



# Contribute to an RRSP or Invest in a Canadian Exploration Expense (“CEE”) Flow-Through LP

Purchase RRSP Eligible Mutual Fund		Purchase CEE Flow-Through LP (assume roll to a mutual fund)	
Investment Amount:	\$18,000	Investment Amount:	\$18,000
100% Tax Savings:* (year of RRSP contribution)	\$ 8,100	100% Tax Savings:* (year of purchase or carry forward unused deduction)	\$ 8,100
Capital at-risk is:	\$9,900	Capital at-risk is:	\$9,900
<b>Deregister RRSP mutual fund - proceeds:</b> (assume for original Investment Amount)	<b>\$18,000</b>	<b>Redeem rollover mutual fund - proceeds:</b> (assume for original Investment Amount)	<b>\$18,000</b>
Tax on RRSP mutual fund redemption: $\$18,000 \times 45\%^* =$	<u>(\$ 8,100)</u>	Tax on sale of mutual fund: $\$18,000 \times 50\% = \$9,000 \times 45\%^* =$ (assume zero cost base, taxed as capital gain)	<u>(\$ 4,050)</u>
<b>Net Investment Result:</b>	<b><u>\$18,000</u></b>	<b>Net Investment Result:</b>	<b><u>\$22,050</u></b>

\* Based on a marginal tax rate of 45% and assumes investor's marginal tax rate remains at 45%.

### Investment Tax Planning Tip:

- *Borrowing for an RRSP investment?* Remember the interest on a loan for an RRSP **is not** tax deductible.
- *Borrowing for a flow-through limited partnership investment?* Remember the interest on a loan for flow-through **may be** tax deductible (see your Tax Accountant for tax advise).

### CONCLUSION:

**There may be an “after-tax” advantage of investing in a CEE flow-through limited partnership versus contributing to a RRSP!**