

# RRSPs: Tax-assisted retirement savings

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Over the last 30 years, Registered Retirement Savings Plans (RRSPs) have evolved into important savings vehicles for Canadians. Total accumulated holdings by financial institutions under these programs are rapidly approaching \$100 billion, significantly greater than the \$55 billion currently held under the Canada and Quebec Pension Plans. How did such a vast pool of savings come to be, who are the participants, and what are the prospects for continued growth?

The history of RRSPs in Canada began in 1957. That year an amendment to the Income Tax Act permitted individuals to make deposits into personal savings plans for future retirement income and thus receive the tax advantages already enjoyed by members of registered employer-sponsored pension plans (RPPs). RPP participants were allowed to contribute to these tax-sheltered savings vehicles as well, though at a lower maximum level.

## From meagre to massive

The initial response from taxfilers to the RRSP program was less than overwhelming. For example, in 1968, the first year for which data on the number of contributors are available, only 172,000 individuals - just one out of every fifty taxfilers - reported such contributions. During the 1970s and 1980s this situation changed, however: by 1987 almost 3.5 million individuals, more than one-fifth of all taxfilers, claimed RRSP deposits as a deduction on their tax returns. Similarly, the percentage of Canada's population aged 15 to 70 participating in RRSPs increased from just over 1% in 1968 to nearly 19% in 1987 ([Table 1](#)).



**Table 1 Contributors and contributions, 1968 to 1987**

After a slow start in the decade following initial legislation, total amounts of contributions also increased significantly, from less than \$143 million in 1968 to more than \$9 billion in 1987. The average contribution per participant actually more than tripled during that period. [\(1\)](#)

What caused such impressive growth? Some reasonable, but difficult to measure, explanations include a greater individual awareness of the need to save for retirement, an increased desire to maximize use of tax shelter opportunities, and a response by taxfilers to the annual advertising campaigns by financial institutions.

Some measurable factors can be analyzed, however. One such factor is related to the greater participation in the labour force by women, contributing to the growth of dual-earner families. Another is a direct result of the periodic raising of the contribution ceilings.

## More women contributing

An individual's participation in RRSPs and the amount contributed often depends on family income. Married couples may jointly decide which spouse will claim the contributions for tax exemption purposes. (See [Data source and limitations](#) for further explanation.) Therefore, the extensive growth in labour force participation by women and the possible consequent increase in family income may have generated an increase in the number of male RRSP contributors. Nevertheless, the number of women participating in RRSPs has increased even more significantly, especially in the last decade. In 1977, twenty years after RRSPs were first introduced, only one-quarter of all contributors were women and they were responsible for less than one-fifth of total contributions. By 1987, however, female contributors represented 39% of the total and were responsible for almost one-third of all payments.

The growth in female labour force participation was reflected in the changes in the taxfiler population evident from 1977 to 1987. The number of female taxfilers increased more quickly than the number of male taxfilers. Moreover, the average income of women increased more rapidly than that of men. Women's share of total assessed income increased from less than 27% in 1977 to greater than 33% in 1987. These factors all contributed to the rise of female RRSP participation.

## Responses to increased ceilings

Much of the growth in RRSPs can be traced to the periodic increases in the maximum allowed contribution level. Total RRSP contributions more than doubled from 1971 to 1972, the year the dollar limit was first raised ([Table 1](#)). The increases recorded in the years immediately before and after 1972, on the other hand, were just over 40%. Both the number of contributors and average contributions per contributor increased significantly in 1972.

For 1976 and 1986, two other years when the ceiling on contributions was raised for some taxfilers (see [Contribution ceilings](#)), the data on both contributors and contributions also show higher percentage growth. The differences evident here, though not as pronounced as in 1972, confirm that taxfilers, when provided with the opportunity to put aside increased savings for retirement and extend the reduction in tax liability, responded by both greater participation and higher average RRSP contributions.

## Profile of contributors

This growth in the number of contributors to RRSPs is unlikely the reaction of a homogeneous or unique group of taxfilers to this retirement savings opportunity. Analysis of the 1987 tax data does provide some insight, however, on which filers are most likely to participate and which tend to contribute at the highest levels.

### Level of income a determining factor

Not surprisingly, high-income taxfilers are more likely to participate in RRSPs and make larger contributions than those with lower income. In fact, those with income greater than \$50,000 in 1987 (though less than 6% of all taxfilers) represented nearly 16% of all contributors. Furthermore, they contributed almost 29% of all payments. At the opposite end of the spectrum, the 34% of taxfilers reporting income of less than \$10,000, represented just 3.5% of RRSP contributors and little more than 1% of contributions. [\(2\)](#)

Looked at differently, in 1987 nearly three out of five taxfilers with income above \$50,000 contributed, with an average contribution of approximately \$4,700, while only 2% of those earning less than \$10,000 contributed, with an average of just \$920 per contributor.

### Age plays an important role

As the age of taxfilers increases, at least up to age 59, so does the likelihood of their depositing into an RRSP. After this age the rate of RRSP participation decreases.

Total and average contributions, however, show a different pattern. Contributors aged 60 to 70, though less than 13% of all contributors, made more than 20% of all payments (an average of nearly \$4,200 per contributor). [\(3\)](#) Furthermore, an additional 22% of contributions was reported by those in their 50s. This latter group had the highest rate of RRSP participation (35% versus a 20% rate for all age groups combined), accounting for their large share of contributions.

### Different patterns for women than for men

Though the total RRSP participation rate for women was much smaller than that for men (less than 17% versus more than 24%), the percentage of women in the income groups under \$50,000 who contributed was higher than that of their male counterparts ([Table 2](#)).



## Table 2 RRSP contributors by income range and sex, 1987

*Source: Revenue Canada-Taxation*

The average amount contributed by women was also less than that of men - \$2,170 versus \$2,860. This lower average can be attributed directly to the lower average earnings of women, since the proportion of total income deposited into RRSPs for men and women is almost identical. One point of interest is that women contributors earning more than \$40,000 made a higher average RRSP investment than contributing men with similar earnings ([Table 3](#)).



## Table 3 Total and average RRSP contributions by income range and sex, 1987

*Source: Revenue Canada-Taxation*

An analysis of the RRSP participation rate of taxfilers by age group, income range and sex ([Table 4](#)) shows that men aged 25 and over with income in excess of \$60,000, had the highest rate. Men aged 50 to 70 with an annual income between \$30,000 and \$59,999 had the second highest rate. Female taxfilers, on the other hand, had the highest RRSP participation among those aged 25 to 64 with income in excess of \$60,000, and aged 40 to 64 with income between \$30,000 and \$59,999. The much higher male than female RRSP participation in the upper-age and higher-income groups is probably due to the greater availability of income eligible for RRSP rollover to men. Women in these age groups would be much less likely than men to have such income. [\(4\)](#)



## Chart A RRSP participation and share of total contributions, 1987

*Source: Revenue Canada-Taxation*

*Note: Contributions are permitted up to the end of the year that the taxfiler reaches 71 years of age.*



## Table 4 **Percentage of taxfilers contributing to RRSP by age, income and sex, 1987**

*Source: Revenue Canada-Taxation*

### **Membership in pension plans increases RRSP participation**

Members of employer-sponsored pension plans and deferred profit sharing plans (RPPs and DPSPs) have a lower RRSP contribution ceiling than non-members. Although taxation statistics do not provide direct information on such membership, those filers reporting personal contributions to RPPs are identifiable.

(5) Of the 3.5 million RRSP participants in 1987, nearly 1.4 million (39%) had made contributions to RPPs as well.

The average RRSP contribution by taxfilers contributing to both RRSPs and RPPs in 1987 was only \$1,770, compared with \$3,120 for RPP non-contributors. However, the RRSP participation rate of RPP contributors is much higher than the rate for taxfilers not contributing to RPPs. RRSPs were established partially to provide equal opportunity for individuals not able to participate in an RPP to accumulate tax-assisted retirement savings. Yet more than 37% of those taxfilers contributing to an RPP also contributed to an RRSP, whereas less than 16% of the RPP non-contributors participated in an RRSP.

This situation can, to some degree, be explained by the following: paid workers participating in RPPs are generally employed in industries with the highest wages, leaving them with larger disposable incomes; contributors are nearly all full-time workers; and RPP participation is usually mandatory. Also, because of their participation in a pension plan, these individuals may have a greater awareness of the need to save for retirement.



## Chart B **Average RRSP deposits by RPP contribution status, 1987**

*Source: Revenue Canada-Taxation*

## Sources of income matter

Taxfilers may have income from various sources; for example, earnings from paid work or self-employment and returns from investments or pension plans. The source of their income has some effect on their RRSP contribution opportunities. Their major income source is used to determine their classification into certain groups on the tax file.

Most taxfilers (66%) are employees (paid workers of businesses, governments, institutions, and so on); the remainder are either self-employed individuals (professionals, salespersons, business proprietors) or persons classified as investors or pensioners. [\(6\)](#) For every three dollars contributed to RRSPs in 1987, two of these dollars were contributed by paid workers. As expected, average contributions by these workers were lower than those for the other classes of taxfilers. This is due partly to the limits on contributions imposed on RPP and DPSP members.

Self-employed professionals and salespersons, though only 3% of taxfilers, represented 5% of RRSP contributors and were responsible for 10% of the contributions. Their average contribution was nearly twice that of the remaining contributors. These individuals generally had high incomes and their contribution ceiling was not affected by RPP/DPSP membership. They contributed nearly 6% of their total assessed income to RRSPs, a rate more than twice that of all taxfilers combined.

Similarly, the groups identified as business proprietors, investors and pensioners made much higher than average contributions. The 167,000 pensioners who claimed RRSP deposits for tax exemption purposes in 1987, contributed an average of nearly \$4,300, much higher than the \$2,600 average for all contributors. [\(7\)](#)



### Chart C RPP and RRSP participation, 1987

*Source: Revenue Canada-Taxation*

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## Into the 1990s

What are the prospects for growth in RRSPs in the near future? Factors that will most likely have significant impact in terms of encouraging RRSP growth are new legislation (see [Bill C-52](#) for details), the changing age structure in Canada's population and the shift to group RRSPs.

## New legislation

Revised limits on contributions will be phased in during the next few years as part of a package of legislative changes that aim to remove some former inequities. As a result, some taxfilers will realize an increase in RRSP contribution room (for definition see [Bill C-52](#)), others a decrease. Pension plan participation will affect taxfilers' contribution room differently. [\(8\)](#) High-income, RPP/DPSP non-participants, who traditionally have participated in RRSPs at the highest rates and contributed at the highest levels, will see a substantial increase. [\(9\)](#)

A new provision that will open up further increased opportunity for contributions for many taxfilers is the 7-year carry-forward allowance. According to past rules, the under- or non-utilization of RRSP contribution room in a tax year amounted to a missed opportunity forever lost. This will no longer be the case. [\(10\)](#)

The reduction in eligible rollovers and the removal of certain income sources in determining earned income for RRSP purposes (as specified in the legislation) will have a negative effect on RRSP contribution opportunities, particularly for those in the upper age groups. However, recent pension reform legislation implemented by several provinces and the federal government should generate significant transfers in from RPPs to compensate for such reductions. [\(11\)](#)

Finally, DPSP and RPP participants will be advised annually by Revenue Canada on the amount of their remaining RRSP room and this may very well encourage further contributions.

## Changing demographics

In the 1990s, the first members of the baby boom generation will break into the current prime ages of highest contributions and highest rates of participation in RRSPs, that is, ages 50 to 64. [\(12\)](#) The number of Canadians in this age group - less than 3.6 million according to the 1986 Census - will grow to 4.1 million by 1996. Generally this group will also be relatively comfortable financially. For example, 1987 tax data reveal the highest average incomes were reported by taxfilers aged 40 to 54, followed closely by those aged 55 to 59.

## Group RRSPs

In recent years, some employers have established group RRSPs for their employees in lieu of pension plans. [\(13\)](#) The data available in this area, although limited, show that this practice is growing in popularity. For example, in 1988, of the 2.7 million new RRSP contracts registered with Revenue Canada, approximately 350,000 (nearly 13%) were under group arrangements. More than half of the 176 specimen plans approved by Revenue Canada for Canadian financial institutions in 1989 were for group arrangements. [\(14\)](#) Furthermore, the proportion of RRSP assets held specifically for group plans by one group of the financial institutions authorized to issue RRSPs grew from 18.5% in 1987 to nearly 21% in 1988.

# Conclusion

RRSPs experienced significant growth during the 1970s and 1980s. The share of taxfilers contributing and the proportion of total assessed income contributed increased. Growth in the number of women in the labour force, improved earnings in general, raised maximum contributory levels, and efforts to maximize the use of tax deferral opportunities all contributed to RRSP growth.

This trend will likely continue and may accelerate. Judging by the reaction of taxfilers to the raising of contribution ceilings in the past, many Canadians will likely take advantage of any increase permitted under the new legislation to take effect in 1991. Also, assuming that the current age and income pattern of contributors continues, the aging of the baby boom generation in the 1990s could generate significant growth in both participation and aggregate contributions. The continued growth of group RRSPs could result in further increases in both the number of contributors and, especially, the volume of contributions.

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## Data source and limitations

To receive the tax assistance provided to RRSP contributors, one must file a tax return for the tax year in question. This study, therefore, uses the Revenue Canada sample file on the tax-filing public as its data source. For an explanation of the statistical sample, consult Revenue Canada's [\*Taxation Statistics, 1989\*](#). The published historical data and more detailed information retrieved from the Revenue Canada file have been used in this study.

Some limitations exist in these data. It is not possible to obtain longitudinal patterns, with regard to participation and volume of contributions of individual taxfilers. Each annual tax file identifies only those taxfilers claiming RRSP contributions and the amounts of contributions made in **that** particular tax year. The file does not reflect past contributors who continue to hold RRSP investments, but have not contributed in the current year.

Annual contributions do not reflect withdrawals or benefit payouts, but only gross deposits reported. Data on cash withdrawals and benefit payments are virtually non-existent at this time.

RRSP participation should possibly be studied from the perspective of the family, since decisions on whether or not to contribute and how much to invest are often made jointly by husband and wife. Information on family income, RRSP participation or volume of contributions is not available in the tax data, however. This information is particularly crucial in determining male/female RRSP participation. The decision on which spouse's tax return is used to claim contributions might be made on the basis of who will receive the greatest tax advantage (most frequently the husband). Taxfilers are allowed to



contribute to spousal RRSPs, permitting the build-up of retirement savings for spouses whose income may be such that they are unable to contribute themselves. However, the spouse in whose name the RRSP is issued (the annuitant) is not identified in the tax data. The contributions will appear only for the filer claiming the tax assistance.

A taxfiler is free to apply for as many RRSPs as he or she wishes, to contribute to a previously approved or a newly registered plan and to transfer amounts from any of his or her plans to another plan. Again, the tax data reflects only the number of individuals contributing in the tax year and not the total number of plans in existence, or those newly created, reactivate or terminated.

## Contribution ceilings

The maximum annual RRSP contribution permitted under the Income Tax Act has been increased several times. As shown in the following schedule, these changes have affected both the lower limit for participants in employer-sponsored pension plans (RPPs), as well as the higher ceiling applicable to taxfilers who were not RPP members:

Year	RPP non-participant	RPP participant
1957	the lesser of 10% of income or \$2,500	the lesser of 10% of income or \$1,500 minus the employee's contribution to the RPP
1965	the lesser of 20% of income or \$2,500	no change
1972	the lesser of 20% of income or \$4,000	the lesser of 20% of income or \$2,500 minus the employee's contribution to the RPP
1975	restrictions applicable to RPP members were extended to participants in deferred profit sharing plans (DPSPs)	
1976	the lesser of 20% of income or \$5,500	the lesser of 20% of income or \$3,500 minus the employee's contribution to the RPP
1986	the lesser of 20% of income or \$7,500	no change

These ceilings will be drastically changed as a result of new legislation effective in the 1991 tax year. (See [Bill C-52](#))

## Bill C-52

A package of Income Tax Act amendments affecting various tax treatment aspects of employer-sponsored pension plans (RPPs), deferred profit sharing plans (DPSPs) and RRSPs was passed by Parliament and received Royal Assent in June 1990. The new legislation introduces a comprehensive limit of tax assistance to all three programs, including a new ceiling for RRSP contributions (the "RRSP contribution room"). RPP/DPSP participation continues to be a factor in the form of a pension adjustment (PA) amount calculated annually for relevant taxfilers, as the following schedule of the new contribution ceilings shows:

Year	RPP/DPSP non-participant	RPP/DPSP participant
1991 to 1995	the lesser of 18% of income or \$11,500 in 1991 increasing annually to \$15,500 in 1995	the lesser of 18% of income or \$11,500 in 1991 (increasing to \$15,500 in 1995) minus the pension adjustment
1996	the maximum \$ amount will be indexed to the rise in average wages	

The annual PA for a participant in a DPSP or a money purchase RPP consists of the total previous year's employer and employee (if any) contributions to the plan. For a member of a defined benefit RPP, it is a measure of pension savings accrued under the plan the previous year, based on the benefit formula and salary. (For definitions of pension terms, consult [Pension Plans in Canada](#) and for details on the PA calculation see [Saving for Retirement: A Guide to the Tax Legislation](#).)

The legislation will also change or disallow a number of other provisions.

- Some amounts previously eligible for rollover into RRSPs will not be eligible any longer: that is, 1989 will be the last year payments from Old Age Security (OAS), Canada and Quebec Pension Plans (C/QPP), RPPs and DPSPs will be eligible for tax-free transfer into the filer's own RRSP. Also, further limits will be placed on amounts of retiring allowances eligible for rollover. Some direct transfers from some of these sources, particularly RPPs, will still be permitted.
- Rollovers to spousal RRSPs will be phased out by 1994.
- The definition of income on which the 18% will be based will exclude benefits received from OAS, C/QPP, RPPs, DPSPs, RRIFs and retiring allowances, effective the 1990 tax year.

# Notes

## *Note 1*

These data are in current dollars. Average contributions measured in constant dollars actually decreased over this period. As a percentage of total assessed income of all taxfilers, RRSP contributions still remain small, although they grew from one-third of 1% in 1968 to nearly 2.6% in 1987.

## *Note 2*

These low-income taxfilers include some 773,000 individuals (4.5% of all taxfilers) with zero 1987 income. They also comprise many students, part-time workers and retirees whose low income permits little or no opportunity to save. Furthermore, many low-income individuals may have little inclination to save for retirement since the income replacement provided by the public pension programs, Old Age Security/ Guaranteed Income Supplement (OAS/GIS) and Canada and Quebec Pension Plan (C/QPP), at retirement is frequently as great as, or even greater than, their pre-retirement earnings.

## *Note 3*

The major reason for the high average contributions of taxfilers in the older population in 1987 was the use of rollovers (the opportunity to transfer eligible periodic and lump-sum payments into RRSPs).

Contributions are permitted up to the end of the year in which the filer reaches 71 years of age and all accumulated savings must be withdrawn or converted into an annuity or Registered Retirement Income Fund (RRIF) before the end of that year.

## *Note 4*

Traditionally women have had lower participation rates in RPPs and C/QPP, their job tenure has generally been of shorter duration and their average earnings have not been as high. Consequently, women's pension payments and lump-sum benefits such as termination allowances are generally lower than those received by men.

## *Note 5*

Excluded are all members of active DPSPs or of RPPs who are not required to contribute or who have not made voluntary contributions during the tax year, an estimated 25% to 30% of the total RPP/DPSP membership. Since they did not contribute to these programs themselves, their tax returns would not reflect their membership. It is assumed here that the RPP/DPSP members not identified in the tax data through pension contributions react to the RRSP opportunities in the same way as the RPP contributors.

## *Note 6*

An additional 1.8 million taxfilers were not classified (10.5% of the total). More than 70% of these were women and only 3% contributed to an RRSP. They included individuals whose major source of income was from alimony, unemployment insurance benefits, family allowance and other unspecified income.

### **Note 7**

The same reason given in [note 3](#) applies here.

### **Note 8**

To determine the number of taxfilers that will be affected one way or the other is virtually impossible. A significant number will find their contribution room reduced as a result of the lowering of the percentage of income ceiling from 20% to 18%. However, most of these filers will be low-income individuals, who in the past generally did not contribute to RRSPs or, if so, at minor levels. (See [note 2](#))

High-income members of defined benefit RPPs with generous benefit formulae may find their RRSP contribution room limited to a small amount or even to nil. For those whose plans require a high personal contribution, the RRSP room available under the old rules was already small or even zero and, therefore, the new legislation will have little or no effect on them. Participants in DPSPs and defined contribution RPPs (money purchase) will most likely see an increase in their contribution room under the new rules. (For the definition of pension terms, consult Statistics Canada, [Pension Plans in Canada](#), 1988 (1990)).

### **Note 9**

RPP/DPSP non-participants whose income reaches \$41,700 in 1995, will see at least some increase in their contribution ceiling from 1990 to 1995; that is, the 18% of 1995 income will exceed the 1990 \$7,500 maximum. For those with 1995 income of \$83,300 the limit will have doubled - their ceiling will have gone from \$7,500 to \$15,000.

### **Note 10**

This change will provide greater flexibility to taxfilers with varying annual incomes and varying financial needs. Individuals unable to contribute to RRSPs in some tax years, because of low income or unusual financial obligations, will be able to make up for such missed opportunities with additional contributions in years of higher income or lower financial need.

### **Note 11**

The legislation prohibits the cashing in of both the member's own RPP contributions (if any) and those made by the employer on his behalf after two years of plan participation. They must be either left in the pension fund for a deferred pension, used to buy a deferred annuity, transferred to another RPP or transferred into a "locked-in" RRSP. The latter has a number of advantages over the other options and it is expected that a large share of these pension moneys will be transferred into RRSPs. The dollar amounts eventually involved here will be significant. For example, nearly \$800 million was paid back to terminating members from trustee pension funds alone in 1988.

Funds that are locked in cannot be withdrawn in the form of cash, but must be converted into annuity benefits at retirement age.

### **Note 12**

As illustrated previously, nearly 44% of 1987 RRSP contributions was made by taxfilers aged 50 and over and the highest participation rate was among those in the age group 50 to 59.

### **Note 13**

A single trust may be established for individual plans of employees of an employer or members of an association. The employer or association acts as an agent for the participants or annuitants. The advantages of these arrangements over individual RRSPs are numerous. Contributions can be facilitated through payroll deductions, administration costs are reduced significantly, greater returns on investments can generally be realized considering the increased opportunities of a large pool of capital, and employers are permitted to make contributions. These latter contributions are treated as employment income and regarded as wage or salary increases from a taxation standpoint. They are also subject to the standard annual contribution limits.

Also, unlike RPPs, group RRSPs do not need to be registered with federal/provincial pension authorities, do not have to conform to minimum requisites of pension legislation and involve minimal administrative procedures. Additions and terminations of individual contracts are processed simply and employers who elect to contribute can pre-determine their costs.

### **Note 14**

Issuers of RRSPs currently include Canadian insurance companies, trust companies, credit unions, chartered banks, and investment companies approved by an Order-in-Council. Issuers must receive approval of specimen plans from Revenue Canada and contracts issued to their clients must conform to the approved specimen plans.

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Year	Contributors			Contributions		
	Number '000	% of taxfilers	% of population aged 15-70	Total \$ millions	Average amount \$	% of total assessed income
1968	172	2	1	143	830	0.3
1969	206	2	2	179	870	0.4
1970	249	3	2	225	910	0.4
1971	348	4	3	320	920	0.6
1972*	545	5	4	645	1,180	1.0
1973	758	7	5	923	1,220	1.2
1974	936	8	6	1,244	1,330	1.3
1975	1,078	9	7	1,524	1,410	1.4
1976*	1,291	11	8	2,116	1,640	1.7
1977	1,425	11	9	2,369	1,660	1.7
1978	1,571	11	10	2,675	1,700	1.7
1979	1,726	12	10	3,091	1,790	1.7
1980	1,916	13	11	3,676	1,920	1.8
1981	1,954	13	11	3,879	1,990	1.7
1982	2,100	14	12	4,317	2,060	1.7
1983	2,329	15	13	4,997	2,150	1.9
1984	2,645	17	15	5,792	2,190	2.0
1985	2,893	18	16	6,672	2,310	2.2
1986*	3,216	19	18	7,920	2,460	2.4
1987	3,484	20	19	9,024	2,590	2.6

Sources: Revenue Canada-Taxation; Censuses of Population and intercensal population estimates

\* Years contribution ceilings were raised.



Table 2

**RRSP contributors by income range and sex, 1987**

Income range	Both sexes		Men		Women	
	Number	% of taxfilers	Number	% of taxfilers	Number	% of taxfilers
	'000		'000		'000	
Less than \$10,000	121	4	38	4	83	5
\$10,000-\$19,999	622	15	234	12	388	17
\$20,000-\$29,999	885	29	435	25	450	35
\$30,000-\$39,999	788	40	531	37	257	49
\$40,000-\$49,999	514	50	404	48	111	56
\$50,000-\$59,999	240	54	205	54	35	53
\$60,000-\$79,999	163	58	140	58	23	53
\$80,000-\$99,999	61	63	53	64	8	53
\$100,000 and over	90	68	80	71	9	50
Total	3,484	20	2,119	24	1,364	17

*Source: Revenue Canada-Taxation*

Table 3

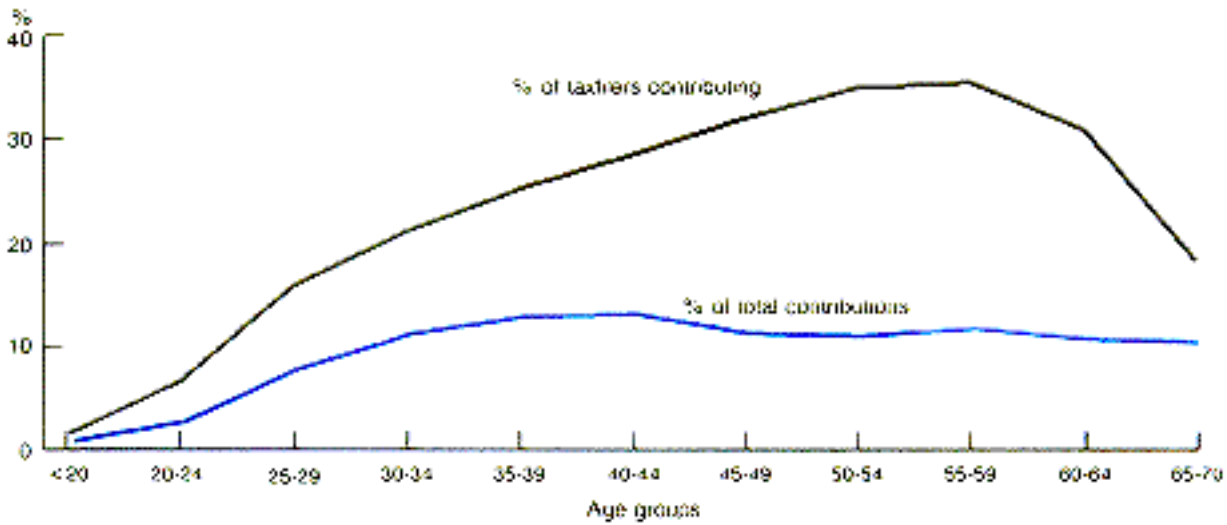
**Total and average RRSP contributions by income range and sex, 1987**

Income range	Both sexes		Men		Women	
	Total	Average amount	Total	Average amount	Total	Average amount
	\$ millions	\$	\$ millions	\$	\$ millions	\$
Less than \$10,000	111	920	33	860	79	940
\$10,000-\$19,999	1,006	1,620	399	1,710	607	1,560
\$20,000-\$29,999	1,903	2,150	972	2,230	931	2,070
\$30,000-\$39,999	1,957	2,480	1,322	2,490	635	2,470
\$40,000-\$49,999	1,445	2,810	1,132	2,810	313	2,820
\$50,000-\$59,999	839	3,490	699	3,410	140	3,960
\$60,000-\$79,999	755	4,630	630	4,490	125	5,450
\$80,000-\$99,999	364	5,980	315	5,910	49	6,520
\$100,000 and over	646	7,210	564	7,040	81	8,650
<b>Total</b>	<b>9,024</b>	<b>2,590</b>	<b>6,065</b>	<b>2,860</b>	<b>2,960</b>	<b>2,170</b>

*Source: Revenue Canada -Taxation*

### RRSP participation and share of total contributions, 1987

The highest rate of RRSP participation is among taxpayers aged 50-59, while the greatest share of contributions came from those aged 35-44.



Source: Revenue Canada-Taxation

Note: Contributions are permitted up to the end of the year that the taxpayer reaches 71 years of age

Table 4

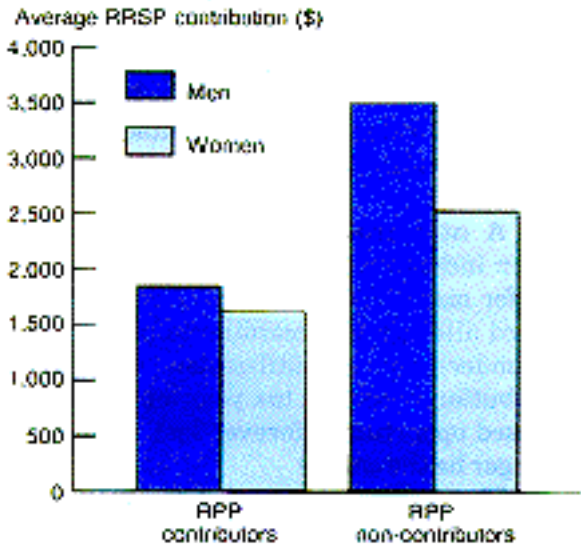
**Percentage of taxfilers contributing to RRSP by age, income and sex, 1987**

	Income range				Total
	Less than \$10,000	\$10,000-\$29,999	\$30,000-\$59,000	\$60,000 and over	
	%				
<b>Both sexes</b>	<b>2</b>	<b>21</b>	<b>45</b>	<b>61</b>	<b>20</b>
Less than 25 years	1	10	30	39	5
25-39	2	19	40	69	20
40-49	4	27	47	64	30
50-64	4	36	57	63	34
65-70	1	20	58	65	18
<b>Males</b>	<b>2</b>	<b>18</b>	<b>43</b>	<b>63</b>	<b>24</b>
Less than 25 years	1	10	10	40	6
25-39	2	17	38	69	24
40-49	4	22	45	64	35
50-64	4	31	55	64	38
65-70	1	20	61	72	22
<b>Females</b>	<b>2</b>	<b>24</b>	<b>51</b>	<b>52</b>	<b>16</b>
Less than 25 years	1	11	36	33	4
25-39	2	22	49	71	17
40-49	3	31	55	65	25
50-64	5	40	64	59	28
65-70	2	21	45	38	14

*Source: Revenue Canada-Taxation*

### Average RRSP deposits by RPP contribution status, 1987

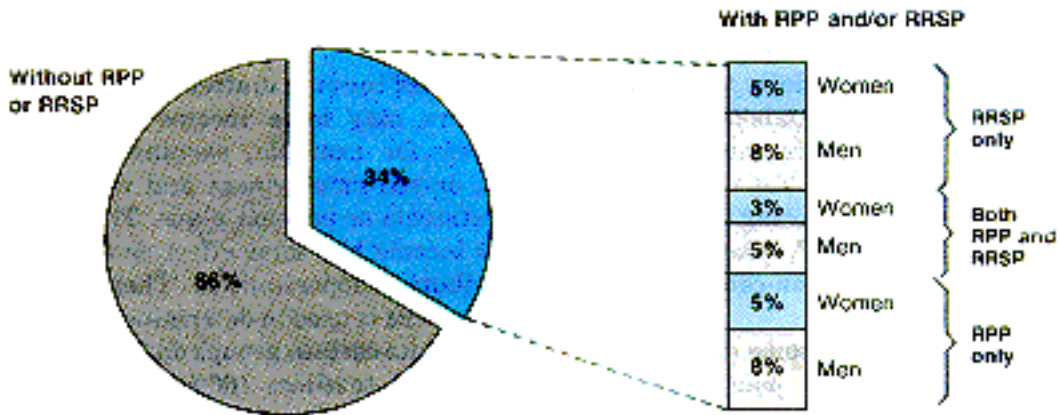
Women not contributing to RPPs deposited, on average, at a much lower level to RRSPs than their male counterparts.



Source: Revenue Canada-Taxation

### RPP and RRSP participation, 1987

More than one-third of taxfilers contribute to RPPs, to RRSPs or to both.



Source: Revenue Canada-Taxation