

TFSAs & RRSPs:

Learn more about the differences and benefits of each

With a new year upon us and tax season around the corner, we would like to send a friendly reminder about two key tax savings investment opportunities: Registered Retirement Savings Plan (RRSP) and Tax-Free Savings Account (TFSA). For your reference, we have included a quick comparison on the key benefits and differences between RRSPs & TFSAs.

	Tax-Free Savings Account (TFSA)	Registered Retirement Savings Plan (RRSP)
MINIMUM AGE	To open a TFSA you must: <ul style="list-style-type: none">• Be 18 years of age or older.• Have reached the age of majority in the province where you set up the account.• Be a Canadian resident.	There is no minimum age to open an RRSP, however you must have earned qualified income in the previous year to contribute and: <ul style="list-style-type: none">• Be a Canadian resident.• Have a Social Insurance Number (SIN).
MAXIMUM AGE	As long as you meet the above requirements, there is no maximum age to contribute.	Contributions can be made until the end of the year in which you turn 71. After that point, you must convert your RRSP into a Registered Retirement Income Fund (RRIF) or an annuity.
CONTRIBUTIONS	<ul style="list-style-type: none">• Contributions are NOT tax deductible.• Annual contribution dollar limit is determined by the Canadian Revenue Agency (CRA). For 2017, the maximum contribution limit is \$5,500 annually, plus any unused contribution room from previous years.*• Unused contribution room can be carried forward indefinitely.	<ul style="list-style-type: none">• Contributions are tax deductible.**• Maximum contribution for 2016 is 18% of your previous year's earned income up to a maximum of \$25,370, plus any unused contribution room from previous years.• Unused contribution room can be carried forward until the end of the year in which you turn 71, as above.
WITHDRAWALS	<ul style="list-style-type: none">• Withdrawals are tax free.• Withdrawals in one year will increase contribution room by the same amount in the following year.	<ul style="list-style-type: none">• Withdrawals are taxed as income.• Withdrawals do not create additional contribution room.
DEADLINES	There is no deadline for contributions to a TFSA, as the unused contribution room is carried forward into the next year. However, a withdrawal in any year does not increase the TFSA room until the following calendar year.	In order to receive a deduction on your 2016 tax return, contributions must be made by March 1, 2017 .

* If you have never contributed to a TFSA, you can contribute up to \$52,000 for 2017. Contact CRA to confirm your available TFSA contribution room.

**Your RRSP deduction limit can be found on your most recent Notice of Assessment from the Canada Revenue Agency.

The above chart provides highlights of TFSAs and RRSPs. It is for information purposes only and is not intended to be investment or tax advice. Investors should consult a professional advisor for specific investment and tax advice.

Should you have any questions or would like to make a contribution, please contact your Relationship Manager.



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