in an RRSP at Alta West Capital (AWC)

HOW DO I OPEN AN RRSP ACCOUNT?

Contact the Investor Relations team at AWC at investor.relations@awcapital.ca or (403) 254-9075 ext. 4218 and they will be happy to send you the appropriate documents required to open your RRSP plan and initiate your investment.

WHAT HAPPENS IF I WOULD LIKE TO TRANSFER AN EXISTING RRSP ACCOUNT IN ORDER TO BE ABLE TO INVEST WITH ALTA WEST?

Your RRSP will have to be transferred to an institution that administers exempt market products. For registered plans (RRSP/TFSA/RESP) many Alta West investors use Olympia Trust Company.

Contact the Investor Relations team at AWC and they will assist you to complete the necessary paperwork.

WHAT IS THE COST OF OPENING A REGISTERED PLAN?

The annual fee for a registered plan at Olympia Trust Company is \$150.00 plus tax. A purchase into the MIC of your choice is a per transaction charge of \$100.00 plus tax. These costs should be considered when making your decision to open a registered plan.

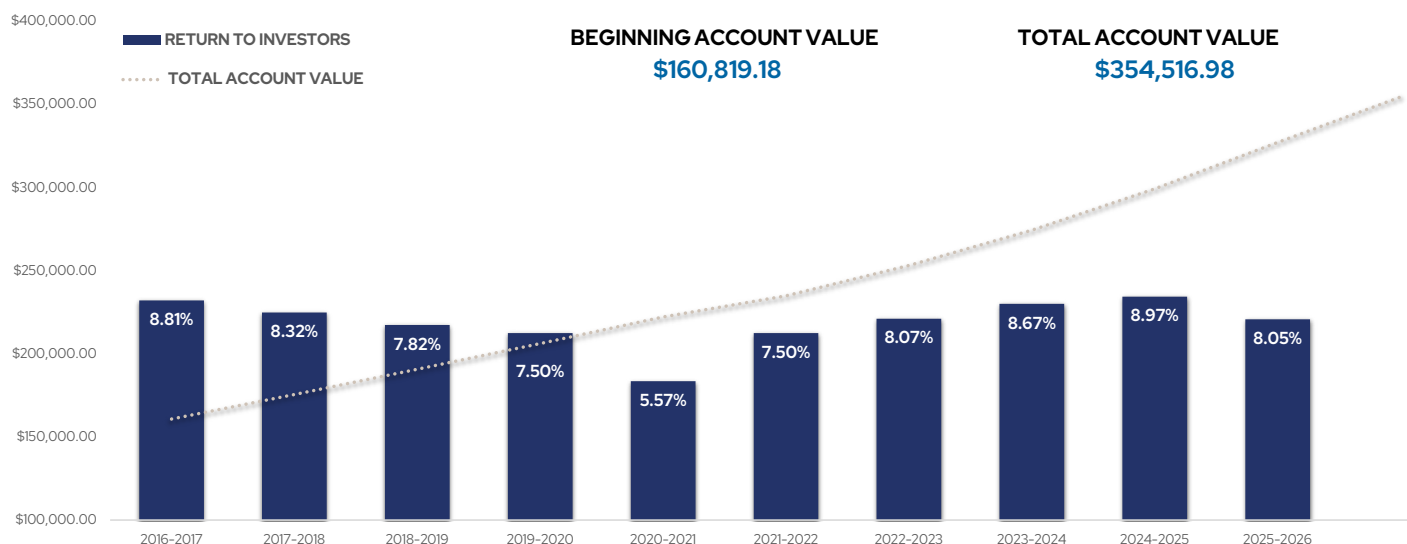


INVESTING IN THE MICS MANAGED BY AWC

These charts are provided for illustrative purposes only to demonstrate the impact of compound returns over multi-year investment periods based on actual AWM Diversified MIC and First Place MIC historical returns. The performance of other investors during the period may have varied based on whether their dividends were subject to tax and whether the investors withdrew any amounts from their investments during the period. Past performance is no guarantee of future results. Actual performance will vary.

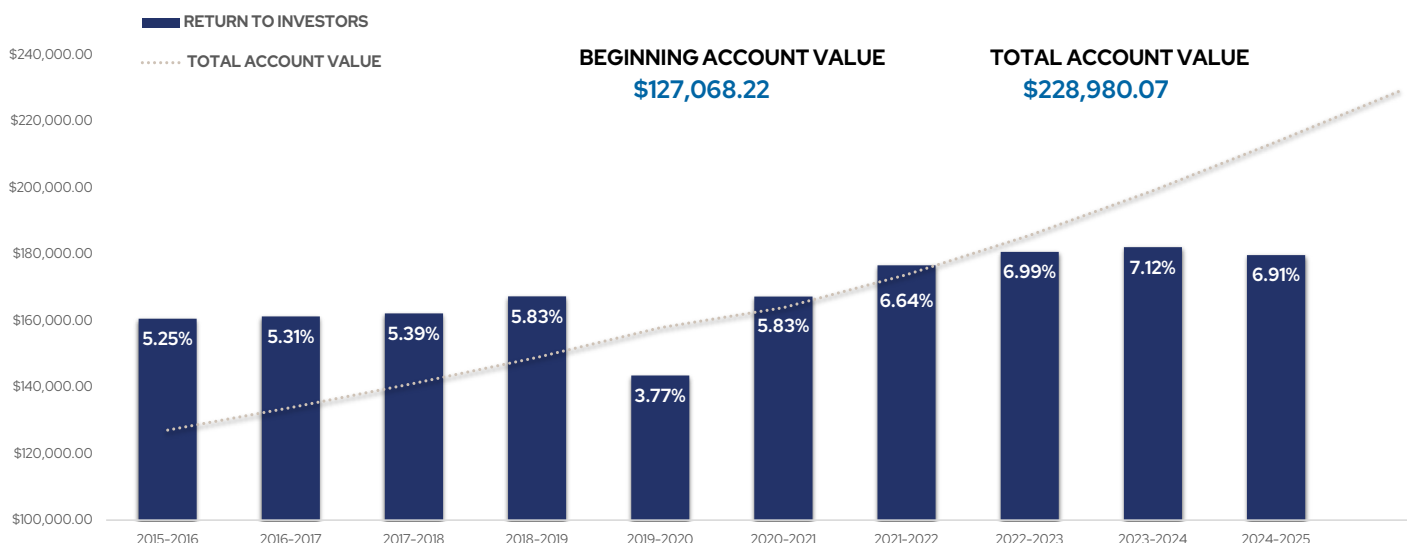
WHAT WOULD THE VALUE OF YOUR ACCOUNT BE IF YOU INVEST IN AWM DIVERSIFIED MIC FOR 10 YEARS?

The graph below is based on actual results and reflects the performance of a sample client who purchased fund units in AWM Diversified MIC. The graph shows the beginning account value effective April 1, 2016 (the beginning of AWM Diversified MIC's fiscal year) and no additional investment was made. Dividends are fully reinvested into additional shares of AWM Diversified MIC.



WHAT WOULD THE VALUE OF YOUR ACCOUNT BE IF YOU INVEST IN FIRST PLACE MIC FOR 10 YEARS?

The graph below is based on actual results and reflects the performance of a sample client who purchased fund units in First Place MIC. The graph shows the beginning account value effective November 1, 2015 (the beginning of First Place MIC's fiscal year) and no additional investment was made. Dividends are fully reinvested into additional shares of First Place MIC.





DISCLAIMER

Alta West Capital is registered as an Exempt Market Dealer ("EMD"), Restricted Portfolio Manager ("RPM") and Investment Fund Manager ("IFM") in the province of Alberta. The firm is also registered in the provinces of British Columbia, Ontario, Manitoba, Saskatchewan and Yukon as an EMD. This information is directed only to residents of those provinces. For more information, contact Investor Relations at (403) 254-9075 ext. 4218 or by email at investor.relations@awcapital.ca. This communication is only directed at persons in these jurisdictions. Alta West Capital holds a mortgage broker license in British Columbia, a mortgage brokerage license in Alberta and Ontario, as well as a mortgage administration license in Ontario. FSRA Brokerage License 12633, FSRA Mortgage Admin License 12634.

The information contained herein is for general information purposes and is not intended to be a solicitation. Alta West Capital does not warrant the accuracy or completeness of the information contained herein and does not undertake to notify the reader of any changes to tax regulation or the application of tax regulation since the date of publication. Any information is not intended to constitute tax advice. Important information regarding this security is set out in the offering document of the applicable MIC fund, which should be reviewed prior to investing. Please contact us for a copy of this document.

The information contained herein is current to the date indicated in this pamphlet. Past performance is no guarantee of future results. Actual future performance may vary from historic performance as the MICs are subject to a variety of risks beyond management's control. To read the full disclaimer, click [HERE](#) or visit awcapital.ca.