

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
Age 18



RRSP
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-deductible¹



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are withdrawn.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



AGE
71

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

RRSP



**Withdrawals are
taxed as income**
RRSPs investments grow
tax-deferred. Tax is paid when
the funds are withdrawn.

THE BENEFITS OF TAX-FREE INVESTING

Taxable² v. Non-Taxable
\$6,000 annual investment
4% annual rate of return
Age 45 - age 65

\$178,668
\$157,982



Tax-Free Advantage: **\$20,686**

20 YEARS OF GROWTH

\$441,913

\$349,030

Taxable² v. Non-Taxable
\$6,000 annual investment
4% annual rate of return
Age 30 - age 65



Tax-Free Advantage: **\$92,883**

35 YEARS OF GROWTH

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.



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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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