

TFSA vs RRSP: WHAT'S THE DIFFERENCE?

The Tax-Free Savings Account (TFSA) and Registered Retirement Savings Plan (RRSP) are two great savings vehicles; which is best suited for you? Both offer tax advantages, but they do have key differences.

TFSA	RRSP
Contributions to TFSA (savings) will not be deductible for income tax purposes	Contributions are deductible and reduce your income for tax purposes
Withdrawals and growth in your account will not be taxed	Withdrawals are added to your income and taxed at your marginal tax rate
Contribution limit of \$5,000 per year regardless of income, indexed with inflation to the nearest \$500	Contribution limit equivalent to 18% of your earned income from the previous year minus pension adjustments for pension plans
The law allows you to contribute to a TFSA throughout your lifetime, regardless of age, without the need to convert to another type of account	The law allows you to contribute to an RRSP until the end of the year in which you reach the age of 71; then it must be converted to an RRIF or Annuity

When considering investment strategies, it is important to speak with your financial advisor at Capital Estate Planning Corporation. We are committed to providing you with the best possible financial solutions while maximizing your tax benefits.

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