

# TFSA & RRSP

Tax-Free Savings Account

Registered Retirement Savings Plan

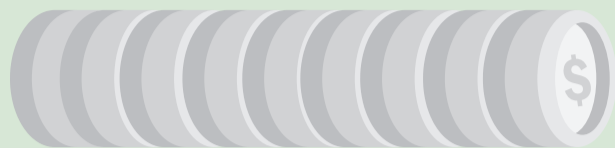
Often, saving for the future involves using both TFSAs and RRSPs.

## INVESTING

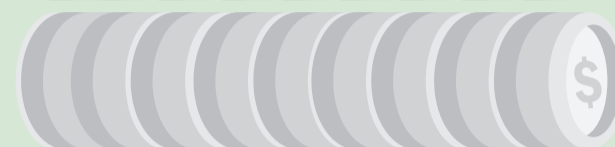
### ANNUAL CONTRIBUTION LIMITS



TFSA  
**\$6,000**



RRSP 2019  
**\$26,500**



RRSP 2020\*  
**\$27,230**

### ELIGIBILITY AGE TO START CONTRIBUTIONS



TFSA  
Age 18



RRSP  
to age 71



Cash and  
Term Deposits



Bonds, Stocks  
and Equities



Mutual  
Funds

## TFSA & RRSP ELIGIBLE INVESTMENTS

### TAX TREATMENT

**TFSA**  
benefits from  
**tax-free**  
growth

**RRSP**  
benefits from  
**tax-deferred**  
growth

### TAX-DEDUCTIBLE CONTRIBUTIONS



**TFSA** Contributions are  
NOT tax-deductible

**RRSP** Contributions are  
tax-deductible<sup>1</sup>



## WITHDRAWING FUNDS

### TFSA



**No tax on withdrawals**  
TFSAs are purchased with  
after-tax dollars so no tax is  
paid when the funds  
are withdrawn.

There is no age limit  
when you must start  
withdrawing funds from  
a TFSA.

**n/a** **AGE 71**

### RRSP



**Withdrawals are  
taxed as income**  
RRSPs investments grow  
tax-deferred. Tax is paid when  
the funds are withdrawn.

Age when you must  
convert your RRSP to a RRIF.  
You must start to withdraw  
in the year you turn 72.

## THE BENEFITS OF TAX-FREE INVESTING

Taxable<sup>2</sup> v. Non-Taxable  
\$6,000 annual investment  
4% annual rate of return  
Age 45 - age 65

\$178,668  
\$157,982



Tax-Free Advantage: **\$20,686**

20 YEARS OF GROWTH

\$441,913

\$349,030

Taxable<sup>2</sup> v. Non-Taxable  
\$6,000 annual investment  
4% annual rate of return  
Age 30 - age 65



Tax-Free Advantage: **\$92,883**

35 YEARS OF GROWTH

<sup>2</sup> Assumes a 30% marginal tax rate. Annual investments made at end of year.

Saving for your future can be a lengthy process.  
Both TFSAs and RRSPs offer tax advantages and can help  
you save for your long term and short term financial goals.



**Investment  
Planning Counsel**<sup>®</sup>

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Source: Canada Revenue Agency: <https://www.cra-arc.gc.ca/tx/rgstrd/papsapar-fefespfer/lmts-eng.html>

This is a general guide only and not intended to replace professional financial and tax advice in any form. Please consult your financial advisor on how it relates to your situation. <sup>1</sup>Your RRSP contribution lowers your taxable income, so you're reducing the amount of tax you have to pay. <sup>2</sup>The RRSP contribution limit varies by individual. Investment Planning Counsel Inc. provides this publication for informational purposes only and it is not and should not be construed as professional advice to any individual. The information contained in this publication is based on material believed to be reliable at the time of publication, but IPC cannot guarantee the information is accurate or complete. Individuals should contact their IPC Advisor for professional advice regarding their personal circumstances and/or financial position.

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