

RRSP Contribution Limit Increases to \$31,560 in 2024

Each year, Canadians are given a maximum contribution limit for their RRSP, which is adjusted based on inflation and other economic factors. The Canada Revenue Agency (CRA) has set the RRSP contribution limit for 2024 as 18% of your earned income in 2023, up to a maximum of \$31,560.

As an RRSP contributor, you must be aware of their annual limit, as exceeding it can result in taxes and penalties.

Key Takeaways

- RRSP contribution limits are set annually by the Canada Revenue Agency. For 2024, the limit is up to \$31,560.
- Staying within the prescribed RRSP limits can help avoid tax penalties.
- Contributing to an RRSP offers both long-term savings and immediate tax advantages.

Determining Your RRSP Contribution Limit for 2024

The RRSP contribution limit is critical for Canadian taxpayers planning their [retirement savings](#). Understanding how to calculate this limit can ensure you maximize your contributions without paying penalties.

An individual's RRSP deduction limit for 2024 is 18% of their earned income from the previous year, capped at a dollar maximum. This maximum limit is \$31,560 for 2024 and is subject to adjustments such as the Pension Adjustment, which accounts for participation in employer-sponsored pension plans. Any unused RRSP deduction room from the previous year can be carried forward and added to the current year's limit.

Taxpayers can find their specific deduction limit by referring to their latest Notice of Assessment provided by the CRA. The [CRA website](#) offers detailed guidance on how one's limit is influenced by various factors.

Understanding the RRSP Deduction Limit

RRSP deduction limit and the RRSP contribution limit are often used interchangeably. The RRSP deduction limit for 2024 sets the ceiling on how much taxpayers can contribute to their RRSPs. This limit is generally 18% of the previous year's earned income, subject to a maximum amount which is \$31,560 for this year.

RRSP contributors can deduct their contributions from their taxable income and get a tax refund based on their marginal tax rate. For example, if you contribute \$10,000 to your RRSP in 2024, you can claim a deduction up to this amount on your tax return in 2025. If your marginal tax rate is 35%, you will receive a tax refund of \$3,500. This is calculated as \$10,000 x 35% (assuming you claim a deduction for the full amount at once).

TFSA Contributions vs. RRSP Contributions

