

# Note on RRSP contributions and payouts

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In recent years, contributions to and income from RRSPs have experienced some dramatic changes, primarily because of two factors: amendments to legislation and the recession. In the 1990 tax year, the recession, coupled with the removal of some contribution opportunities, resulted in the first ever decrease in both contributors and total contributions (-2% and -16%, respectively). In 1991, however, the number of contributors increased 14%. And contributions grew a remarkable 30% - the largest annual increase in 15 years.

This growth was a direct consequence of the implementation of new Revenue Canada rules, standardizing the tax treatment of all private retirement programs. The changes permitted new or increased contribution opportunities for many high-income taxfilers. (High-income earners have traditionally had the highest rates of participation and have maximized their contribution opportunities.) Although this degree of growth is unlikely to persist, RRSPs will probably continue to attract more contributors and growing contributions. [\(1\)](#)

While income from RRSPs (as cash withdrawals and annuity payments) increased at annual rates of about 14% between 1988 and 1990, the amount paid out in 1991 was 23% greater than in the previous year. This increase, reflecting widespread cashing-in of RRSP savings, may be attributed to financial difficulties encountered during the recession. Although 1992 data will not be available for some time, this high level of withdrawals likely continued that year, partially in response to the Home Buyers' Plan implemented in March. [\(2\)](#)



## Table 1 RRSP contributors and beneficiaries, 1988 to 1991

Source: *Small Area and Administrative Data Division*

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# Notes

## Note 1

For a detailed description of the legislative changes and an analysis of the prospects of RRSP growth in the 1990s, see Frenken ([1991](#) and [1990](#)).

## Note 2

The 1990 data show that 40% of RRSP income was reported by taxfilers under 55 years of age (virtually all as cash withdrawals) and another 22% was paid to those aged 55 to 64 (more than 90% as withdrawals). For further information on these data and a description of the Home Buyers' Plan see [Frenken](#) (1992).

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# References

- Frenken, H. "[RRSPs - not just for retirement.](#)" *Perspectives on labour and income*, Quarterly, Catalogue 75-001E, Winter 1992. Ottawa: Statistics Canada, pp. 9-13.
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# Source

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Table 1

**RRSP contributors and beneficiaries, 1988 to 1991**

	1988	1989	1990	1991
<b>Contributors</b>				
(‘000)	3,762	4,137	4,037	4,596
% change	9	10	-2	14
<b>Contributions</b>				
(\$ millions)	12,834	13,336	11,227	14,648
% change	12	4	-16	30
<b>Beneficiaries*</b>				
(‘000)	665	740	792	914
% change	..	11	7	15
<b>Payments**</b>				
(\$ millions)	3,073	3,560	3,976	4,874
% change	..	16	12	23

*Source: Small Area and Administrative Data Division*

*\* Includes taxfilers reporting RRSP income.*

*\*\* Includes cash withdrawals and annuity payments, but excludes RRIF benefits.*