



# Tax-free savings account

EXPERIENCE THE  
BENEFITS OF TAX-FREE  
COMPOUNDING



A TFSA is more than just a savings account. With it, you choose the investments, you put the money in and you get the contributions and growth back out - tax free.

Whether you are planning a major vacation next year or buying a sailboat when you retire, a TFSA is a tax-efficient way to save.

## Investment flexibility

Investments that are TFSA-eligible can be the same as those available for investments held within RRSPs, including mutual funds, money market funds, Guaranteed Investment Certificates (GICs), publicly traded securities, and government and corporate bonds.

## Personal financial flexibility

A TFSA works well for your short- or long-term financial goals such as:

- A ready source of emergency funds
- Saving for a new car, cottage or dream vacation
- Reducing taxes on your non-registered investments
- Adding to your retirement savings
- Adding to education savings beyond RESPs
- Splitting income with your spouse to minimize taxes

## Who is eligible for a TFSA?

All Canadians age 18 years or older at every income level are eligible.

## Maximize your contributions

TFSA contributions can begin at age 18 and continue past age 71 (unlike an RRSP). You can contribute \$5,500 a year plus the total of withdrawals made in the prior year. And if you don't use all of your contribution room right away, it accumulates year after year – fill it at any time you choose. As well, a contribution to investments held within a TFSA does not affect RRSP contribution room.

## Enjoy tax-free growth

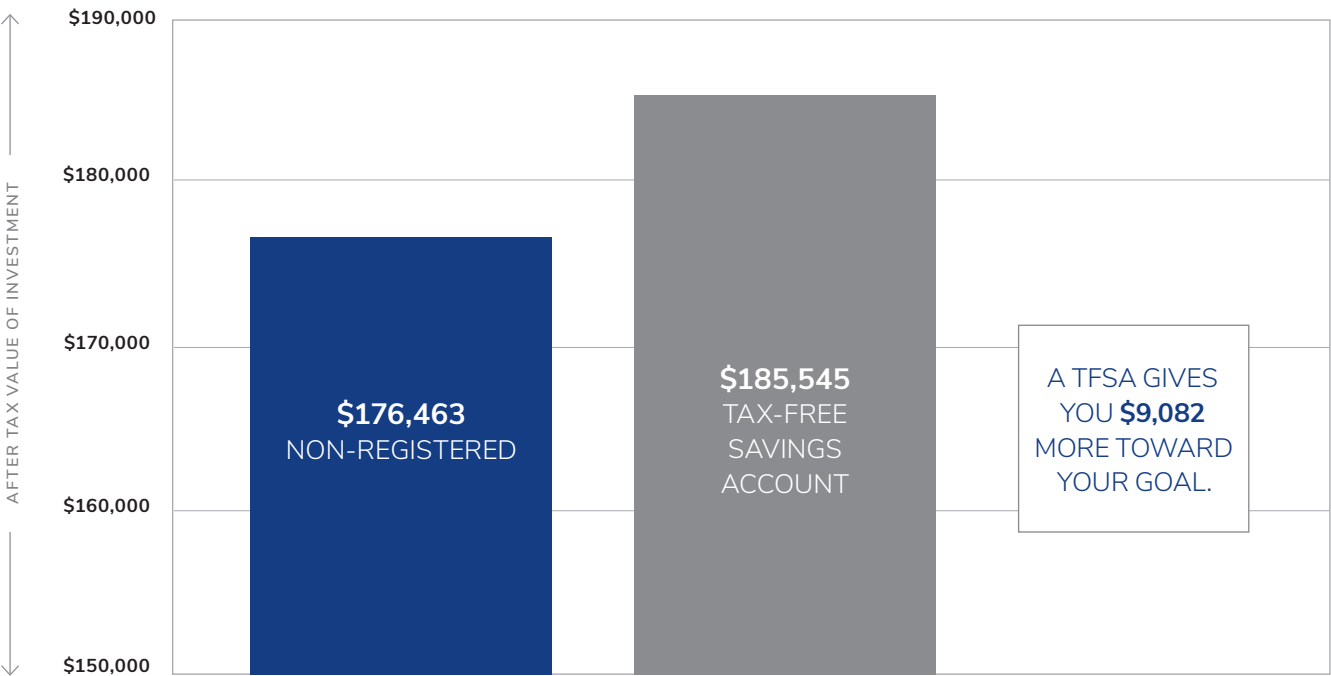
You can contribute up to \$5,500 a year to a TFSA. Contributions grow and can be withdrawn at any time for any purpose without incurring tax. You are not taxed on interest, dividends or capital gains earned inside the TFSA. Contributions are not tax-deductible for income tax purposes. Withdrawals from a TFSA are not considered to be income and do not impact your eligibility for federal government programs such as Old Age Security or the Guaranteed Income Supplement.

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TFSA withdrawals don't affect your eligibility for income-tested federal benefits such as Old Age Security (OAS).

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# BENEFITS OF SAVING IN A TFSA VS. NON-REGISTERED LONG-TERM SAVINGS



Assumptions: \$5,000 annual contribution for 20 years. 4.75% rate of return. TFSA: 4.75% deferred growth. Non-Registered: 2.5% deferred growth, 0.75% realized capital gain, 1% interest and 0.5% dividend (eligible). Marginal tax rate is 29.65% (Resident of Ontario, 2017 taxable income over \$45,917 up to \$74,316). Assume all distributions are monthly, and tax on the non-registered account is paid annually on these distributions. The rate of return is used only to illustrate the effects of the compound growth rate and is not intended to reflect future values or returns on investment.

Talk to an IG Wealth Management Consultant about your personal circumstances so you can discuss the best strategies for you.

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