

Coming Soon

Tax Free Savings Account (TFSA)

What You Need To Know about the TFSA

1. All Canadian residents (other than a Trust) can open a TFSA provided they are 18 years of age or older.
2. The TFSA will let you invest while not being taxed on the investment earnings.
3. Eligible investments include segregated funds and GICs.
4. The contribution you make to a TFSA will not be deducted from your income on your tax return, but the investment income you earn will not be taxed---so you get to keep what you earn. You can withdraw money from your TFSA at any time and for any purpose without incurring tax.
5. You can contribute a maximum of \$5,000 per year beginning January 1, 2009. The contribution room will be adjusted annually to the nearest \$500 subject to inflation.
6. If you take money out of your TFSA, you don't lose the contribution room---you get it back the following year. This is important to remember, because if you take the money out you will have to wait until next year before you can put the money back in.
7. If you don't make the maximum contribution you don't lose the contribution room. The unused contribution room gets carried over to the following year. There is currently no limit to how much contribution room can be carried forward.
8. You will have to file a tax return to determine your contribution limit. Each year the CRA will determine and advise you of your TFSA contribution limit for that year on your notice of assessment.
9. You can hold one or more TFSAs but the total of your annual contributions must be within your total contribution limit in that year.
10. Money you take out of your TFSA will not affect your eligibility for federal income-tested benefits and credits such as the Child Tax Benefit, Guaranteed Income Supplement, Old Age Security benefits, Age credit and Goods and Services Tax credit.
11. Contributions to a spouse's TFSA are allowed. TFSA assets can be transferred to a spouse upon death which would continue the tax exempt status of the earnings and not affect the surviving spouse's contribution room.

For an example illustrating how a TFSA can help, [click here](#).

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