

# RRSP Deadline Approaches: First Richvale Corp. Highlights Key Considerations Before March 3

LONDON, ON, CANADA, February 25, 2025 /EINPresswire.com/ -- The March 3 cutoff for Registered Retirement Savings Plan (RRSP) contributions for the 2024 tax year is approaching, prompting many Ontario residents to review outstanding tax-planning steps. First Richvale Corp. (FRC), a London-based accounting, bookkeeping, and tax service provider, has issued guidance on several factors that may influence decisions about RRSP deposits.

"Ensuring contributions are made on time and align with broader financial goals can significantly impact both taxes and long-term retirement savings," says a representative of First Richvale Corp. "Our team strives to highlight potential benefits as well as the pitfalls that can arise if important details are overlooked."

The deposit deadline can be missed when left until the last minute, particularly if there are banking or electronic transfer delays. Official contribution receipts must reflect a date on or before March 3 to qualify. Initiating deposits several business days in advance can help ensure they are processed in time for the 2024 tax return.

RRSP contributions typically lower net income for the year, potentially leading to a larger refund or reduced taxes owed. This benefit can be substantial for those with higher taxable income. However, a deposit may not always offer maximum advantage if future earnings are projected to exceed current levels, or if taxable income for 2024 is minimal.



First Richvale Corp. (FRC)

Verifying RRSP room before making deposits is crucial. Exceeding the allowable limit beyond a \$2,000 lifetime overcontribution buffer incurs penalties. Most individuals confirm available space using T4 slips, January or February pay stubs, or official documents such as Notices of Assessment from the Canada Revenue Agency.

Spousal RRSPs enable couples to balance future retirement income if one spouse is likely to have significantly higher pension or investment earnings. Rules surrounding withdrawals can be complex; recent contributions may be taxed back to the higher earner if funds are withdrawn soon after deposit.

A Pension Adjustment (PA) reported on T4 slips reduces RRSP contribution room for individuals enrolled in group RRSPs or pension plans. Neglecting to account for the PA can result in inadvertent overcontributions and penalty taxes. Self-employed individuals often leverage RRSPs to offset a high net income, though upcoming liabilities like GST/HST or instalment payments may require a cautious approach to avoid liquidity issues.

Some taxpayers use short-term RRSP loans to increase contributions, planning to repay the loan upon receiving a tax refund. This strategy can be effective if interest rates remain reasonable and the refund is sufficient to cover the debt. Prolonged repayment periods or smaller-than-anticipated refunds can erode benefits through accrued interest.

Deciding between RRSPs and Tax-Free Savings Accounts (TFSAs) often depends on projected retirement tax brackets. An RRSP deduction may be more advantageous for those expecting lower income in retirement than at present. TFSAs can serve those whose incomes are smaller or those who wish to preserve certain government benefits, since TFSA withdrawals do not count as taxable income.

Medical expense and charitable donation credits hinge on net income levels, so lowering net income through RRSP contributions may increase credit eligibility or reduce the phase-out of benefits such as the Canada Child Benefit.

Individuals nearing retirement may wish to ensure that new RRSP contributions align with plans to convert to a Registered Retirement Income Fund (RRIF). The deduction might be offset by early withdrawals or by the requirement to switch out of the RRSP by the end of the year one turns 71.

Younger adults who turned 18 in the previous year have newly accrued RRSP room. Although maximum contributions are not mandatory at this stage, making small deposits can foster early saving habits. Unused room carries forward indefinitely, allowing for greater contributions in years of higher income.

A large RRSP deposit can reduce taxes owed but also diminish cash flow for emergencies or recurring obligations. A balanced strategy—partially contributing while retaining liquid

funds—may better support overall financial health. Retaining official RRSP receipts is also important, as these documents are required to claim deductions on the 2024 return.

First Richvale Corp. emphasizes thorough analysis before the March 3 deadline. A deliberate approach to RRSP contributions can yield valuable tax advantages and bolster retirement savings goals, provided all relevant constraints, deadlines, and personal financial considerations are taken into account.

#### About First Richvale Corp.

First Richvale Corp. is an accounting, bookkeeping, and tax service provider based in London, Ontario. The firm assists a diverse clientele with RRSP strategies, personal and business tax obligations, and overall financial health. By offering guidance ahead of key deadlines, FRC aims to support tax compliance and encourage effective retirement planning for Ontario residents and beyond.

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