



CESTNICK

TAX MATTERS

Consider these top 10 RRIF strategies to save taxes this year

SPECIAL TO THE GLOBE AND MAIL
PUBLISHED JULY 10, 2025

Are you familiar with the texting acronyms that seniors use? My grandmother used to joke that when she texted her friends “BTW” she was saying “bring the wheelchair,” TTYL meant “talk to you louder,” and BYOT meant “bring your own teeth.”

Now, if you see the acronym RRIF you know it’s all about retirement income. Today, I want to share some tips for retirees trying to get the most out of their registered retirement income funds.

Delay RRIF withdrawals this year

Leading up to the federal election the Liberals promised to reduce the required minimum RRIF withdrawal amount by 25 per cent – for one year. Will the government actually make good on this promise? It’s not clear given government spending and the expected deficit this year. If you don’t need the income, your best bet is to delay making your full withdrawals until just before year-end, or until an announcement is

made. At that time, you’ll know how much you’re required to withdraw for 2025.

[Rob Carrick: Seniors, the promised cut in the 2025 mandatory RRIF withdrawal amount seems not to be a done deal](#)

Take advantage of the pension credit

Once you’re 65 or older your RRIF withdrawals will qualify you for the \$2,000 pension credit. So, consider converting a portion of your RRSP to a RRIF, even before age 71, to withdraw up to \$2,000 annually. This will allow you to claim the pension credit and minimize tax on your RRIF withdrawals.

Make withdrawals annually, not monthly

If you don’t need the cash from your RRIF each month, consider delaying your withdrawals until the end of each year. This allows the dollars in your plan to continue growing throughout the year and will maximize your retirement

assets by deferring the tax payable on withdrawals.

Draw down non-registered assets first

If you're drawing on your investments to meet cash needs in retirement, consider withdrawing from your non-registered accounts first. This can give rise to capital gains which are taxed at lower rates than RRIF withdrawals and will preserve the tax-sheltered growth available with your RRIF. This can also reduce the clawback of Old Age Security benefits. There can be exceptions to this general rule, but it's a good place to start.

[The real story behind pension plan membership in Canada? The gulf between public and private sectors](#)

Base withdrawals on the younger spouse

When you set up a RRIF, you can specify whether you'll use your own or your spouse's (or common-law partner's) to determine the minimum withdrawal amount every year. Use the age of the younger spouse. This way, the minimum withdrawal will be lower, allowing you to defer taxable withdrawals longer. You can always withdraw more if you want, but you won't be obligated to do this.

Take advantage of pension-splitting

Withdrawals from your RRIF will qualify as eligible pension income, which will allow you to split this income with your spouse (or common-law partner). You and your spouse can elect to report up to one half of your RRIF withdrawals on your spouse's tax return once you (the withdrawing spouse) are

aged 65 or older. This could save you tax as a couple.

Keep the 4-per-cent rule in mind

How long will your retirement savings last? It's generally accepted wisdom that withdrawing no more than 4 per cent of your total investment assets in your first year of retirement and keeping withdrawals to that dollar amount (indexed to inflation annually) should allow your retirement assets to last about 30 years. If you have both non-registered and RRIF investments, your minimum required RRIF withdrawals will have to form part of that 4 per cent.

Consider RRIF withdrawals to make TFSA contributions

If you're going to face a very high rate of tax on your RRIF upon death (when leaving it to a child, for example) it could make sense to withdraw from your RRIF early if those withdrawals are at a lower tax rate than you'll face on death. You can then contribute those funds to your TFSA (if you have contribution room). Upon death, the TFSA assets will pass to your beneficiaries free of tax. See [my article from September, 2023](#), for more.

Name your spouse as a successor annuitant

Rather than naming your spouse as the beneficiary of your RRIF, you can name him or her as a successor annuitant. In this case, the RRIF continues to exist after your death (rather than it being wound up with the assets transferring to your spouse's plan). Your spouse will become the annuitant. This is much simpler administratively for your surviving spouse.

Keep in mind your tax-free level of income

If you're 65 or older, you can generally earn about \$24,000 of taxable income annually before you pay any taxes (the actual amount varies by province and the type of income), so claiming deductions or keeping your RRIF withdrawals and other income at or below this level will minimize taxes.

Tim Cestnick, FCPA, FCA, CPA(IL), CFP, TEP, is an author and co-founder and CEO of Our Family Office Inc. He can be reached at tim@ourfamilyoffice.ca