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TAX MATTERS

## The top 10 last minute RRSP tips that could make a huge difference for your taxes

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Someone told me that a week ago Tuesday was National Procrastination Day. I guess the celebrations can start now. Speaking of procrastination, if you've been thinking about a contribution to your registered retirement savings plan (RRSP) for 2025 and haven't made it yet – you're guilty of it. The good news? You've got until March 2, 2026, to contribute. Today, I want to share the top 10 RRSP tips for this year.

1. **Contribute first, then invest later.** A friend of mine said that he hasn't contributed to his RRSP yet because he's not sure how to invest the money. The important thing is to get the money into your plan by the deadline. You can always choose specific investments later. Don't miss the opportunity to save tax for 2025 by making your contribution.
2. **Choose an RRSP over a TFSA sometimes.** Not sure if you should contribute to an RRSP or a tax-free savings account? If you can't do both, an RRSP makes more sense if your marginal tax rate is higher today than you

expect in retirement, you receive income-tested benefits that will improve if you claim the RRSP deduction, or the purpose of your savings is long-term retirement income rather than a short-term goal.

3. **Borrow to contribute if you must.** If you've got RRSP contribution room to use up, consider borrowing to contribute. Financial institutions will generally lend you money at prime rate for this (currently 4.45 per cent), and you can use your tax refund from the RRSP deduction to pay down the loan more quickly. See my article from Jan. 18, 2024, for more information. If you have significant contribution room available, a loan paid off over a longer time – like three to five years – can still make sense.
4. **Take advantage of employer matching.** If you're one of the fortunate employees who has a plan at work where your employer will match your RRSP contributions up to a certain amount, be sure to take

advantage of this. Even if a TFSA seems like a better option for you, don't lose out on the opportunity to have your employer chip in to help you save.

5. **Make use of a spousal RRSP.** In a perfect world, you and your spouse will have equal incomes throughout your lives – including your retirement years. This results in the lowest possible tax bill as a couple. A spousal RRSP can be a great tool to help accomplish this. These plans allow the contributing spouse to claim an RRSP deduction for contributions and the other spouse – called the annuitant – to pay the tax on withdrawals. Check out my [article from Feb. 21, 2024](#), for all the details.
6. **Avoid giving your spouse funds to contribute.** If you want to help your spouse save for retirement, it's best not to simply give him or her the money. CRA has confirmed (in Technical Interpretations 9411795 and 9431235) that if you give money to your spouse to contribute to his or her RRSP, and your spouse later makes a withdrawal, that withdrawal is taxable in your hands under the attribution rules. Why? Withdrawals are considered “income from property,” normally caught by those rules. Crazy, I know.
7. **Save your deduction for a future year.** If you contribute to your RRSP for 2025 but expect your income in 2026 to be higher, pushing you into a higher tax bracket, you'll save more tax by claiming your deduction in 2026 instead. You can defer claiming your RRSP deduction to any future year.
8. **Make an advance contribution.** Suppose you turn 71 this year. Your RRSP will mature on Dec. 31, and you'll likely convert it to a [registered retirement income fund \(RRIF\)](#) before year-end. If you expect earned income in 2026, you'll create RRSP room for 2027, even though you won't have an RRSP then. Consider making your 2027 contribution in December before converting to an RRIF. This will be an overcontribution, triggering a 1-per-cent penalty for December. The overcontribution disappears on Jan. 1, 2027, when new contribution room arises. The 2027 tax savings from the RRSP deduction will outweigh the penalty.
9. **Consider a meltdown strategy.** This involves withdrawing from your RRSP before mandatory withdrawals begin after age 71. It can make sense if you'll pay tax at a lower rate now than on remaining RRSP assets at death, or if you want to reduce future taxable income to avoid Old Age Security clawbacks (see my recent articles on [retirement income planning](#)).
10. **Name beneficiaries properly.** Make sure your RRSP beneficiaries are consistently named in your plan documentation, and in your will. And consider updating these if you've gone through a divorce. Leaving your RRSP to your spouse will result in tax-free rollover when you die. See my [article from March 2, 2023](#), for more.

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