

# New RRIF Rules

## Federal Budget 2015: New RRIF Rules

**Government relaxes withdrawal requirement for RRIFs.** Lower minimum withdrawals for RRIF contracts and accounts (September 4, 2015)

On April 21, 2015, the Canadian government's introduced lower minimum withdrawals for 2015. These include locked-in products such as life income funds (LIFs), locked-in retirement income funds (LRIFs), and prescribed retirement income funds (PRIFs).

For those aged 71 to 94, the new minimum withdrawal factors are lower than the old factors, which will result in lower minimum incomes.

The existing RRIF rules, require someone who turned 71 in 2014 to withdraw 7.38% of the Jan. 1, 2015 market value. Under the new rules that same person would have to withdraw 5.28 per cent.

The changes reflect more recent long-term historical real rates of return and expected inflation," the government said in its budget release.

It allows seniors to manage their assets for a longer period of time and it's a positive move.

With Canadians living longer and earning lower fixed-income returns, proponents said the move meant clients could stretch RRIFs further.

### Further to go with RRIF minimums?

The changed RRIF minimums made financial plans more flexible and help some clients avoid the OAS clawback threshold.

### Remember:

- You can use a spouse's younger age to reduce payments but there are rules.
- You can split income after age 65

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