



TFSA

A Tax-Free
Savings Account.

The flexible way
to save.

A Tax-Free Savings Account (TFSA) is an effective way to grow your savings, as the gains you make on the money you contribute are not taxed when you make a withdrawal.



The basics:

What you need to know about TFSAs.

Tax-free savings

Investment gains on TFSA contributions are not taxed while in your TFSA account or when you withdraw the funds.

Contribution limit

Annual contribution limits have varied since the introduction of the TFSA in 2009 (see table). Importantly, any room you don't use in a given year gets carried forward indefinitely.

For an investor who has been eligible for a TFSA since 2009 and has yet to make a contribution, the total available room as of 2022 is \$81,500.

Annual contribution amounts

2009	\$5,000	2014	\$5,500	2019	\$6,000
2010	\$5,000	2015	\$10,000	2020	\$6,000
2011	\$5,000	2016	\$5,500	2021	\$6,000
2012	\$5,000	2017	\$5,500	2022	\$6,000
2013	\$5,500	2018	\$5,500		
Total					\$81,500

Withdrawing and recontributing

You can re contribute any amounts you withdraw from your TFSA. However, you must wait until the next calendar year if you've contributed the maximum amount.

TFSA vs. RRSP

TFSA's and RRSP's are both great ways to save, and while they share some features, they are actually quite different. The following chart compares the key rules and regulations of each account.

Rules & regulations	TFSA	RRSP
Minimum age requirement?	18	No
Maximum age requirement?	No	71
Annual contribution limit?	Yes	Yes
Contributions tax-deductible?	No	Yes
Withdrawals tax-free?	Yes	No
Carry forward unused contribution room?	Yes	Yes
Contribution limit based on earned income?	No	Yes

FAQ

Five questions and answers about TFSAs

1 Can I have TFSA accounts at different financial institutions?

Yes, although all accounts are still subject to the single combined annual contribution limit – currently \$6,000.

2 What if I contribute more than my TFSA annual limit?

If, at any time, you contribute an amount above your annual limit, you'll be charged a tax of 1% per month on the excess amount until it's withdrawn or until your TFSA contribution room for the following year resets.

3 Can I hold foreign investments in my TFSA?

You can certainly contribute foreign funds to a TFSA – the issuer will simply convert the funds to Canadian dollars using the applicable exchange rate on the date of the transaction. The total amount of your contribution (in Canadian dollars) cannot exceed your TFSA contribution room. If dividend income from a foreign country is paid to a TFSA, the dividend income could be subject to foreign withholding tax.

4 Can I share my TFSA with my spouse?

You can't share an account but you may contribute to your spouse or common-law partner's TFSA, subject to his or her available contribution room.

5 What happens to my TFSA when I die?

If you name your spouse or common-law partner as the successor account holder, your TFSA funds can be easily transferred and continue to grow tax-free. If you don't appoint a successor account holder, additional steps are required.

Did you know?

Your savings can grow much faster in a TFSA.

A \$5,500 contribution per year for 20 years with annual investment gains of 6% could grow to \$214,460 in a TFSA. The same contributions earning interest in a regular savings account would only grow to \$159,113.

That's a difference of

\$55,347

(Illustration assumes \$100,000 annual income and Ontario tax rate)

\$22,882 — average fair market value of individual TFSA accounts.

\$37,833 — average unused TFSA contribution room.

Source: <https://www.canada.ca/content/dam/cra-arc/prog-policy/stats/tfsa-celi/2019/table3-en.pdf>

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