

Tax-Free Savings Account

Contribution time
is here again!



TFSA FACTS

- As of January 1, 2017 the contribution limit for all Canadian residents age 18 and older is \$5,500.00 for this year.
- Any unused TFSA contribution room is carried forward and accumulates for future years up to a lifetime limit of \$52,000.
- The TFSA allows you to accumulate savings on a tax-free basis (there is no tax payable on dividends, interest, capital gains inside a TFSA). There is no tax deduction when you make a contribution and no tax is payable when you withdraw from the plan.
- A wide range of investment products can be bought in a TFSA (equities, bonds, ETFs, etc.).
- Money withdrawn from a TFSA does not impact OAS or CPP payments.
- Additionally, you may hold U.S. securities in your TFSA account and trades processed in those accounts are permitted to settle in U.S. dollars.

WHY A TFSA?

- The TFSA can be used with your RRSP as a powerful long-term savings vehicle to help fund future retirement.
- The TFSA can be used as a savings vehicle to save for major future expenses. Any withdrawals increase your future contribution limit beginning in the next tax year.

WHAT TO DO

- We strongly recommend every client consider holding and maximizing the TFSA.
- If you currently hold a TFSA at another institution and are simply using it as a 'savings account' consider consolidating it with your MRCC TFSA. This will allow you to supercharge your potential returns as many bank-administered TFSAs are in GICs with very low interest rates. TFSAs are not merely savings accounts and you have access to the same range of investments in your MRCC TFSA that you may hold in an RRSP.
- If you have yet to open a TFSA, we can set up one here.
- If you have a TFSA here, we recommend that you give us a call to discuss making your contribution early in the year to maximize potential returns. Or set up a frequent purchase plan (FPP) so that funds are transferred monthly from your bank.



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