

# Income Splitting

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This is a general guide only and is not intended to replace professional financial and tax advice in any form. Speak with a qualified tax advisor to determine if income splitting makes sense for you and your spouse. The information provided here is accurate as of the date of publication, March 12, 2026. Infographic designed by Ativa Interactive ©Copyright 2026. All Rights Reserved.

# Income Splitting

Leveling Out Your Household Taxes.

## Income Splitting in Canada

An income splitting strategy can reduce taxable income by shifting a portion of pension income from the higher-earning partner to the lower-earning partner, helping bring their combined income into a lower overall tax bracket.



Maximize tax savings and lower your combined tax bill, today and in retirement.

## Eligibility Criteria



The couple must be legally married or common law partners



The couple must have lived together in Canada within the tax year for which they are splitting income.\*

## Not all Pension Income is authorized for Income Splitting

### Eligible Sources of Income for Splitting



Company Pensions



RRSPs and RRIFs



Life Annuities



CPP / QPP



Old Age Security

## Pension Considerations



### Split up to Half of Pension Income

A couple can elect to split up to 50% of their pension income each year.



### Age and Type

Which pension income is eligible for splitting depends on both the ages of the couple and the type of pension.



### Pension Amount Tax Credit

Pension splitting may qualify a spouse for the \$2,000 Pension Amount Tax Credit.

## Exploring Ways to Split Income



### Spousal RRSP

If one spouse's retirement income will be much lower, consider a spousal RRSP to reduce the couple's overall tax burden now and in retirement.



### Gifting to a TFSA

A higher-income spouse can gift cash to their partner to contribute to a TFSA. While there's no tax deduction for the contribution, the funds will grow tax-free.



### Business Owners

Business owners or self employed taxpayers may have unique opportunities to split income. Connect with your financial professional to explore more.

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