Canada/US Retirement Plan Portability - Advanced Tax and Structuring Issues for Cross-Border Clients

Hosted by:
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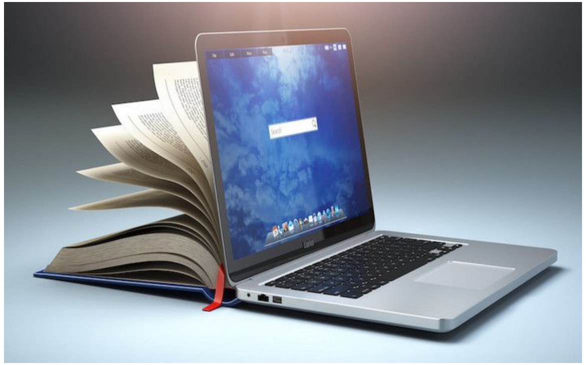
Style Note: GFP Institute recognizes that there are many couples who are not heterosexual and/or heteronormative; however, in this presentation, we have chosen to use heterosexual terminology throughout because the husband/wife, she/her and he/him pairings allow for discrete differentiation in explaining some of the more complicated technical concepts.

The Global Financial Planning Institute

- An organization founded in 2020 to provide *education, community, tools/resources,* and *ongoing research* for fiduciary financial advisors and affiliated professionals worldwide who work with clients whose financial lives cross borders.



Ashley Murphy, CFP® GFP (USA) Fellow

- Tri-citizen → Born in UK to Australian Dad, raised in Australia, American mother
- Financial Planning Association
  - Int'l & Cross Border Knowledge Circle Host (2017 – 2019)
- Graduate Diploma in Financial Planning - Australia (2014 - 2019)
- Adjunct-Professor at UC Berkeley Ext (2014) and Golden Gate University (2017)
- Conference speaker (FPA, XYPN, Society Financial Service Professionals)
- Executive Director, GFP Institute (2020 - present)

Matt Goren, CFP® PhD GFP (USA) Fellow

- PhD from UC Berkeley
- Adjunct Professor of Cultural Psychology at UC Berkeley (2015 - 2016)
- Adjunct Professor of Personal Finance at University of Georgia (2016 - 2018)
- Adjunct Professor of Financial Planning at The American College (2018 - 2019)
- Assistant Professor of Financial Planning at The American College (2019 - pres.)
- Director of Curriculum at the Global Financial Planning Institute (2020 - pres.)

GFPI Membership Level Comparison

Global Financial Planning Institute

A	B	C	D	E
	Benefit	**Open Membership**	**Associate Membership**	**Full Membership**
Annual Fee		$60	$295	$445 but first yr incl with Master Class Registration
Community				
	All Member Forum (unmoderated)	X	X	X
	Member Only Forum		X	X
Marketing				
	- Referrals - 'Find an Advisor' Listing			X
	- Media Enquiries			X
Content				
	- Introductory Presentations only (no access to slide-deck) - Blog	X	X	X
	- Intermediate and Advanced Presentations (Slide-decks) - White Papers	1 per year	X	X
Events				
	Discounts to Conferences/Events		X	X
Practice Tools				
	Institutional Foreign Exchange (25 bps)	X	X	X
	Professional Services Network - Network of international and cross-border CPAs, tax-attorneys, estate-attorneys, banking & insurance professionals.	X	X	X
	HEART Exit tax Calculator			X
GFP Fellow Status				
	- Entitled to use 'GFP Fellow'			X

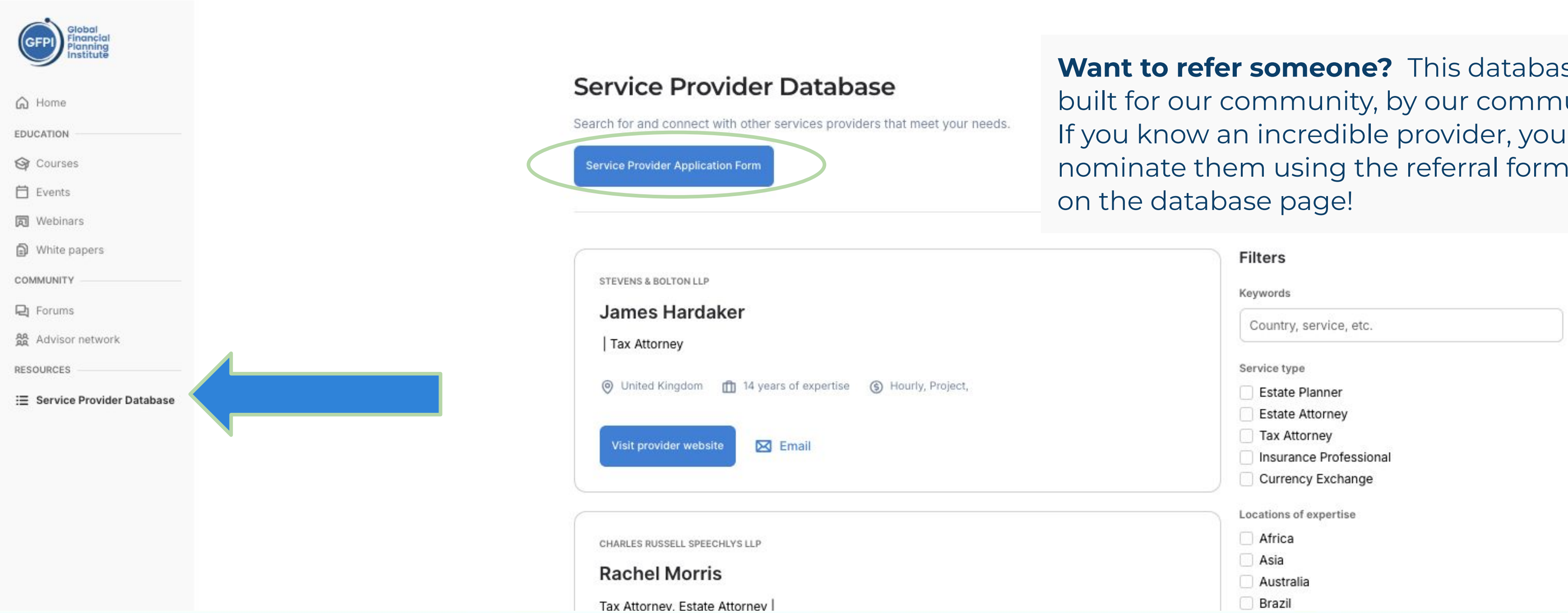
- Membership in the GFP Institute is an investment In education, a like minded community and the the creation of a global profession

GFPI Service Provider Database

We are excited to announce our New Service Provider Database is Live!

We are adding more trusted professionals every single day, so keep checking back as we continue to build it out.

Want to refer someone? This database is built for our community, by our community. If you know an incredible provider, you can nominate them using the referral form right on the database page!



Global Financial Planning - Advanced Class (Coming Q4-26)

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Foundations

- Cross-border planning principles
- Client psychology & ethics
- U.S. compliance status

Immigration & Relinquishment

- U.S. immigration pathways
- Exit tax & HEART Act
- Golden visas & CBI programs

Investments

- PFIC compliance & reporting
- Int'l asset location strategy
- Cross-border real estate

International Tax

- Tax treaties & reporting
- Dual-status taxpayers
- Mixed-nationality planning

Forex Banking & Mortgages

- Expat banking challenges
- Cross-border borrowing

Retirement Income

- Totalization agreements
- Multi-source retirement income
- Distributing accounts abroad

Estate Planning & Misc

- Wills, trusts & QDOT
- Transfer & inheritance taxes
- Education & family planning

Global Case Studies

- Europe & Australia scenarios
- Asia (China & India)
- South America cases

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Join Us Next Month- Tues, Aug 18th

Join us on **August 18th for a GFP Premium Member session with Ashley Murphy**. Join the webinar on August 19th at 3:00 PM CT to learn about avoiding or gaining U.S. tax residency through the closer-connection exception and treaty tie-breakers.

The session will cover the substantial presence test, maintaining a foreign tax home, and best practices for international tax compliance for globally mobile clients.

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Questions and Answers

For other follow ups, please email me at nicole@gfp.institute

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Canada-US Retirement Plans: Portability-Tax-Structuring

Global Financial Planning Institute
June 2, 2026

Transition Financial Advisors Group, LLC

Brian Wruk - Founder
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The Status of Canada/U.S. Relations

Agenda

1 – The Canadian in America (20 mins)

2 – The American in Canada (20 mins)

3 – Q&A (10 mins)

Canadian Retirement Plans

Registered Retirement Savings Plan – RRSP

- Last main bastion for tax savings in Canada
- Similar to a US IRA (but different!!)
- Need "RRSP room" in order to contribute
  - "Room" created by 18% of earned income t-1
  - Maximum contribution in 2026 is C$33,810
    - Based on C$187,834 of 2025 earned income
  - Watch pension adjustment!

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Canadian Retirement Plans (cont'd)

Registered Retirement Savings Plan – RRSP

- Contribution room carries forward indefinitely!
- Great planning opportunity
- Can contribute in-kind securities and cash

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Canadian Retirement Plans (cont'd)

Registered Retirement Income Fund– RRIF

- Basically an RRSP converted to start RMDs
  - Conversion takes place in year account holder turns 71
  - Payments commence the next tax year (age 72)
  - Calculation of annual minimum payment:
    - Prescribed age % X Jan. 1 balance of RRIF
    - Example: RRIF balance is C$1,000,000
    - Prescribed rate at age 72 is 5.4% X C$1,000,000 = C$54,000

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RRSP Tax Implications

Canada

- Tax-deferred accumulation
- Withdrawals are taxable
- Subject to 25% withholding at source
- If incorrect withholding, file Part XIII with NR7

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RRSP Tax Implications (cont'd)

US

- Per Treaty, IRS continues tax-deferral, no PFIC issue
- Withholding becomes foreign tax credit on US return
  - Avoid double taxation
- Problems:
  - How are RRSPs taxed?
  - Passive or General Limitation FTC? Much gray!

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RRSP Tax Implications (cont'd)

- Is RRSP a trust? Retirement plan? Brokerage account?!
  - Much debate about how to treat it
  - If brokerage account, difficulty tracking – Passive FTC
    - PFICs?
  - Retirement plan easiest, step up ACB prior to entry in US
  - ACB comes out tax-free, only gains after entry taxable
    - Taxable portion taxed as ordinary income
    - General Limitation FTC – can accumulate quickly

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RRSP Tax Implications (cont'd)

- What about state taxes?
  - "Oops" and "A-ha!" moment
- Treaty provides tax-deferral, a Federal agreement
- State doesn't necessarily follow suit!!
- RRSPs fully taxable in CA, NY, PA, annually
  - AZ honors Treaty

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RRSP Tax Implications (cont'd)

- Does state allow FTCs?
- State specific but generally double taxed
- CA, NY, PA - No FTC permitted
  - AZ does!
- Canadian advisor realizing cap gains?
  - Tax-deferred in Canada
  - Fully taxable in state!

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RRIF Tax Implications

- Considered a "periodic payment" per Treaty
  - Three definitions:
    1. 1 X annual minimum
    2. 2 X annual minimum
    3. 10% of RRIF value on Dec. 31 t-1
- Withdrawals subject to <u>15%</u> withholding, excess 25%
  - FTC on US return (Passive? GL?)
- Balance remains tax-deferred per Treaty
- State tax implications?

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RRSP/RRIF Portability

- RRSP to RRIF is a non-taxable event in both the US and Canada
- RRSP cannot be rolled into any US plan tax-deferred
- Remains in Canada – Currency considerations?
  - Investment advisor?
- Estate Planning implications?

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Canadian Retirement Plans (cont'd)

Tax-Free Savings Account – TFSA

- Tax-free savings in Canada
- Similar to a US Roth IRA (but different!!)
- Contribute C$7,000 in 2026
  - Missed contributions accumulate
  - Maximum contribution in 2026 is C$109,000
  - Good planning opportunity

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TFSA – Tax Implications

Canada

- Withdrawals are tax-free
- Not subject to any withholding

US

- Did NOT make it into 5th Protocol of Treaty
- Had not received Royal Assent in Canada
- Fully taxable in US – Brokerage Account
- PFICs inside? “Oops” and “A-ha!” moment!
- Currency considerations?

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TFSA Portability

- TFSA cannot be rolled into any US plan
- Remains in Canada – Currency considerations?
  - Investment advisor?
- Estate Planning implications?
- Best to collapse pre-entry

Canadian Retirement Plans (cont'd)

Locked-In Retirement Account – LIRA

- Used for Canadian Corporate DB pension rollover
- Federally or provincially regulated
- "Locked-in" until retirement age 50+
- Non-residents can unlock after two years and NR73

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LIRA – Tax Implications

Canada

- Tax-deferred savings plan
- Unlock and move to RRSP (with CRA approved NR73)
- 25% withholding upon withdrawal

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LIRA – Tax Implications (cont'd)

US

- Tax-deferred in US (but check State!!)
  - No PFICs recognized
- Fully taxable upon withdrawal
  - Some basis if client contributions can be proved
- Take as foreign pension income, GL FTCs

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LIRA Portability

- LIRA to LIF is a non-taxable event in both the US and Canada
  - To commence RMDs at age 72
- LIRA cannot be rolled into any US plan tax-deferred
- Remains in Canada – Currency considerations?
  - Investment advisor?
- Estate Planning implications?

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Canadian Retirement Plans (cont'd)

Registered Education Savings Plan – RESP
- Fully taxable brokerage account, PFICs?

Registered Disability Savings Plan - RDSP
- Fully taxable brokerage account, PFICs?

First Home Savings Plan - FHSP
- Fully taxable brokerage account, PFICs?

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US Retirement Plans

Individual Retirement Account – IRA

US Tax Implications

- Tax-deferred status
- Withdrawals fully taxable
- Subject to 15% withholding

US Retirement Plans

Individual Retirement Account – IRA (cont'd)

Canadian Tax Implications

- Maintains tax-deferred status (Fed & Quebec)
- Withdrawals fully taxable
- Withholding is FTC on Canadian return
  - Avoid double taxation

Tax Implications - IRA

- "Oops" and "A-ha!" moment
- Canadian T-1 return – C$!
- U$60,000 IRA withdrawal
  - C$83,333 income!
  - Add Social Security (Also US$ - C$41,667)
  - Canada Pension Plan, Old Age Security
- Top tax bracket starts at ~C$260,000
  - 47%+!

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IRA Portability

- IRA CAN be rolled into an RRSP

BUT WHY?

- Tax implications tricky
- Is client a US taxpayer or not?
- "Oops" and "A-ha!" moment

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IRA Portability (cont'd)

Client Has NO US Tax Ties

US Tax Implications

- 15% withholding on lump sum withdrawal
- 10% penalty if under age 59 ½

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IRA Portability (cont'd)

Canadian Tax Implications

- Both are a foreign tax credit on Canadian return
- Declare entire withdrawal on Canadian tax return
- Use Canadian Income Tax Act Section 60(j)
  - Deduct amount contributed to RRSP
- Need to make up for tax paid in US or taxable

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IRA Portability (cont'd)

Client HAS US Tax Ties

US Tax Implications

- 15% withholding on lump sum withdrawal
- 10% penalty if under age 59 ½
- Full amount of withdrawal taxable on 1040!

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IRA Portability (cont'd)

Canadian Tax Implications

- US tax a foreign tax credit on Canadian return
  - Both withholding and penalty
- Declare entire withdrawal on Canadian tax return
- Use Canadian Income Tax Act Section 60(j)
  - Deduct amount contributed to RRSP
- What to do with excess FTCs?

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IRA Portability (cont'd)

Canadian Tax Implications (cont'd)

- Yet another "Oops" and "A-ha!" moment
- ERISA Plans (401k, 403b, 457)
  - Qualify for pension income splitting in Canada
- IRAs do NOT!
- Analyze whether rollovers are worthwhile

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US Retirement Plans (cont'd)

Roth IRA/401k

US Tax Implications

- Tax-free deferral
- Withdrawals not taxable
- No withholding

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US Retirement Plans (cont'd)

Roth IRA/401k (cont'd)

Canadian Tax Implications

- Maintains tax-free status! (Quebec too!)
  - Made it into 5th protocol of the Treaty
- Withdrawals NOT taxable
- No withholding

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Tax Implications – Roth IRA/401k

- "Oops" and "A-ha!" moment
- Must make Article VXIII election upon entry
  - One-time election, irrevocable
- CRA Rule – Stop making contributions to Roth!
- Contribution while Canadian tax resident?
  - Lose tax-free status, regular taxable brokerage account

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Roth IRA Portability

- Roth IRA cannot be rolled into any Canada plan tax-free
- Remains in US – Currency considerations?
  - Investment advisor?
- Estate Planning implications?

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US Retirement Plans (cont'd)

529 Plans, Coverdell ESA
- Fully taxable brokerage account

Health Savings Account - HSA
- Fully taxable brokerage account

SIMPLE/SEP/SARSEP
- All tax deferred in Canada and Provinces

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Conclusion

- Ask the right questions
- Consult with others as needed
- Likely need to refer out
- Uphold fiduciary responsibility to client
- Practice where capable
- Remember, client's best interests come first

Do you know, what you don't know?

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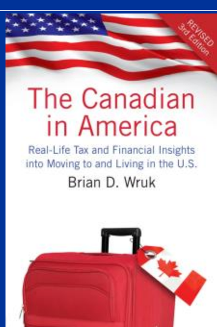
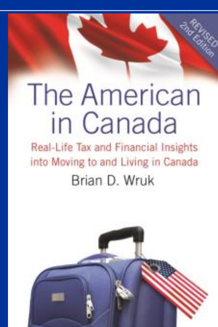
Additional Resources





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Agenda

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THANK-YOU!

Brian Wruk, MBA, CFP® (US & Canada), CIM, TEP

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