

TFSA OR RRSP?

Both TFSAs and RRSPs can ease your tax burden and help your money grow. Your choice depends on factors like your reason for saving, your time horizon, and your current and future tax rates. The differences between the two accounts are outlined here, so you can be sure that your hard-earned money is working equally hard to meet your financial goals.

TFSA

Tax-Free Savings Account

What's it for?

A tax-free way to save for your future.

What are the age restrictions?

Must be 18+ to open an account.

What are the annual contribution limits?

Limits change periodically; unused contribution room is carried forward.

What are the tax advantages?

Contributions are not tax deductible, but money grows tax-free.

What are the rules for withdrawals?

Tax-free, at any time and for any purpose (subject to any specific investment terms).

Can withdrawals be redeposited?

Yes; after a withdrawal, contribution room is readjusted and added in the next year.

Can a beneficiary be named?

Yes, without affecting your own contribution room.

RRSP

Registered Retirement Savings Plan

A tax-deferred way to save for retirement, education and/or a first home.

Anyone up to age 71,* with earned income and a filed tax return.

A percentage of earned income, up to a set maximum, plus unused contribution room.

Contributions are tax deductible, and can be deferred for a future tax break.

Taxed at your marginal tax rate, at the time of withdrawal.*

No, unless related to the Lifelong Learning Plan or Home Buyers' Plan.

Yes.



You don't have to choose

A TFSA and an RRSP can work together in your financial favour!