



# STRP UPDATE

## COMPARING RRSPS, TFSAS AND VOLUNTARY CONTRIBUTIONS TO THE STRP

Personal savings are one of the key pillars of the Canadian retirement system. Opening personal savings accounts like RRSPs, TFSAs, and making voluntary contributions to your pension plan are important steps to help you reach your retirement goals. But understanding the differences between these accounts can be tough, so let's take a closer look.

RRSP	TFSAs	STRP VOLUNTARY CONTRIBUTIONS
Typically used for long-term retirement goals.	Meant for short-term financial goals, for example: a down payment on a house.	Used for long-term retirement goals.
Make contributions pre-tax.	Make contributions post-tax.	Make contributions pre-tax.
Tax deductible.	Not tax deductible.	Tax deductible.
Maximum annual contribution limit is 18% of your annual pre-tax income (minus your pension adjustment amount and any voluntary contributions you make to the STRP).	Maximum annual contribution limit is \$6,000 (2020 & 2021 respectively) of after-tax dollars.	Maximum annual contribution limit of 18% of your annual pre-tax income (minus your pension adjustment amount). Submit a request for an estimate of your annual voluntary contribution limit.
Contribution room can be carried forward to future years.	Contribution room can be carried forward to future years Withdrawals add contribution room.	Contribution limit is based on current year's availability only.
You make your own investment decisions or pay stiff fees to have someone help you.	You make your own investment decisions or pay stiff fees to have someone help you.	Your contributions are pooled with the STRP and invested by the Plan's professional investment managers. This significantly reduces investment fees.
Can be withdrawn at any time; tax is paid upon withdrawal.	Can be withdrawn at any time; no tax paid upon withdrawal.	Withdrawn only when you retire or terminate membership in the STRP. Tax is paid upon withdrawal or can remain tax sheltered if transferred to an RRSP.

### UNDERSTANDING YOUR RRSP CONTRIBUTION LIMIT

Each year the federal government sets the maximum amount of contributions you can make to your RRSP. For 2021, your allowable RRSP contribution limit is **18%** of your current year's earned income or a maximum of **\$27,830**. If you do not use the maximum contribution limit, it will be carried forward for future years.

If you do have a registered pension plan like STRP, your RRSP contribution limit will be reduced by the pension adjustment reported on your T4 tax slip that is filed with CRA. Voluntary contributions to the STRP also reduce your contribution room. To find your RRSP contribution limit, log into your CRA account.

## ASK THE EXPERT – I WANT TO RETIRE IN A YEAR. WHAT DO I HAVE TO DO?

You are ready to retire? Yes? That's great! Here are some things to help you get started.

- 1 Choose a retirement date. Using the [STRP Pension Estimator](#) can help!
- 2 [Request a formal pension estimate and retirement application package](#) from the STRP at least 6 months in advance of your retirement date.
- 3 Complete the required forms, then mail them along with all required documents to the STRP 2 months prior to your chosen retirement date.
- 4 Notify your employer in writing at least 30 days prior to your date of retirement.
- 5 Once your completed retirement package has been received, and your school board has remitted your final pension information to the STRP, your final retirement calculation will be completed. Your monthly pension will be paid on the last banking day of each month.
- 6 That's it! Congratulations, you are officially retired.

Visit the [Planning for Retirement](#) section of the website for more information on how to prepare for retirement.

## HOW HAS THE PLAN FARED SINCE THE PANDEMIC?

Around the world investment markets are being challenged with the economic impacts of COVID-19. Investors are doing their best to weather the storm of very low interest rates and high volatility in equity markets.

The STRP Investment Team remains focused on their long-term strategy which involves building allocations to alternative assets. This includes infrastructure, private equity and private credit investments. These alternative asset classes provide a less volatile rate of return than equities while still providing investment income sufficient to help fund the Plan.

As of September 30, 2020, the STRP investment portfolio has delivered a solid return of 8.5% over the last year and 7.4% annualized over the last four years. This is a positive indicator that our portfolio diversification and risk management strategies are effective, and that the Plan remains resilient in the face of economic challenges.

## STRP STATS (AS AT JUNE 30, 2020)



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Need more information? Contact us at:

Saskatchewan Teachers' Retirement Plan  
2317 Arlington Avenue, Saskatoon SK S7J 2H8  
T: 306-373-1660 in Saskatoon or 1-800-667-7762  
F: 306-955-1157 E: [strp@stf.sk.ca](mailto:strp@stf.sk.ca)  
[www.stf.sk.ca](http://www.stf.sk.ca) [f](#) [t](#) [@SaskTeachersFed](#)

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