

# UNDERSTANDING TFSAs

## WHAT IS A TFSA?

Tax-Free Savings Accounts (TFSAs) were first introduced in Canada in 2009 and are an account that does not apply taxes on any interest earned, dividends, or capital gains, and can be withdrawn tax-free.

TFSAs are tax-free, which means that Canadians do not have to pay taxes on the money or interest earned from a TFSA.



This savings account is available to individuals aged 18 and older in Canada.

It can be used for any purpose.



## TFSA CONTRIBUTION LIMITS



### TFSA CUMULATIVE LIMIT

The total cumulative limit is \$63,500 since the inception of the TFSA.

### TFSA ANNUAL LIMIT

Year	Annual Limit
2009	\$5,000
2010	\$5,000
2011	\$5,000
2012	\$5,000
2013	\$5,500
2014	\$5,500
2015	\$10,000
2016	\$5,500
2017	\$5,500
2018	\$5,500
2019	<b>\$6,000</b>

The new contribution limit for 2019 is **\$6,000**.

## TFSA CONTRIBUTION\*

Any contribution amount not made to the TFSA can be carried forward to the next year.

2017		2018	
Contribution Limit	\$5,500	Contribution Limit	\$5,500
Contributed	-\$3,000	Unused	
Unused		Contributed Room	+\$2,500
Contribution Room	= \$2,500	Possible Total Contribution	= \$8,000

For illustrative purposes only.

## TFSA WITHDRAWAL

Any withdrawal is added back to your contribution room at the beginning of the following year.\*

2018		2019	
TFSA Balance	\$15,000**	TFSA Balance	\$12,500**
Contribution	+\$5,500	Contribution	+\$6,000
Withdrawal	-\$8,000	Replace 2018 Withdrawal	+\$8,000
Closing TFSA Balance	= \$12,500	TFSA Balance	= \$26,500

Saving for your goals is achievable with a financial plan. Contact your IPC Advisor today to build a financial plan.



\*An individual can only replace the amount of the withdrawal in the same year only if s/he has available TFSA contribution room. Visit the CRA for more information on making or replacing withdrawals from a TFSA.

<https://www.canada.ca/en/revenue-agency/services/tax/individuals/topics/tax-free-savings-account/contributions-withdrawals-transfers.html>

\*\*Example assumes TFSA balance based on contributions from prior years.

Sources:

<https://www.investopedia.com/terms/t/tax-free-savings-account-tfsa.asp>

<https://www.canada.ca/en/revenue-agency/services/tax/individuals/topics/tax-free-savings-account/contributions.html>

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