

You should file a tax return because you may be eligible to accumulate your RRSP contribution limit (a future tax shelter)

What is it?

- An RRSP (registered retirement savings plan) is a government program that makes it easier to save money for retirement
- You are eligible at any age as long as you have some employment income
- The RRSP contribution limit is the maximum amount you can contribute to your RRSP each year
- The portion of your income you contribute to the plan is not taxed in the year you make the contribution - which means you save more

How does it work?

- After you file your income tax return this year, the CRA will officially advise what your RRSP contribution limit is for the following year
- The contribution limit does not have to be used immediately - you can accumulate it and use it in the future
- It's quite likely you should not be contributing to your RRSP now when your income is still quite low (the plan will be more valuable to you later when you make more money and pay higher taxes because your tax benefit will be bigger)
- The record of your cumulative contribution limit will be in your CRA account from the year you started filing tax returns