



Save for both short- and long-term goals with tax-free growth

With a Tax-Free Savings Account (TFSA), you pay no taxes on investment gains, capital gains or on withdrawals, making this type of registered plan a flexible solution. Here's a quick summary of the key features and benefits of a TFSA.

Truly tax-free

Unlike Registered Retirement Savings Plans (RRSPs), which defer tax until you withdraw your money, TFSAs are truly tax-free. No matter how much income, dividends and capital gains your investments generate inside a TFSA, you pay no tax – not even when you withdraw. And because withdrawals are not treated as income, they have no effect on income-tested benefits, such as Old Age Security, Employment Insurance and the GST/HST tax credits.

Opportunity to recontribute

TFSAs are crafted to assist Canadians in saving for various goals with diverse time horizons. They are structured to enable multiple withdrawals and recontributions throughout one's life. Here's how it works: any amounts withdrawn are added back to your contribution room in the following calendar year. This flexibility allows you to recontribute, letting your money compound tax-free once again. In contrast, withdrawing from an RRSP results in a permanent loss of that contribution room.

No upper-age limit

A TFSA has no maximum age limit, providing the flexibility to continue growing your money tax-free and making contributions throughout your retirement. This stands in contrast to an RRSP, which must be closed at the end of the year before turning 71. In such cases, it must be transferred to either an RRIF or annuity, both of which generate taxable income, or cashed out, with the full amount taxed as income for that year.

Contribution limit

While the RRSP contribution limit is tied to earned income, the TFSA contribution limit is the same for all Canadian residents over the age of 18:

- \$7,000 for 2024
- \$6,500 for 2023
- \$6,000 for 2022, 2021, 2020 and 2019
- \$5,500 for 2018, 2017 and 2016
- \$10,000 for 2015
- \$5,500 for 2013 and 2014
- \$5,000 for 2012, 2011, 2010 and 2009

Your contribution limit accumulates whether or not you filed a tax return or opened a TFSA. So, any Canadian resident who was 18 or older in 2009 and has never contributed to a TFSA has \$95,000 in contribution room available in 2024. You can find your personal contribution limit through the Canada Revenue Agency's My Account website, MyCRA mobile app or the Tax Information Phone Service.

Keep in mind that, unlike contributions to an RRSP, contributions to a TFSA are not tax-deductible.

Spousal contributions

You can simply give your spouse money to make a TFSA contribution, with no tax consequences.

Comparing RRSPs to TFSAs

	RRSP	TFSA
Minimum age	None	18
Maximum age	71	None
Contribution limit for 2024	18% of 2023 earned income, up to \$31,560*	\$7,000*
Contribution limit for 2023	18% of 2022 earned income, up to \$30,780*	\$6,500*
Tax on investment growth	No	No
Tax on withdrawals	Yes	No
Tax deduction for contributions	Yes	No
Withdrawals added back to contribution room	No	Yes, in the following year
Most useful for	Retirement savings	Any savings

* Add any contribution room carried forward from previous years.

Enjoy flexibility as you save for multiple goals

There is no "TFSA deadline." You can make contributions up to your limit at any time – the sooner the better – as you can start benefiting from tax-free compounding. Call your PI Financial Advisor or Portfolio Manager today to find out more about how a TFSA, an RRSP or both can help you pay less in taxes and achieve your savings goals. Your Advisor has the experience and insight to provide you with thoughtful investment, insurance, retirement and financial planning guidance that's customized to meet your unique needs.

Contact a PI Investment Advisor today to discuss your TFSA strategy.

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