When it is time to convert your RSP to a RIF

The thought of retirement can be a blessing or can cause concern. The difference in attitude comes down to planning. If you have planned for retirement, congratulations. If you have not, you have got some work to do.

One of the main factors in planning your retirement is income. Where are the funds going to come from? If you currently have a Retirement Savings Plan (RSP), the good news is that you can draw an income with those funds. By the age of 71, you must convert your RSP to a Retirement Income Fund (RIF). A RIF provides continued growth in a tax-sheltered environment. It also offers you a choice in how assets are invested. The good news is that when you convert an RSP to a RIF, the investments within the RSP get directly transferred over. No need to liquidate any assets. However, once you have converted to a RIF you can no longer contribute.

Now you have a RIF, you to need figure out how much income you will need to maintain your lifestyle. When it comes to withdrawing money, the government requires you to withdraw a minimum amount each year. The minimum amount is based on when the RIF was established, you or your spouse's age and the amount of money within the RIF. For more information about withdrawal minimums, check out **Equitable Life's Understanding minimum withdrawal percentages (Form #1845).**

When determining your retirement income, here are other factors to consider.

- Estate Planning – When you die, where do the remaining funds go? You can't take it with you.
- Investment Mix – Withdrawing money doesn't mean you can't keep earning.
- Clawbacks – Will the monies from your RIF make you ineligible for government benefits like OAS?

Speak to your financial advisor today about how a Retirement Income Fund can be included in your overall retirement planning strategy.

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