

Savings and
investments

Tax-free savings account (TFSA)

The plan that completes
your savings portfolio.



beneva

The Tax-Free Savings Account (TFSA) is probably the single most important savings vehicle innovation since the introduction of the Registered Retirement Savings Plan (RRSP).

TFSA's combine the flexibility of non-registered investments with some of the tax advantages of registered plans.

TFSA's are attractive to many types of clients. Your financial advisor can help guide you by explaining when integrating a TFSA into your financial strategy could be beneficial.

Investors wishing to save for a short- or medium-term project

Because the TFSA is so flexible in terms of withdrawals and how amounts accumulated in the account can be used, if you wish to save for a special project (a trip, new car, renovations or down payment on a home) you might be wise to opt for a TFSA rather than a traditional non-registered savings plan because the returns are tax-free and available when you need them.

Low-income earners saving for retirement

A TFSA may be more advantageous than an RRSP if your tax rate is likely to be higher when you retire than at the time you make the contributions. This is sometimes the case of young adults in a very low tax bracket or low-income earners. Contributions can be transferred to an RRSP at a later date, resulting in a potentially substantial tax refund.

Investors seeking an alternative retirement savings vehicle

If you have used up all of your RRSP contribution room, you can use a TFSA as a supplementary retirement savings vehicle—and start enjoying the benefits of your investment income being tax-free!

Retirees looking for tax advantages

If you are a retiree who is required to make RRIF withdrawals, even when you may not need this income, you can reinvest this money in a TFSA. The same applies if you wish to set aside money, which can be transferred to your spouse with no tax impact upon death.

Spouses who wish to share savings

Since attribution rules do not apply to TFSA's, you can give money to your spouse, which your spouse may then invest in a TFSA with no impact on your contribution limit. You can also recover the assets in the TFSA, in the event of the death of your spouse.

The TFSA is suitable for a broad range of investors—and definitely worth considering as part of your savings strategy! Talk to your advisor today for more information.

TFSA Key Features

- TFSA's are suitable for both retirement and other types of savings projects. Withdrawals can be made at any time without restriction.
- All Canadian residents who are at least age 18 are eligible to contribute to a TFSA, whether or not they are earning a salary. The annual contribution limit is the same for everyone. For more details, please visit the Canada Revenue Agency Web site at www.cra.gc.ca.
- Unused contribution room from previous years increases the contribution limit, as is also the case with RRSPs.
- Amounts withdrawn from a TFSA are added to the contribution limit for the following year.
- Withdrawals are not included in taxable income and capital gains and other investment income earned in a TFSA are tax-free.
- Withdrawals do not affect eligibility for federal income-tested benefits or credits.
- Contributions are not deductible from taxable income.

Advantage of a TFSA

The Tax-Free Savings Account (TFSA) is the ideal financial vehicle for your savings outside your RRSP.

The key advantage of a TFSA is that your accumulated savings grow tax sheltered and without restrictions as to how much you wish to withdraw or when you wish to make a withdrawal. This provides an extremely interesting new alternative to non-registered plans.

**The TFSA is eligible for all of our investment products:
GIAs, Investment Accounts and Guaranteed Investment Funds.**

So don't put it off any longer... take advantage of the tax savings offered by the government and open a TFSA today!

For more information,
go to beneva.ca.

beneva