Advantages of Tax-Free Savings Accounts

Tax-Free Savings Accounts (TFSA)

Tax Free Savings Accounts (TFSA) were introduced in 2009 to all Canadians over 18 years of age. Here is how a TFSA works:

- Investment income and capital gains earned in your TFSA will not be taxed, even when withdrawn
- Unused TFSA contribution room can be carried forward to future years
- Unlike an RRSP, any money contributed to your TFSA will not be tax deductible
- Funds can be withdrawn from your TFSA at any time for any Purpose
- Amounts withdrawn from a TFSA can be re-contributed in the following or any future year.
- Contributions to a spouse's or common-law partner's TSFA will be allowed and TFSA assets can be transferred to a spouse or common-law partner upon death without tax implications
- When you file your tax return each year, the government will determine your remaining available TFSA contribution limit for the coming year
- You can have more than one TFSA and you can also have TFSA with more than one financial institution. But you will need to keep track of how much you have contributed so you don't exceed your limit.
- There is no maximum age limit to contribute to a TFSA unlike the RRSP which has a limit of 71 years of age
- You don't have to pay any tax on money you take out of your TFSA and withdrawals don't affect your ability to qualify for Federal benefits like the Child Tax Benefit, Guaranteed Income Supplement, Old Age Security benefits, Age Credit, or Goods and Services Tax Credit – so you are not "penalized" for saving

Tax-Free Saving Accounts should be viewed as a complement to your group registered retirement plans and also as another vehicle for tax-favoured retirement savings.

Please visit our online Education Centre for current calendar year maximums for registered plans and TFSAs.

Don't delay! "The sooner you contribute, the sooner your money starts growing – tax free"

Ask your employer today about the CUMIS Group Tax Free Savings Account.