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Lifelong Learning Plan (LLP)

Includes Form RC96

Before you start

Is this guide for you?

Use this guide if you want information about participating in the Lifelong Learning Plan (LLP).

The LLP allows you to withdraw amounts from your registered retirement savings plans (RRSPs) to finance training or education for you, your spouse or your common-law partner. You do not have to include the withdrawn amounts in your income, and the RRSP issuer will not withhold tax on these amounts.

You have to repay these withdrawals to your RRSPs over a period of no more than 10 years. Any amount that you do not repay when due will be included in your income for the year it was due.

The definitions section on page 3 gives general definitions of the terms we use. Chapter 1 gives information on how the LLP works. Chapter 2 explains how to repay withdrawals under the LLP.

Additional information

This guide uses plain language to explain the most common tax situations. If you need help after reading the guide, go to www.cra.gc.ca, or call us at 1-800-959-8281.

Internet Access

My Account – This is an online service that gives you the convenience and flexibility of viewing your personalized information including Registered Retirement Savings Plan (RRSP), Home Buyers' Plan (HBP), and Lifelong Learning Plan (LLP) information, go to www.cra.gc.ca/myaccount.

Quick Access – Quick Access will give you immediate access to some of your information in **My Account for Individuals**, provided you correctly identify yourself. With Quick Access, you will be able to view your **tax return status, RRSP deduction limit, and the status of your benefit payments**, go to www.cra.gc.ca/quickaccess.

Forms and publications

Throughout this guide, we refer to other forms and publications. You can get these forms and other publications by going to www.cra.gc.ca/forms or by calling 1-800-959-2221.

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Definitions

These definitions provide a general description of the technical terms that we use in this guide.

Common-law partner – this applies to a person who is **not your spouse** (see definition on next page), with whom you are living in a conjugal relationship, and to whom at least **one** of the following situations applies. He or she:

- a) has been living with you in such a relationship for at least 12 continuous months;
- b) is the parent of your child by birth or adoption; or
- c) has custody and control of your child (or had custody and control immediately before the child turned 19 years of age) and your child is wholly dependent on that person for support.

In addition, an individual immediately becomes your common-law partner if you previously lived together in a conjugal relationship for at least 12 continuous months and you have resumed living together in such a relationship.

Under proposed changes, this condition will no longer exist. The effect of this proposed change is that a person (other than the person described in b) or c) above), will be your common-law partner only after your current relationship with that person has lasted at least 12 continuous months. This proposed change will apply to 2001 and later years.

Reference to “12 continuous months” in this definition includes any period that you were separated for less than 90 days because of a breakdown in the relationship.

Designated educational institution – this is a university, college, or other educational institution that qualifies for purposes of the education amount on line 323 of your return.

LLP balance – your LLP balance is the total of the amounts you have withdrawn from your RRSPs that meet the LLP rules, **minus** the amounts you have repaid to your RRSPs or have included in your income.

LLP student – this is the individual whose education you are financing under the LLP. It can be you, your spouse, or your common-law partner, but not your child or the child of your spouse or common-law partner. You have to participate in the LLP for the same LLP student each year until the year after you have reduced your LLP balance to zero.

LLP withdrawal – this is an amount that you withdraw from your RRSPs under the LLP rules.

Qualifying educational program – this is an educational program that requires a student to spend 10 hours or more per week on courses or work in the program, and that lasts three or more consecutive months. The educational program must be offered at a designated educational institution. Where an educational institution, other than one certified by Human Resources and Skills Development Canada offers the educational program, the educational program must be at a post-secondary school level.

Repayment year – this is a year in which you are required to make a repayment under the LLP. You have to make the repayment no later than 60 days after the end of that year.

RRSP contribution – this is the amount you pay, in cash or in kind, when you contribute to an RRSP.

RRSP deduction – this is the amount you indicate on line 208 of your return.

RRSP deduction limit – this is the maximum amount you can deduct for a year for contributions you made to your own, or to your spouse’s or common-law partner’s RRSPs.

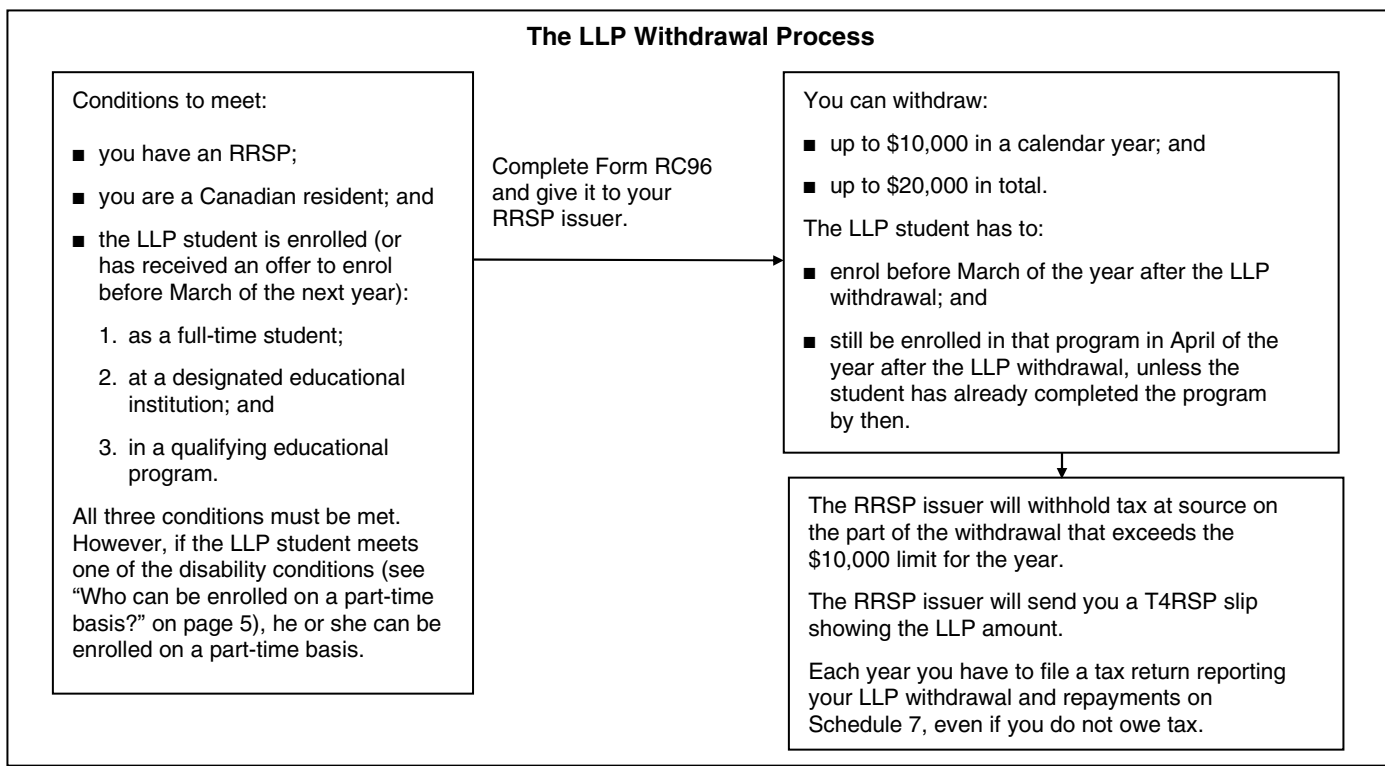
RRSP owner (also called annuitant) – this is the individual named in the RRSP contract as the one who will receive the RRSP money at maturity.

Spouse – you have a spouse when you are legally married.

Chapter 1 – Participating in the LLP

The Lifelong Learning Plan allows you to withdraw up to \$10,000 in a calendar year from your registered retirement savings plans (RRSPs) to finance full-time training or education for you, your spouse or common-law partner. You cannot participate in the LLP to finance your children’s training or education, or the training or education of your spouse’s or common-law partner’s children. As long as you meet the LLP conditions **every year**, you can withdraw amounts from your RRSPs until January of the fourth year after the year you make your first LLP withdrawal. You cannot withdraw more than \$20,000 in total.

You do not have to include the withdrawn amounts in your income, and the RRSP issuer will not withhold tax on these amounts. You have to repay these withdrawals to your RRSPs over a period of no more than 10 years. Any amount that you do not repay when it is due will be included in your income for the year it was due. This chapter explains the conditions that you and the LLP student have to meet to participate in the LLP, and how to make an LLP withdrawal. The following chart summarizes the LLP withdrawal process.



Who can participate in the LLP?

If you are an RRSP owner, you can usually participate in the LLP to withdraw funds from your RRSPs for your own, your spouse’s or your common-law partner’s education.

Certain types of RRSPs, such as locked-in RRSPs, do not allow you to withdraw funds from them. Your RRSP issuer can give you more information about the types of RRSPs that you have.

You cannot participate in the LLP after the end of the year you reach the age of 71.

For more information, see “Options when you turn 71 ” on page 12.

You have to be a resident of Canada when you receive funds from your RRSPs under the LLP. If you are not sure whether you are considered a resident or non-resident of Canada, or if you need more information about residency status, go to www.cra.gc.ca, or call us at 1-800-959-8281.

If you become a non-resident after you make an LLP withdrawal, see “If you become a non-resident” on page 11.

What conditions does the LLP student have to meet?

The LLP student can be you, your spouse or your common-law partner. You cannot name your child or the child of your spouse or common-law partner as an LLP student.

The LLP student must enrol on a **full time basis** in a **qualifying educational program at a designated educational institution**.

If the LLP student meets the disability conditions, the student can enrol on a part-time basis (see “Who can be enrolled on a part-time basis?” on this page). If you are not sure whether the LLP student is enrolling on a full-time basis, check with the educational institution.

The educational institution determines when the student is considered to be enrolled in a program, and when the student is no longer enrolled. Usually, the student is considered to be enrolled when part or all of his or her fees are paid.

If the LLP student is not already enrolled in a program, the student must have received a written offer to enrol before March of the year after you withdraw funds from your RRSPs. A conditional written offer is acceptable.

You cannot participate in the LLP if the student has already completed the program and is no longer enrolled.

What is a qualifying educational program?

A **qualifying educational program** is an educational program offered at a designated educational institution. Where an educational institution, other than one certified by Human Resources and Skills Development Canada, offers the educational program, the program must be at a post-secondary school level. The program has to:

- last three consecutive months or more; and
- require a student to spend 10 hours or more per week on courses or work in the program. Courses or work includes lectures, practical training, and laboratory work, as well as research time spent on a post-graduate thesis. It **does not** include study time.

What is a designated educational institution?

A **designated educational institution** is a university, college, or other educational institution that qualifies for the education amount on line 323 of your return. Contact us at **1-800-959-8281** if you are not sure whether a particular institution qualifies as a designated educational institution.

Who is a full-time student?

The educational institution determines who is a full-time or part-time student. The requirement that the student enrol as a full-time student is separate from the qualifying educational program requirement. The qualifying educational program requirement can be met by a person

taking courses by correspondence or by a person enrolled in a distance education program. Even if the student is enrolled in a program that requires spending 10 hours or more per week on courses or work in the program, the institution may consider the student to be enrolled on a part-time basis. If this is the case, you cannot participate in the LLP. The following section explains the only exception to this rule.

Who can be enrolled on a part-time basis?

An LLP student who meets one of the disability conditions can be enrolled on a part-time basis. The program in which the student is enrolled must still be a qualifying educational program that usually requires a student to spend 10 hours or more per week on courses or work in the program. However, a student who meets the disability conditions can spend less than 10 hours per week on courses or work in the program.

We consider the LLP student to meet the disability conditions if **one** of the following situations applies:

- the student cannot reasonably be expected to be enrolled as a full-time student because of a mental or physical impairment, and a medical doctor, an optometrist, a speech-language pathologist, an audiologist, an occupational therapist, a physiotherapist, or a psychologist has certified this on Form T2202, *Education and Textbook Amount Certificate*; or
- the student is entitled to the disability amount on line 316 of the student’s tax return for the year of the LLP withdrawal.

Note

If the student was allowed the disability amount on his or her return for the previous year and still meets the eligibility requirements for the disability amount, the student will meet the disability condition for the LLP. The student will also meet this condition if someone else claimed the disability amount for the student in the previous year and the student still meets the eligibility requirements for the disability amount. If you have questions about the disability amount, contact us at **1-800-959-8281**.

What if the LLP student does not enrol in the program?

If the LLP student is not already enrolled when you make the withdrawal, the student has to enrol in a qualifying educational program before March of the year after the LLP withdrawal.

If the LLP student does not enrol in the program in time, you have to cancel your LLP withdrawals. For more information, see “How to cancel your LLP withdrawal” on page 7.

How much can you withdraw?

Under the LLP, you can withdraw up to \$10,000 in a calendar year from your RRSPs. This is your **annual LLP limit**. The amount you withdraw is not limited to the amount of tuition or other education expenses. Your spouse or common-law partner can also withdraw up to \$10,000 from RRSPs under the LLP in the same year you do. For more information, see “Can my spouse or common-law partner and I participate in the LLP at the same time?” on page 8.

You can keep withdrawing amounts from your RRSPs until January of the fourth year after the year you made your first LLP withdrawal, as long as the LLP student continues to meet the conditions explained on page 5 under “What conditions does the LLP student have to meet?”

Example 1

Eugene makes his first LLP withdrawal in 2009 for himself as the LLP student. He continues to meet the LLP student conditions every year. He has to make his last withdrawal before February 2013.

You cannot withdraw more than \$20,000 each time you participate in the LLP. This is your **total LLP limit**. You can participate in the LLP again, starting the year after you bring your LLP balance to zero.

If you withdraw more than the annual LLP limit of \$10,000, the excess will be included in your income for the year of the withdrawal. The excess does not reduce your total LLP limit of \$20,000.

If you withdraw more than the total LLP limit of \$20,000, the excess will be included in your income for the year you exceed the total LLP limit.

How do you make the withdrawal?

To make an LLP withdrawal, use Form RC96, *Lifelong Learning Plan (LLP) – Request to Withdraw Funds From an RRSP*. You have to complete Form RC96 for each withdrawal that you make. You can use the form at the end of this guide. To get more copies of the form, go to our Web site at www.cra.gc.ca/forms, or call 1-800-959-2221.

Complete Part 1 of Form RC96. You can name yourself, your spouse or your common-law partner as the LLP student in Part 1. After you complete this part, give the form to your RRSP issuer, who will complete Part 2. Your RRSP issuer will not withhold tax from the funds you withdraw if you meet the LLP conditions. Your RRSP issuer will send you a T4RSP slip, showing the amount you withdrew under the LLP. Attach this slip to your tax return.

Filing a tax return

Starting in the year you make your first LLP withdrawal, you have to complete and send us a return every year until you have repaid all of your LLP withdrawals or included them in your income. You have to send us a return even if you do not owe any tax. Attach the T4RSP slips that your RRSP issuer sends you for your LLP withdrawals.

Complete Schedule 7, *RRSP Unused Contributions, Transfers, and HBP or LLP Activities* (included in your income tax package), and attach it to your return to show your total LLP withdrawals and repayments in the year. This will help both you and CRA to keep track of them.

When you file your return for the first year you are participating in the LLP, you can use Schedule 7 to change the LLP student that you named on Form RC96. If you named your spouse or common-law partner as the LLP student, you can change it to yourself. If you named yourself as the LLP student, you can change it to your spouse or common-law partner. You **cannot** change the LLP student you have named **after** you file your return for that first year.

How does your withdrawal affect your RRSP deduction?

You can continue to make contributions to RRSPs and deduct them from your income on your return after you have made an LLP withdrawal. However, you may not be able to deduct contributions you made **before** the withdrawal. The following explains the restrictions that apply.

If you do not have an RRSP, you cannot set one up and then make an LLP withdrawal immediately. The contribution has to be in the RRSP for 90 days before you can deduct it from your income on your tax return.

If you already have an RRSP and you contribute to it in the 89-day period before you make an LLP withdrawal, you may not be able to deduct the contribution from your income on your return at any time even if you repay this amount to your RRSP under the LLP. If the value of the RRSP right after the LLP withdrawal is **more than** or the **same as** the amount of the RRSP contribution, you can deduct the entire contribution. If the value of the RRSP right after the LLP withdrawal is **less than** the amount of the RRSP contribution, you cannot deduct some or all of the contribution. To find out how much you **cannot** deduct, use the following formula for each RRSP from which you make an LLP withdrawal:

Total contributions you made to the RRSP in the 89-day period before the LLP withdrawal

Minus:

Value of the RRSP immediately after you made the LLP withdrawal

Equals:

The part of the contributions you **cannot** deduct at any time

Example 2

Stephen has an RRSP with a value of \$6,500. He contributes \$8,000 to the RRSP on February 10, 2009. He then makes an LLP withdrawal of \$10,000 on March 1, 2009. The value of the RRSP after the withdrawal is \$4,500.

February 10, 2009	
Value of RRSP before contribution	\$ 6,500
February 10, 2009, contribution	+ \$ 8,000
Value after the contribution	= \$ 14,500
March 1, 2009	
LLP withdrawal	- \$ 10,000
Value after withdrawal	= \$ 4,500
Stephen determines the part of his contribution that is not deductible as follows:	
Contribution in the 89 days before the LLP withdrawal	\$ 8,000
Minus: the value after the withdrawal	- \$ 4,500
Result	= \$ 3,500

Stephen **cannot** deduct \$3,500 of the contribution he made on February 10, 2009, for any year.

You can use the Appendix on page 13 to determine the part of the RRSP contributions you or your spouse or common-law partner made that is not deductible for any year.

What happens if the LLP student leaves the educational program?

For you to be able to repay the LLP withdrawals over a 10-year period, the LLP student usually has to either:

- complete the program; or
- continue to be enrolled in the educational program at the end of March of the year after the LLP withdrawal.

If the LLP student leaves the program before April of the year after the withdrawal, you can still make your repayments over a 10-year period **if less than 75%** of the student's tuition is refundable by the educational institution.

If the LLP student leaves the program before April of the year after the withdrawal, and **75% or more** of the LLP student's tuition is refundable, you have to cancel the LLP withdrawal. For more information, see "How to cancel your LLP withdrawal?" on this page. If you do not cancel it, the amount you withdrew will be included in your income for the year you withdrew it.

We check the LLP student's education amount on line 323 of the student's return for the year you make the withdrawal and for the following year. If we cannot determine from the education amount that the LLP student has continued in the program, we will contact you to find out if you still meet the conditions to make the repayments over a 10-year period.

Example 3

In September 2009, George withdraws \$1,000 from his RRSPs under the LLP. Earlier in the same month, he enrolled in a four-month college program and paid \$750 in tuition fees. George completes the program in January 2010. Therefore, he can repay his LLP amounts over a 10-year period.

Note

Special rules apply if the LLP student dies. For more information, see "If the person who made the LLP withdrawal dies" on page 11.

How to cancel your LLP withdrawal?

You can cancel your LLP withdrawal by paying it back to your RRSPs if **any** of the following situations applies:

- the LLP student was not enrolled in the qualifying educational program when you made the withdrawal and did not enrol in time;
- the LLP student left the program before April of the year after the withdrawal and 75% or more of the student's tuition was refundable; or
- you became a non-resident of Canada **before** the end of the year in which you made an LLP withdrawal.

You cannot make your cancellation payment if the withdrawal did not meet the LLP rules **when you made the withdrawal**. One or more of the situations listed above must apply for you to cancel your withdrawal.

You can make the payment to any of your RRSPs with any issuer, or you can open a new RRSP. You cannot make a cancellation payment to your spouse's or common-law partner's RRSPs.

When you make the cancellation payment to your RRSP, your RRSP issuer will give you a receipt. Complete the cancellation form at the end of this guide and send it, along with the receipt, to the address on the form.

Any amount that you do not repay will be included in your income for the year you withdrew it. If we have already assessed your return for that year, we will reassess it to include the unpaid amount. Interest will be charged and penalties assessed, if applicable.

Due date for cancellation payment

If you are a resident of Canada when you file your tax return for the year in which you made the withdrawal, the due date for the cancellation payment is December 31 of the year after the year you made the withdrawal.

If you are a non-resident of Canada when you file your tax return for the year in which you made the withdrawal, the due date for the cancellation payment is the **earlier of**:

- before the time you file your return for the year in which you made the withdrawal; or
- December 31 of the year after the year of the withdrawal.

Example 4

On May 1, 2009, Patrick applies to three Canadian universities as a full-time student. On July 10, 2009, Patrick receives a written offer to enrol in a program at one of the universities. On July 13, 2009, he makes an LLP withdrawal of \$10,000. Since Patrick withdrew the funds in 2009, he has to enrol in the program before March 1, 2010. If he does not, Patrick will have to cancel the LLP withdrawal by paying back the \$10,000 to his RRSP by December 31, 2010. We will include any amount he does not repay in his income for 2009.

Questions you may have

How often can I participate in the LLP?

There is no limit on the number of times you can participate in the LLP over your lifetime. Starting in the year after you bring your LLP balance to zero, you can participate in the LLP again and withdraw up to \$20,000 over a new qualifying period.

Can my spouse or common-law partner and I participate in the LLP at the same time?

Yes. You can do any of the following:

- you can participate in the LLP for yourself while your spouse or common-law partner participates in the LLP for him or herself;
- you can both participate in the LLP for either of you; or
- you can participate in the LLP for each other.

Each of you can withdraw up to the annual LLP limit of \$10,000 in a year and up to the total LLP limit of \$20,000 over the period you are participating in the LLP.

Can I make LLP withdrawals from more than one RRSP?

You can make LLP withdrawals for you, your spouse or common-law partner from more than one RRSP if you are the RRSP owner of each one. Your total LLP withdrawals in a year from all of your RRSPs cannot be more than the annual LLP limit of \$10,000. In addition, your total LLP withdrawals over the period that you are participating in the LLP cannot be more than the total LLP limit of \$20,000.

Can I make LLP withdrawals for other purposes?

As long as you meet all of the LLP conditions when you make the withdrawal, you can use the funds you withdrew for any purpose. For example, you could use other savings to pay for your tuition and books and use your LLP withdrawal to pay for living expenses.

Can I participate in the LLP and in the Home Buyers' Plan at the same time?

You can participate in the LLP even if you have withdrawn amounts from your RRSPs under the Home Buyers' Plan that you have not yet fully repaid. For more information

about the Home Buyers' Plan, see Guide RC4135, *Home Buyers' Plan (HBP)*.

What if the LLP student does not qualify for the education amount?

It is possible to participate in the LLP even if the LLP student does not qualify for the education amount on line 323 of his or her return. The LLP student **may not be able to** claim the education amount because he or she is receiving a reimbursement, benefit, grant, or allowance for the educational program. If it is only for one of these reasons that the LLP student cannot claim the education amount, you can still participate in the LLP. However, we may ask you for documentation to show that you qualify to participate in the LLP.

Chapter 2 – Repaying your withdrawals

You have to make repayments to your RRSPs over a period of no more than 10 years. Usually, each year you have to repay 1/10 of the total amount you withdrew until the full amount is repaid. You do not have to pay any interest on the amounts you withdrew.

When and how much to repay

You will receive an LLP Statement of Account each year on your notice of assessment or notice of reassessment. This statement will show the total LLP withdrawals, the amount you have repaid to date, your LLP balance, and the amount you have to repay the following year.

To determine when you have to start repaying your LLP withdrawals, use the chart on page 9. In some situations, the latest year you can start repaying your LLP withdrawals is the fifth year after your first LLP withdrawal. However, in most cases, you have to start repaying your withdrawals before that year.

We determine when your repayment period starts by checking on line 323 of the LLP student's return to see if the student was entitled to the education amount as a full-time student for at least three months. If the LLP student does not meet this education amount condition two years in a row, your repayment period usually starts in the second of those two years. If the LLP student continues to meet this condition every year, your repayment period starts in the fifth year after your first LLP withdrawal.

In some cases, the LLP student is not entitled to the education amount for three months in any year. This can happen if the program is a short one and the student starts it near the end of a year. In that case, your first repayment year is the second year after the year of your LLP withdrawal. If the student is not entitled to the education amount for three months in any year because the student left the program, see "What happens if the LLP student leaves the educational program?" on page 7.

Example 5

Sarah makes LLP withdrawals from 2006 to 2009. She continues her education from 2006 to 2011, and is entitled to claim the education amount as a full-time student for at least three months on her return every year. Sarah's repayment period is from 2011 to 2020, since 2011 is the fifth year after the year of her first LLP withdrawal.

The due date for her first repayment is February 29, 2012, which is 60 days after the end of 2011, her first repayment year.

Example 6

Joseph makes an LLP withdrawal in 2008 for a qualifying educational program he is enrolled in during 2008. He is entitled to the education amount as a full-time student for five months of 2008. Joseph completes the educational program in 2009, and he is entitled to the education amount as a full-time student for five months on his return for 2009. He is not entitled to the education amount for 2010 or 2011. Joseph's repayment period begins in 2011.

Note

Even if you become bankrupt, you still have to repay all your LLP withdrawals to your RRSPs. If you do not, you have to include the required amounts in your income each year as they become due.

When to start repaying your LLP withdrawals

Use this chart to determine when you have to start repaying your LLP withdrawals. This chart does not cover cancelling your withdrawal. For that situation, see "How to cancel your LLP withdrawal", on page 7.

Step 1 Is this the year of your first LLP withdrawal? If no , go to Step 2.	If yes , you do not have to start repaying your LLP withdrawal this year.
Step 2 Is this the fifth year after your first LLP withdrawal? (If you made your first LLP withdrawal in 2006, then 2011 would be the fifth year after your first LLP withdrawal.) If no , go to Step 3.	If yes , you have to start repaying your LLP withdrawals this year.
Step 3 Will the LLP student be entitled to the education amount as a full-time student on line 323 of his or her return for at least three months this year? If no , go to Step 4.	If yes , you do not have to start repaying your LLP withdrawals this year.
Step 4 Was the LLP student entitled to the education amount as a full-time student for at least three months on his or her return for last year? If no , you have to start repaying your LLP withdrawals this year.	If yes , you do not have to start repaying your LLP withdrawals this year.

How to make your repayments

To make your repayments, you have to contribute to your RRSPs in the repayment year or in the first 60 days of the following year. You can make the repayments to any of your RRSPs with any issuer, or you can open a new RRSP.

You **cannot** designate a contribution you made to your spouse's or common-law partner's RRSPs (or a contribution your spouse or common-law partner made to your RRSPs) as a repayment under the LLP. You have to designate your repayment for the year by completing Schedule 7, *RRSP Unused Contributions, Transfers, and HBP or LLP Activities* (included in your income tax package), and filing it with your tax return for the repayment year.

You have to make your repayments to your RRSPs even if your RRSP deduction limit is zero or a negative amount. We do not consider an amount you designate as a repayment under the LLP to be an RRSP contribution. Therefore, you cannot claim a deduction for this amount on your return.

Example 7

Betty has an LLP balance of \$7,500. Her repayment period is from 2009 to 2018. For her first repayment year, she needs to repay \$750, which is 1/10 of the amount she withdrew. Betty contributes \$6,000 to her RRSPs in 2009. To designate \$750 as her 2009 repayment, she has to file Schedule 7 with her 2009 return. Betty can deduct the remaining \$5,250 she contributed if the RRSP deduction limit shown on her notice of assessment for 2008 is at least \$5,250.

Contributions you cannot designate

You may have made contributions to your RRSPs from January 1 of the repayment year up to the 60th day of the following year that **cannot** be designated as repayments under the LLP.

You **cannot** designate amounts that:

- you contributed to your spouse's or common-law partner's RRSPs (or that your spouse or common-law partner contributed to your RRSPs);

- you transferred directly to your RRSPs from a registered pension plan, deferred profit sharing plan, registered retirement income fund, the Saskatchewan Pension Plan, or another RRSP;
- you deducted as a recontribution of an excess qualifying withdrawal that you designated to have a past service pension adjustment approved;
- you contributed in the first 60 days of the repayment year, that you deducted on your return for the previous year, or that you designated as a repayment for the previous year under the Home Buyers' Plan or LLP; or
- you received in the repayment year, such as retiring allowances, that you transferred to your RRSPs and deducted or will deduct on your return for that year.

What if you want to repay earlier?

Any payments you make before the first repayment year reduce your first required repayment. For example, assume your first repayment year is 2010 and \$1,000 is your required repayment. If you make an early repayment of \$600 in 2009, your required repayment for 2010 is \$400.

What if you repay less than the amount required?

If you designate an amount that is **less** than the amount you have to repay, you have to include the difference in your income on line 129 of your return. The amount you include in your income is equal to the amount you have to repay **minus** the amount you designate as a repayment for the year. The amount you include in your income cannot be more than the result of this calculation.

Your LLP balance is reduced by the amount you repay **plus** the amount you include in income. If you want to calculate the amount you have to repay for the next year, divide your LLP balance by the number of years remaining in your repayment period.

Example 9

Alexander's repayment period is from 2005 to 2014. His LLP balance is \$8,500. Alexander's repayment for 2005 was \$850 ($\$8,500 \div 10$). He made the repayment for 2005, 2006, and 2007. In 2008, he received an inheritance and decided to contribute \$4,000 to his RRSPs and designate that amount as a repayment under the LLP for 2008. He calculates the amount he has to repay for 2009 using the following chart:

Calculating the annual amount Alexander has to repay				
Year	LLP balance at the beginning of the year	Amount Alexander has to repay for the year	Amount Alexander designates as a repayment for the year	LLP balance for the following year
2005	\$8,500	\$850 ($\$8,500 \div 10$)	\$850	\$7,650
2006	\$7,650	\$850 ($\$7,650 \div 9$)	\$850	\$6,800
2007	\$6,800	\$850 ($\$6,800 \div 8$)	\$850	\$5,950
2008	\$5,950	\$850 ($\$5,950 \div 7$)	\$4,000	\$1,950
2009	\$1,950	\$325 ($\$1,950 \div 6$)	\$325	\$1,625

Example 8

Josée makes a \$10,000 LLP withdrawal in 2007 for a four-month qualifying educational program that finishes in 2007. For 2009, Josée's repayment is \$1,000 ($\$10,000 \div 10$). Josée contributes \$700 to her RRSPs in 2009, and she files Schedule 7 with her return to designate the \$700 as a repayment under the LLP. Josée has to include \$300 in her income on line 129 of her 2009 return. She determined this as follows:

Amount she has to repay for 2009	\$ 1,000
Minus: Amount she designates as a repayment on Schedule 7	– \$ 700
Amount she includes as income on line 129	= \$ 300

She cannot claim a deduction for the \$700 contributed to her RRSPs because she designated those contributions as a repayment under the LLP. In 2010, she will have to repay \$1,000 ($\$9,000 \div 9$).

What if you repay more than the amount required?

If you repay and designate more than you have to repay for a year, the amount you have to repay in each of the following years will be less. The LLP Statement of Account on your notice of assessment or notice of reassessment takes into account any additional payments you make and tells you how much you have to repay for the next year. If you want to calculate the amount you have to repay for the next year, divide your LLP balance by the number of years left in your repayment period.

Situations where the repayments have to be made in less than 10 years

Additional repayment rules apply if you:

- die;
- become a non-resident; or
- are over the age of 71.

If the person who made the LLP withdrawal dies

Usually, if the person who made the LLP withdrawal dies, the legal representative has to include the LLP balance in the deceased person's income for the year of death. If the deceased person contributed to an RRSP in the year of death, the legal representative can designate the contributions as a repayment under the LLP using Schedule 7, *RRSP Unused Contributions, Transfers, and HBP or LLP Activities*. This reduces the LLP balance that the legal representative has to include in the deceased person's income.

Note

An LLP student who dies may not have been the person who made the LLP withdrawal. If this is the case, the person who made the withdrawal makes the required LLP repayments over the usual 10-year period.

LLP election on death

If, at the time the person who made the LLP withdrawal dies, he or she has a spouse or common-law partner who is a resident of Canada, that individual can elect jointly with the deceased person's legal representative to make the repayments and to not include the LLP balance in the deceased person's income. If the surviving spouse or common-law partner is also the legal representative, he or she makes the election.

To make this election, the surviving spouse or common-law partner and the deceased person's legal representative sign a letter and attach it to the deceased person's tax return for the year of death. The letter should state that an election is being made to have the surviving spouse or common-law partner make the repayments under the LLP, and to not have the income inclusion rule apply for the deceased person. The deceased person's LLP balance then becomes the survivor's LLP balance. The surviving spouse or common-law partner makes the repayments to his or her own RRSPs.

Note

If an election is made and the deceased person had not made a repayment for the year of death, no repayment will be required for that year for the deceased.

If the surviving spouse or common-law partner has no LLP balance of his or her own, he or she repays the LLP balance over the deceased person's repayment period. If the surviving spouse or common-law partner wants to make LLP withdrawals, the LLP balance taken over from the deceased person will limit the amount he or she can withdraw.

The survivor's total LLP limit will be \$20,000 **minus** the LLP balance taken over from the deceased person. The annual LLP limit for the year of death will be \$10,000 **minus** the remaining LLP balance of the deceased person.

Example 10

Isabelle died in 2009. At the time of death, she had an LLP balance of \$7,200. Her repayment period is from 2008 to 2017. Her husband Bruno is her legal representative.

Bruno decides to elect to make the repayments. He checks the LLP Statement of Account on Isabelle's most recent notice of assessment. It shows that the amount she has to repay for 2009 is \$800. When he prepares Isabelle's return for 2009, he does not include her LLP balance in her income. Instead, he writes a letter explaining that he is electing to make his late wife's LLP repayments. He signs the letter and attaches it to her return. Bruno contributes \$800 to his RRSP and when he completes his own return for 2009, he designates that amount as an LLP repayment using Schedule 7.

If Bruno wants to participate in the LLP for his own education, his total LLP limit is now \$20,000 **minus** the remaining LLP balance from Isabelle. In addition, his annual LLP limit for 2009 is \$10,000 **minus** the remaining LLP balance from Isabelle.

If Bruno did not make the election, he would have to include \$7,200 as income on line 129 of Isabelle's final return for 2009.

If the surviving spouse or common-law partner already had an LLP balance of his or her own at the time the person dies, the deceased person's LLP balance is added to the survivor's LLP balance. This may cause the survivor's LLP balance to be more than the \$10,000 annual limit or the \$20,000 total limit. If this occurs, we will not include the excess in the income of either the survivor or the deceased person. The surviving spouse or common-law partner has to repay the new balance over his or her own repayment period.

Example 11

Irene died on June 10, 2009. At the time of death, she had an LLP balance of \$7,000 to be repaid. Irene's common-law partner Paul is the estate's legal representative. He decides to make Irene's LLP repayments. He has his own LLP balance of \$14,000, and his repayment period is from 2009 to 2018. Paul will add Irene's LLP balance of \$7,000 to his own LLP balance of \$14,000, and repay the total \$21,000 over his repayment period (from 2009 to 2018).

If you become a non-resident

If you become a non-resident of Canada **after the year you make an LLP withdrawal**, your LLP balance becomes payable for the year that you become a non-resident. The due date for the repayment is the **earlier of**:

- the date you file your return for the year you became a non-resident; or
- 60 days after you stop being a Canadian resident.

You have to designate your repayment for the year by completing Schedule 7 and filing it with your tax return for the year that you become a non-resident. If you do not repay your LLP balance by the due date, you have to include the unpaid amount in your income for the year that you became a non-resident. The amount is included in income for the period you were a resident of Canada.

If you become a non-resident **before the end of the year in which you make an LLP withdrawal**, you have to cancel your LLP withdrawals by paying them back to your RRSPs.

If you are a non-resident of Canada when you file your tax return for the year in which you made the LLP withdrawal, the due date for the cancellation payment is whichever is **earlier**:

- before the time you file your return for the year in which you made the withdrawal; or
- December 31 of the year after the year of the withdrawal.

If you are a resident of Canada when you file your tax return for the year in which you made the LLP withdrawal, the due date for the cancellation payment is December 31 of the year after the year you made the withdrawal.

When you make the cancellation payment to your RRSPs, your RRSP issuer will give you a receipt. Complete the cancellation form at the end of this guide and send it, along with the receipt, to the address shown on the form.

If you do not make the cancellation payment by the due date, we will include the LLP withdrawal in your income for the year you made it. You may be charged interest, if applicable.

Options when you turn 71

After the end of the year you reach the age of 71, you are no longer able to make contributions to your RRSP and therefore are not able to repay your LLP balance.

In the year you reach the age of 71, you can choose to repay all or part of your unpaid balance. After that, you will have to include your annual repayment in your income, on line 129 of your return, each year as it becomes due.

Example 12

In 2002, at the age of 64, Henry makes an LLP withdrawal of \$9,000. His repayment period began in 2007. The required annual repayment is \$900.

In 2009, he reaches the age of 71. Henry's LLP balance at the beginning of 2009 is \$7,200 and he can choose to make an LLP repayment, or to include \$900 in his income.

In 2009, Henry decides to contribute \$3,000 to his RRSPs and to designate that amount as a repayment under the LLP. This leaves him with an unpaid balance of \$4,200 at the end of 2009. Henry will have to include \$600 ($\$4,200 \div 7$) in income for each year from 2010 to 2016.

If he did not repay any part of the \$7,200, he would have to include \$900 in income each year from 2009 to 2016.

If he repaid the entire \$7,200, he would not have to include any part of this amount in his income.

Appendix – Effect of LLP on RRSP deductions

Calculating the part of RRSP contributions that is not deductible for any year

Use a separate chart for each LLP withdrawal.

Area 1 – Complete this area if you are the only one who contributed to your RRSP during the 89-day period just before you made an LLP withdrawal from that RRSP.

1. RRSP account number	_____	1
2. Amounts you contributed to the above RRSP during the 89-day period just before you made an LLP withdrawal from that RRSP *	\$ _____	2
3. Fair market value of the above RRSP right after you made an LLP withdrawal.....	– _____	3
4. Line 2 minus line 3 (if negative, enter “0”). This is the amount of your contributions to the RRSP shown on line 1 that you cannot deduct for any year.	= \$ _____	4

Area 2 – Complete this area if you contributed to your spouse’s or common-law partner’s RRSP during the 89-day period just before your spouse or common-law partner made an LLP withdrawal from that RRSP.

5. RRSP account number	_____	5
6. Amounts you and your spouse or common-law partner contributed to the above RRSP during the 89-day period just before your spouse or common-law partner made an LLP withdrawal from that RRSP **	\$ _____	6
7. Fair market value of the above RRSP right after your spouse or common-law partner made an LLP withdrawal.....	– _____	7
8. Line 6 minus line 7 (if negative, enter “0”). This is the amount of the contributions to the RRSP shown on line 5 that is not deductible for any year. ***	= \$ _____	8

*** Do not include:**

- any amounts for which you did not receive an official RRSP receipt;
- contributions representing lump-sum amounts (for example, retiring allowances) that you transferred to this RRSP (you have to include amounts you contributed to another RRSP during the 89-day period just before your withdrawal that were transferred to the RRSP identified on line 1);
- the excess amount that you withdrew from your RRSPs in connection with the certification of a provisional past service pension adjustment, which you recontributed to this RRSP for the year and for which you claim or will claim a deduction;
- an amount you contributed to this RRSP that was refunded to you as an undeducted amount (you may have completed Form T3012A, *Tax Deduction Waiver on the Refund of Your Unused RRSP Contributions Made in ___*); or
- amounts you contributed as a repayment or cancellation payment under the Home Buyers’ Plan.

**** Do not include:**

- any amounts for which you or your spouse or common-law partner did not receive an official RRSP receipt;
- contributions your spouse or common-law partner made for amounts that he or she transferred to this RRSP (you have to include amounts that your spouse or common-law partner contributed to another RRSP during the 89-day period just before the withdrawal that he or she transferred to the RRSP identified on line 5);
- the excess amount that your spouse or common-law partner withdrew from his or her RRSPs in connection with the certification of a provisional past service pension adjustment, which he or she recontributed to this RRSP for the year and for which he or she claims or will claim a deduction;
- an amount you or your spouse or common-law partner contributed to this RRSP that was refunded to the designated person as an undeducted amount (the designated person may have completed Form T3012A, *Tax Deduction Waiver on the Refund of Your Unused RRSP Contributions Made in ___*); or
- amounts you or your spouse or common-law partner contributed as a repayment or cancellation payment under the Home Buyers’ Plan.

******* If both you and your spouse or common-law partner made contributions to the above RRSP during the 89-day period just before your spouse or common-law partner made an LLP withdrawal, the earliest contributions made during this period are non-deductible.



LIFELONG LEARNING PLAN (LLP) REQUEST TO WITHDRAW FUNDS FROM AN RRSP

- Use this form to make a withdrawal from your RRSP under the LLP. Complete Part 1, and give the form to your RRSP issuer.
- For more information about the LLP and who qualifies to use it, see Guide RC4112, *Lifelong Learning Plan (LLP)*.

Part 1 – Complete this part to make an LLP withdrawal from your RRSP

Name		Social insurance number	
Address			
City	Province or territory	Postal code	
Who is the LLP student? (check one) You <input type="checkbox"/> Your spouse or common-law partner <input type="checkbox"/>			
If you checked "Your spouse or common-law partner", enter his or her name and social insurance number.		Social insurance number	
1. Has the LLP student enrolled in a qualifying educational program at a designated educational institution, or received a written offer to enrol before March of next year in such a program? For information about qualifying educational programs and designated educational institutions , see Guide RC4112, <i>Lifelong Learning Plan (LLP)</i> . Yes <input type="checkbox"/> <i>Go to question 2.</i> No <input type="checkbox"/> <i>You cannot make an LLP withdrawal. Do not complete the rest of this form.</i>			
2. Is the student enrolling as a full-time student or a part-time student? Full-time <input type="checkbox"/> <i>Go to question 4.</i> Part-time <input type="checkbox"/> <i>Go to question 3.</i>			
3. Does the student meet one of the disability conditions explained in Guide RC4112, <i>Lifelong Learning Plan (LLP)</i> ? Yes <input type="checkbox"/> <i>Go to question 4.</i> No <input type="checkbox"/> <i>You cannot make an LLP withdrawal. Do not complete the rest of this form.</i>			
4. How much do you want to withdraw?		\$ _____ A	
5. Is this your first LLP withdrawal this year? Yes <input type="checkbox"/> <i>Go to question 6.</i> No <input type="checkbox"/> How much have you already withdrawn under the LLP this year? \$ _____ B If the total of lines A and B is more than \$10,000, your RRSP issuer will withhold tax on the part of your withdrawal that exceeds the \$10,000 limit. You have to include the part that exceeds the \$10,000 limit in your income on your return.			
6. How much have you withdrawn under the LLP in previous years of your current participation? Do not include amounts that you repaid to your RRSPs after participating in the LLP in the past or the amounts you included in your previous year's T1 return because you exceeded the \$10,000 limit. If the total of lines A, B, and C is more than \$20,000, your RRSP issuer will withhold tax on the part of your withdrawal that exceeds the \$20,000 limit. You have to include the part that exceeds the \$20,000 limit in your income on your return.		\$ _____ C	
7. What is the account number of the RRSP from which you want to make the LLP withdrawal? _____			
I certify that the information given in Part 1 of this form is correct and complete.			
_____		_____	
Signature of participant		Date	

Part 2 – To be completed by the RRSP issuer

- **Do not** send us a copy of this form. However, keep one for your records.
- Withhold tax if the total of lines A and B above exceeds \$10,000, or if the total of lines A, B, and C above exceeds \$20,000, withhold tax only on the excess.
- Report the amount withdrawn in box 25 of a T4RSP slip issued in the name of the RRSP annuitant for the year of the withdrawal.
- For more information on how to report LLP withdrawals, see Guide T4079, *T4RSP and T4RIF Guide*.

RRSP issuer's name			
Address	City	Province or territory	Postal code
Phone number	Amount withdrawn	Date of withdrawal	
		YYYY	MM DD

**LIFELONG LEARNING PLAN (LLP) – CANCELLING A WITHDRAWAL MADE IN _____
(year)**

Complete this form to tell us that you are cancelling an LLP withdrawal. Complete the title by writing the year you made the withdrawal on the blank line.

You can only cancel a withdrawal if you met the LLP rules when you made the withdrawal. The reasons listed below are the only acceptable ones for cancelling an LLP withdrawal. Please tick (✓) the box beside the reason that applies to you.

- The student was not enrolled in the qualifying educational program when you made the withdrawal and did not enrol in time.
- The student left the program before April of the year after the withdrawal, and 75% or more of the tuition was refundable.
- You became a non-resident of Canada before the end of the year in which you made the withdrawal.

You can cancel a withdrawal by repaying the amount you withdrew from your RRSP. You can make your cancellation payment to any of your RRSPs, or open a new RRSP. If you do not repay all the funds you withdrew, you have to include the unpaid amounts in your income for the year they were withdrawn.

Information about the RRSP owner (this is the individual who made the RRSP withdrawal)

Last name		First name and initials		Social insurance number
Address				
City	Province or territory	Postal code	Telephone number	

Amount you withdrew \$

Amount of cancellation payment \$

Date of cancellation payment		
Year	Month	Day

RRSP owner's signature

Send this form and your official RRSP contribution receipt to: Pension and RRSP Processing Group
Ottawa Technology Centre
875 Heron Road
Ottawa ON K1A 1A2

