

## 2020 RRIF Minimum: Minimum Annual Payment Reduction

### Frequently Asked Questions

In response to the Government of Canada's COVID-19 Economic Response Plan, we have created a Q&A with commonly asked questions relevant to the reduction of required Registered Retirement Income Fund payments for 2020 based on the Government of Canada's *Economic Statement for New Measures for Annuitants of Registered Retirement Income Funds*.

#### ***Summary of the changes:***

#### **1. What are the changes to Registered Retirement Income Funds?**

Effective March 25, 2020, the minimum annual payment (MAP) amount that must be withdrawn from RRIFs will be reduced by 25% for 2020. For example, if the 2020 minimum amount would have been \$10,000, the reduced minimum amount will be \$7,500.

#### **2. Do the changes apply to Life Income Funds and other locked-in RRIFs?**

Yes, these changes apply to all types of RRIFs, including locked-in plans.

The MAP amount for individuals receiving variable benefit payments under a defined contribution registered pension plan or pooled registered pension plan will also be reduced by 25% in 2020. Variable benefits are payments made to plan members from a defined contribution pension plan or pooled registered pension plan in a manner similar to RRIF plans.

#### **3. Is the reduction to the 2020 RRIF minimum amount mandatory or optional?**

The 25% reduction in the MAP amount is optional.

#### **4. Can an annuitant elect to reduce their RRIF minimum amount by less than 25%?**

Yes, annuitants can elect for a reduction of less than 25% of their MAP amount.

#### **5. How are withholding taxes affected by the reduced RRIF minimum amount?**

Withholding taxes for withdrawals will be calculated based on the original, unreduced MAP amount calculated for 2020. Only amounts in excess of the original unreduced MAP will be subject to withholding tax at source.

#### **6. Will individuals who have already withdrawn more than the reduced 2020 minimum amount be permitted to re-contribute to their RRIFs an amount up to the 25% proposed reduction?**

No, the Canada Revenue Agency (CRA) has determined that this change is applicable only in those situations where the full MAP amount has not yet been paid to an individual. Those who have already withdrawn the original MAP amount calculated for 2020 will not be permitted to re-contribute the difference in these calculations back into their RRIF plans.

**7. There is no tax withheld when the minimum amount is withdrawn from a RRIF. If individuals elect to withdraw the original, unreduced minimum amount in 2020, will withholding tax be applied?**

No, withholding taxes will only be applied on amounts in excess of the unreduced MAP amount originally calculated for 2020. In the event clients are receiving scheduled RRIF payments based on the original, unreduced MAP amount, and choose to continue to do so, withholding taxes will not apply to the remaining scheduled payments for 2020. This is provided amounts in excess of the original MAP are not received.

**8. Are administrators of RRIF plans mandated by the CRA to update RRIF accounts and revise scheduled payments to reflect the reduced RRIF minimum amount?**

The CRA has confirmed that the reduced RRIF MAP amount is the lowest amount an annuitant needs to withdraw from the RRIF for 2020. However, annuitants are not mandated to only receive this lowest amount.

As a result of this, and the options it presents for annuitants, we will not make changes to originally scheduled payments for RRIF plans administered by CI Investments unless we have been notified to do so.

**9. Which RRIF minimum amount will be paid out before the transfer of a RRIF plan to another institution?**

Relinquishing institutions are required to pay out the MAP amount prior to transferring a RRIF plan to another institution. Prior to the transfer, CI will pay out the remaining MAP amount based on what has been set up on the RRIF plan. Annuitants can request the MAP amount to be reduced by 25% less than the original calculated amount by submitting a letter of direction prior to initiating the transfer, or by including the letter of direction in the transfer package.

As detailed in Question #6, any excess amounts paid out may not be recontributed to the RRIF.

**10. For payments to the annuitant, which minimum amount should be used to calculate Box 24 excess amount on the T4RIF?**

The original, unreduced MAP amount should be used to calculate Box 24 Excess Amount.

**11. How does the reduction of the 2020 RRIF minimum amount affect spousal RRIF plans and income attribution to spouses?**

MAP amounts withdrawn from spousal RRIF plans are not subject to spousal attribution rules. For 2020, the original, unreduced MAP amount applies for purposes of the RRSP/RRIF spousal attribution rules. Withdrawals from spousal RRIF plans in excess of the original, unreduced MAP amount for 2020 would be subject to attribution to the contributing spouse (only with respect to spousal RRSP contributions made between 2018 and 2020).

**12. Will the 25% reduction to the minimum amount be applicable for the future or just for 2020?**

These changes only apply for the 2020 calendar year.

If you are looking for additional clarity on the Act and its impact on RRIF plans, we encourage you to visit the Government of Canada's official page here: <https://www.canada.ca/en/revenue-agency/services/tax/registered-plans-administrators/registered-retirement-savings-plans-registered-retirement-income-funds-rrsps-rrifs/economic-statement-measure-annuitants-rrsp-rrif.html>.

### ***How is CI Investments supporting advisors in regard to this change?***

CI Investments understands that advisors are looking to promptly inform their RRIF clients of the availability to reduce the MAP amount for 2020. This section will detail how CI Investments is committed to helping advisors implement this change.

#### **13. How can advisors find information on CI RRIF accounts affected by these changes?**

CI has created a report to help identify RRIF accounts that may be affected by this change. This report will include all the relevant information required for advisors to evaluate next steps, including account and client information, the original calculated MAP amount including any MAP amounts remaining, newly reduced MAP amounts and payment details.

#### **14. How can advisors obtain the RRIF Minimum Report?**

Advisors can contact the CI Financial Service Centre to request the RRIF Minimum Report by calling **1-800-563-5181** or emailing **service@ci.com** with the subject line "RRIF Minimum Report". RRIF Minimum Reports will be available April 22, 2020. Requests to receive this report can be made prior to its availability but will only be sent after April 22.

Once requests are received by the Financial Service Centre, reports will be securely emailed directly to the advisor and/or administrative assistant.

#### **15. How can advisors request to change the RRIF MAP on an account?**

Advisors are required to obtain client consent for any changes to RRIF MAP amounts. In order to facilitate updates in a timely manner, CI will accept a letter of direction or phone instructions directly from the advisor provided it is clear the advisor is acting on the client's instructions. Additional questions relating to the implementation of these changes or the effect on CI administered RRIF accounts can be directed to the CI Financial Service Centre by calling 1-800-563-5181 or emailing service@ci.com.

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