

# INCOME TAX PLANNING: CONTRIBUTING TO RRSP'S

COURTESY OF  
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## Gross Income: \$30,000

Gross Income		Income Tax Payable* (Without Deductions)	Estimated <u>Max.</u> RRSP Contribution Room
<b>\$30,000.00</b>		\$2,510.44	\$5,400.00
RRSP Contributions		Income Tax Payable (With RRSP Deduction)	Tax Savings
Scenario 1	\$3,000.00	\$2,060.44	<b>\$450.00</b>
Scenario 2**	\$5,400.00	\$1,700.44	<b>\$810.00</b>
Scenario 3***	\$10,000.00	\$1,010.44	<b>\$1,500.00</b>

## Gross Income: \$40,000

Gross Income		Income Tax Payable (Without Deductions)	Estimated <u>Max.</u> RRSP Contribution Room
<b>\$40,000.00</b>		\$3,910.24	\$7,200.00
RRSP Contributions		Income Tax Payable (With RRSP Deduction)	Tax Savings
Scenario 1	\$4,000.00	\$3,310.24	<b>\$600.00</b>
Scenario 2	\$7,200.00	\$2,830.24	<b>\$1,080.00</b>
Scenario 3	\$15,000.00	\$1,660.24	<b>\$2,250.00</b>

## Gross Income: \$60,000

Gross Income		Income Tax Payable (Without Deductions)	Estimated <u>Max.</u> RRSP Contribution Room
<b>\$60,000.00</b>		\$8,181.07	\$10,800.00
RRSP Contributions		Income Tax Payable (With RRSP Deduction)	Tax Savings
Scenario 1	\$6,000.00	\$6,861.07	<b>\$1,320.00</b>
Scenario 2	\$10,800.00	\$5,805.07	<b>\$2,376.00</b>
Scenario 3	\$20,000.00	\$3,848.47	<b>\$4,332.60</b>

Notes:

Income tax payable is a simplified, approx. amount of tax you would pay in total for the 2010 year.

Income is based on one individual; does not account for combined income of married couples.

\*Discloses deductions of personal tax credits. Assumes EI Premiums or CPP Payments are paid.

\*\*Scenario 2 are contributions equal to the estimated maximum contribution room

\*\*\*Scenario 3 shows applied unused contributions from previous years, if applicable.

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*Solutions.*

Calculations Provided by:  
Profile Tax Software - Intuit Canada