

Withdrawal Acknowledgement Form

The goal of the IBEW Local 894 Retirement Savings Plan is to provide you with a convenient, tax-efficient and competitive method of saving and investing for retirement. Retirement for most members will represent 20-25% of your lifetime. You need to plan to ensure that you have adequate funds saved to support your retirement income needs in the future.

The IBEW Local 894 RRSP can be an important component of these savings resources.

Do you know the impacts of withdrawing fund withdraw funds prior to retirement?

- Investments inside a RRSP are **tax sheltered** until withdrawn.
- Where possible, funds should be withdrawn from non-registered savings sources instead of your RRSP – for example a Tax Free Savings Account or Non-registered assets like a savings bond.
- If you make a withdrawal from your RRSP, you are sacrificing the potential for long-term growth. For example, if you make a **\$5,000.00** withdrawal 30 years before retirement, these funds could have grown to a value of **\$21,610.00** (had they been left in the RRSP, assuming a 5% rate of return). A **\$20,000.00** withdrawal made 20 years before retirement could have grown to be worth **\$53,066.00**.
- Any withdrawals from a RRSP are immediately subject to withholding tax
- Withdrawn amounts are added to your taxable income for the year, resulting in significant additional taxes when you file your income tax return.
 - Using the same **\$5,000** example above, the CRA instructs Manulife to withhold 10% (withholding tax can be up to 30% depending on the amount) or **\$500** so you receive a cheque for **\$4,500**. When you file your income tax however the full withdrawal is added to your income at your top marginal rate. Assuming you earned \$40,000-60,000 that year, your marginal tax rate is 31.15%. Therefore CRA taxes you **\$1,558** less the **\$500** already withheld, and you owe them an immediate payment of **\$1,058**. In effect you receive **\$3,442** in cash now instead of a potential **\$21,610** at retirement!
Larger withdrawals result in even more dramatic differences.
- You do not regain your RRSP contribution room for withdrawn amounts

IBEW Local 894 members are also reminded of the fees that apply to withdrawals.

1. \$40 administration fee per withdrawal (paid to IBEW Local 894).
2. \$25.00 administration fee charged by Manulife for the 2nd and subsequent withdrawal in a calendar year.

Before withdrawing funds from the IBEW Local 894 RRSP, we suggest you speak to your financial advisor or contact Reuter Benefits at 1-800-666-0142 or email retire@reuterbenefits.com to ensure you fully understand the options available to you.

Member's Signature

Date