

TFSAs and RRSPs: At a Glance

Canadians from coast to coast have never had so many rewarding ways to make their hard-earned money go even further. That's the good news.

The not-so-good-news, is that figuring out which investment or savings option is right for you can sometimes be a little tricky – especially when it comes to sorting out two very popular financial vehicles: Tax Free Savings Accounts (TFSAs) and Registered Retirement Savings Plans (RRSPs).

We're here to help you make smart, informed investment and savings choices that meet your needs today, and achieve your goals tomorrow. And that's why we're pleased to provide you with this simple, at-a-glance table that highlights some of the key details and differences between TFSAs and RRSPs:

	TFSAs	RRSPs
Main Purpose	• Short, medium or long-term savings	• Saving for retirement
Secondary Purpose(s)	• Emergency funds	• Lower current income tax bill • Take advantage of Lifelong Learning Plan • Take advantage of Home Buyers' Plan
Maximum Annual Contribution	• \$5,500 (as of 2017)	• Lower of: * 18% of previous year's earned income, or * \$26,010 (as of 2017) • Reduced by any company-sponsored pension plan contributions
Do you need to earn income to contribute?	• No	• Yes
At what age can you start contributing, and at what age must you stop contributing?	• Start: age 18 • End: no limit	• Start: no limit • End: age 71, when it must be cashed out or converted to an RRIF, annuity or other eligible savings vehicle
Are your contributions tax deductible	• No	• Yes
Can you withdraw funds any-time without a penalty?	• Yes	• Withdrawals made before age 71 (except per the the LLP or HBP programs) are subject to a withholding tax that depends on the amount withdrawn
How do my withdrawals affect my contribution room?	• Any new contribution room due to a withdrawal is carried forward into the next year(s)	• Withdrawals do not create any new contribution room
Does the amount of savings affect your eligibility for income-related government benefits (e.g. OAS)?	• No	• Penalty of 1% per month on excess contributions if exceeding the \$2,000 life time over-contribution amount
Is there a spousal plan?	• No, but you can loan funds to your spouse to top-up his or her savings (this does not change either of your contribution limits)	• Yes, you can directly contribute to a Spousal RRSP

While this table is designed to help you understand the differences - and perhaps clear up a few misunderstandings along the way - it's important to get personalized advice to find out what's best for you and for your financial future.

Call or visit us today, and together we'll develop a plan that fits your saving and investing needs.