TFSA & RRSP

Tax-Free Savings Account — Registered Retirement Savings Plan

Often, saving for the future involves using both TFSAs and RRSPs.

INVESTING

ANNUAL CONTRIBUTION LIMITS

TFSA
$6,000

RRSP 2019
$26,500

RRSP 2020*
$27,230

ELIGIBILITY AGE TO START CONTRIBUTIONS

TFSA	RRSP
18	n/a
Age 18	to age 71

Cash and Term Deposits

Bonds, Stocks and Equities

Mutual Funds

TFSA & RRSP ELIGIBLE INVESTMENTS

TAX TREATMENT

TFSA benefits from **tax-free** growth

RRSP benefits from **tax-deferred** growth

TAX-DEDUCTIBLE CONTRIBUTIONS

TFSA Contributions are NOT tax-deductible

RRSP Contributions are tax-deductible[1]

WITHDRAWING FUNDS

TFSA

No tax on withdrawals

TFSAs are purchased with after-tax dollars so no tax is paid when the funds are withdrawn.

There is no age limit when you must start withdrawing funds from a TFSA.

n/a

RRSP

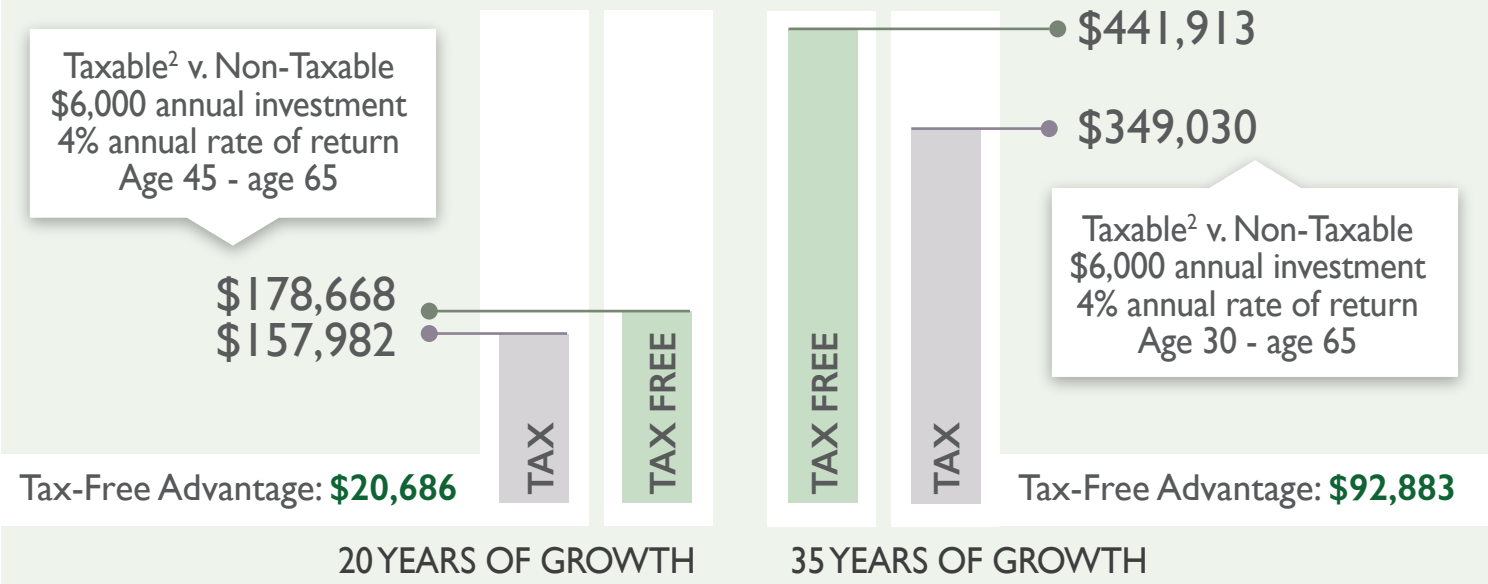
Withdrawals are taxed as income

RRSPs investments grow tax-deferred. Tax is paid when the funds are withdrawn.

AGE **71**

Age when you must convert your RRSP to a RRIF. You must start to withdraw in the year you turn 72.

THE BENEFITS OF TAX-FREE INVESTING



[2] Assumes a 30% marginal tax rate. Annual investments made at end of year.

Saving for your future can be a lengthy process. Both TFSAs and RRSPs offer tax advantages and can help you save for your long term and short term financial goals.

Contact your IPC Advisor today to discuss the right saving strategy for you.

Investment Planning Counsel®

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Source: Canada Revenue Agency: https://www.cra-arc.gc.ca/tx/rgstrd/papspapar-fefespfer/lmts-eng.html
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