

## Accumulated Income Payment (AIP) Redemption/Withdrawal

AIP withdrawals only consist of earnings (growth) in a RESP. Contributions and CESG (grant) are not included.

### The following 4 conditions all need to be met in order to be eligible to request for an AIP Withdrawal:

1. RESP has been opened for at least 10 years
2. All beneficiaries on the plan are 21 years old or older
3. Beneficiaries are not attending any post-secondary studies
4. The subscriber(s) is resident of Canada

### Alternatively:

The plan is being closed after 35 years OR All beneficiaries are deceased

### Options

Type of AIP	Things to Consider	Form(s) Required	Tax Implications
<b>Withdrawal</b>	<ul style="list-style-type: none"><li>• For accounts held by two subscribers, only one subscriber can receive the AIP payment for tax purposes</li></ul>	<ul style="list-style-type: none"><li>• A letter of direction signed by the subscriber(s) requesting the withdrawal. Letter must state all beneficiary(ies) have no intention of pursuing any post-secondary studies</li></ul>	<ul style="list-style-type: none"><li>• AIP withdrawals are subject to two different taxes: regular income tax and an additional marginal 20% tax. In Quebec, 20% tax consists of 12% to Canada Revenue Agency and 8% to Revenue Quebec</li><li>• T4A tax receipt will be issued to subscriber</li></ul>
<b>Transfer (into a RRSP)</b>	<ul style="list-style-type: none"><li>• The RESP earnings can be transferred to the subscriber's RRSP or spousal RRSP. Transfer cannot be processed into a RRSP in a beneficiary's name</li><li>• This option is available to the original subscriber.</li><li>• Subscriber may</li></ul>	<ul style="list-style-type: none"><li>• A letter of direction signed by the subscriber(s) requesting the transfer. Letter must state all beneficiary(ies) have no intention of pursuing any post-secondary studies</li><li>• CRA form: T1171 – "Tax Withholding</li></ul>	<ul style="list-style-type: none"><li>• T4A tax receipt will be issued for the RESP account and an offsetting contribution receipt will be issued for the RRSP account</li></ul>

transfer up to \$50,000 of AIP into an RRSP. This will be considered a contribution

- Subscriber must have sufficient RRSP contribution room available and are still eligible to hold a RRSP

Waiver” on AIP from RESPs

- A new Mackenzie multi-plan application form to setup RRSP (if required)

**Charitable Donation  
(to a designated educational institution in Canada)**

- RESP earnings can be donated to an educational institution in Canada

- A letter of direction signed by the subscriber(s) requesting the donation. Letter must state all beneficiary(ies) have no intention of pursuing any post-secondary studies
- Instructions/ mailing address where the cheque should be mailed to the selected designated educational institution

- No tax receipt will be issued as donation is considered a gift and not a tax deductible donation