

# Complete Canaccord Tax-Free Savings Account

CANACCORD Genuity  
Wealth Management

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Whether you want to save for the retirement lifestyle of your choosing, a family adventure, or a different life goal, a Complete Canaccord Tax-Free Savings Account (TFSA) can help you get there faster.

## What is a TFSA?

A TFSA is an account in which contributions are made with after-tax dollars and withdrawals are tax-free. This means that investments can grow in the account tax-free and be withdrawn at any time without being taxed.

## Who is eligible to contribute to a TFSA?

Canadian residents who are 18 years of age or older.

## How does it work?

- You can save up to \$5,500 every year in a TFSA, a limit that was first indexed to the Consumer Price Index in 2013. This limit will be indexed again when the need arises, rounded to the nearest \$500.
- TFSAs can hold the same investments as registered accounts, including publicly traded securities, bonds, mutual funds, guaranteed income certificates (GICs), segregated funds and certain types of private company shares.
- Any amount withdrawn from the account is automatically added back to your contribution room for the following year.
- Unused contribution room can be carried forward indefinitely.

## What are the differences between TFSAs and RRSPs?

- A Registered Retirement Savings Plan (RRSP) is structured primarily for your retirement savings, while a TFSA can be used to save for financial needs and goals before and during retirement.
- Contributions to an RRSP are tax-deductible and reduce your taxable income, while contributions to a TFSA are not tax-deductible.
- Withdrawals from an RRSP are added to your income and taxed at your current marginal rate, while TFSA withdrawals are tax-free.
- You must convert your RRSP to a Registered Retirement Income Fund (RRIF) by age 71, and minimum annual withdrawals after that time are mandated by the federal government according to a schedule based on your age. There is no similar requirement for TFSAs.
- Once a contribution is made to your RRSP, that contribution room is “used up.” With TFSAs, the amount of a withdrawal is automatically added back to your contribution room for the following year.

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## Benefits

**Reduce your taxes.** If you currently earn interest, dividends, capital gains or other investment income in taxable accounts, consider moving those funds into a TFSA instead. The growth you earn will be tax-free, helping your money grow faster (please see chart below).

**Save with flexibility.** You can withdraw funds from your TFSA whenever you want, to use for any purpose. This makes a TFSA ideal for both your short- and longterm investment goals.

**Save for retirement.** If you have maximized your RRSP contribution room, use a TFSA to add to your retirement savings. A TFSA gives you a second source of funds in retirement – one from which you can withdraw at any time without tax consequences. You can contribute at any age once you become an adult.

**Save during retirement.** If you have a RRIF, you are required to withdraw a minimum amount every year. If you don't need all of your RRIF withdrawal or pension income to cover your living expenses, you can contribute the excess to a TFSA, provided that you have TFSA contribution room. This allows you to enjoy tax-free growth of your excess funds.

### Split income with your spouse or partner.

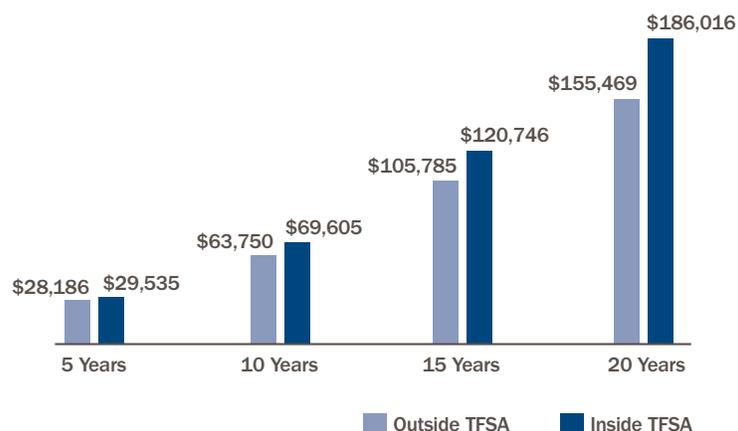
You can give funds to your spouse or common-law partner, who can then use them to contribute to his or her own TFSA. This has the potential to lower your family's overall tax bill. Returns earned inside the account are not attributed back to you so there is no tax consequence to either you or your spouse for income earned in a TFSA. Just note that the money in your spouse's TFSA belongs to your spouse.

### Maintain eligibility for government programs.

TFSA earnings and withdrawals are not included as income for tax purposes, so they do not affect your eligibility for income tested government benefits and tax credits such as Old Age Security (OAS) or the Goods and Services Tax (GST) credit.

## Tax-free savings can add up faster

The chart below shows how the maximum annual contribution, earning 5% interest per year, can grow within a TFSA vs. outside of a TFSA.



Assumes tax rate of 32% outside TFSA, with interest income taxed annually. All contributions made at beginning of year. Annual compound rate of 5%. \$5,000 contribution from year 1–4. \$5,500 contribution from year 5–20. For illustration only and not indicative of future returns. Actual tax rates and rates of return will vary.

Contact your  
Canaccord Genuity  
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to incorporate a  
TFSA into your  
wealth strategy.



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