



Canada Revenue Agency: Avoid These 2 Mistakes With the Looming RRSP Deadline

Description

The registered retirement savings plan (RRSP) is a popular retirement plan for Canadians because of the many benefits it offers. One of the benefits it provides is its tax-deductible status for your contributions. You can allocate 18% of your earnings in a year to this account so that the remaining 82% is liable for an income tax deduction and not the entire annual income.

With the RRSP deadline on March 2, 2020, for the 2019 income, you're short on time to sort out your contributions.

As you investigate the potential assets you can contribute to your RRSP, I am going to discuss two critical RRSP contribution mistakes you need to avoid.

Additionally, I am going to discuss **Brookfield Renewable Power Fund** ([TSX:BEP.UN](#))([NYSE:BEP](#)) as a stock you can consider contributing to your RRSP before the deadline.

Missing a contribution

Even if you miss out on a single contribution to your RRSP can reduce the potential value of your RRSP at the end of 25 years. Assuming that there is a 5% rate of annual returns from the RRSP that grows the total portfolio, missing a contribution of just \$5,000 could mean a potential loss of \$17,000 you could have had through the tax-sheltered compounded growth.

Make sure you never skip on even a single contribution to your RRSP every year.

Over-contributing

Some investors are so enthusiastic about their savings plans that they forget about how much they should contribute. The [2020 contribution limit for the RRSP](#) for your 2019 income is either 18% of your total annual income or \$26,500 – whichever comes first.

The maximum you can exceed this contribution limit is by \$2,000. If you contribute an excess of \$2,000 more than the contribution limit, the surplus amount may be subject to tax penalties of 1% per month. Make sure you check in with the Notice of Assessment sent to you by the Canada Revenue Agency (CRA) to confirm your contribution limit.

A stock to consider

With the deadline right around the corner, you might be scrambling in search of assets you can contribute to your RRSP on time. Brookfield Renewable could be an excellent option to consider. The stock is providing you with exposure to the transition toward [green and renewable energy](#).

Green power is going to be the most significant economic shifts our generation will see. The potential market is unimaginable over the long term. Fossil fuels will eventually run out, and the US\$1 trillion renewable energy industry will have plenty more room to proliferate.

Brookfield is one of the few companies completely invested in green energy solution registered on the **TSX**. At writing, the stock trades for \$68.71 per share – more than 73% higher than the same time last year. It also pays its shareholders dividends at a juicy 4.12% yield.

Foolish takeaway

Avoid missing contributions to and don't go over the contribution limit so you can maximize your potential retirement fund through your RRSP portfolio.

If you're short on time and in a hurry for stocks to consider adding to your RRSP, Brookfield Renewable could be an excellent option to consider.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

TICKERS GLOBAL

1. NYSE:BEP (Brookfield Renewable Partners L.P.)
2. TSX:BEP.UN (Brookfield Renewable Partners L.P.)

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Author

adamothonman

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