

TAX-FREE SAVINGS ACCOUNT (TFSA)**Q: What is a Tax-Free Savings Account?**

A: Introduced in 2008, it is a registered investment account that shelters most investment growth from tax. Investment growth includes interest, dividends and capital gains.

Q: What are the benefits of a TFSA?

A: It allows you to invest money and have it grow without paying tax on most investment growth throughout your lifetime.

Q: Is there an age limit to opening a TFSA?

A: Yes. You must be 18 or 19 years of age to open a TFSA, depending on which province you live in. Regardless of the province though, your TFSA contribution room begins to accumulate at age 18.

Q: By what age am I required to withdraw all of my TFSA investments?

A: Never. Unlike an RRSP, there is no age limit on a TFSA and you are never required to wind down/withdraw your money.

Q: What are the contribution limits?

A: There is a maximum amount that an individual can contribute to a TFSA in each given year, as mandated by the Federal Government. To date, the following maximums apply:

2009:	\$5,000	2016:	\$5,500
2010:	\$5,000	2017:	\$5,500
2011:	\$5,000	2018:	\$5,500
2012:	\$5,000	2019:	\$6,000
2013:	\$5,500	2020:	\$6,000
2014:	\$5,500	2021:	\$6,000
2015:	\$10,000	2022:	\$6,000

Q: I did not contribute the entire/any amount in a given year. What happens to my contribution room?

A: Any unused contribution room is carried forwarded and added to the TFSA contribution room for the following year.

Q: Does contribution room accumulate?

A: Yes. There is a cumulative amount. As of 2022, the total amount one individual can contribute to a TFSA is \$81,500, assuming they were at least 18 years of age in 2009.

Q: Is my contribution tax-deductible?

A: No. Unlike an RRSP, your investment growth is never taxed, not even at withdrawal so your contribution will not generate a tax-refund.

Q: Can I have more than one TFSA?

A: Yes. You can have as many TFSAs as you wish. However, the total contributed amounts across all of your plans cannot exceed the total accumulated contribution room to date.

Q: Can I withdraw my money from my TFSA?

A: Yes! Withdrawals can be done any time, assuming there are no liquidity restrictions on the investment product you are using.

Q: Do I lose my contribution room after withdrawing money?

A: No. Any total amount you withdraw from your TFSA during one calendar year will be added to your contribution room for the following calendar year.

Q: I have over-contributed to my TFSA. What happens now?

A: Be very cautious not to over-contribute as you will be penalized by the CRA with a 1% tax on the excess amount for every month you are over the limit. The penalty tax will continue to be levied on you until such time that either:

- You withdraw the entire excess amount, or
- The excess amount is absorbed by additions to the unused contribution room in following calendar years.

Q: Can I contribute to my spouse's and/or adult child's TFSA?

A: Yes, as long as he/she has adequate contribution room available. Remember that this is deemed a gift. While any investment growth would not be attributed back to you, you are also no longer in control of that money so plan accordingly.

Q: What investment options are available for TFSAs?

A: Contrary to its misleading naming, TFSAs are NOT strictly savings accounts. Your investment choices are similar to an RRSP and include Guaranteed Investment Certificates (GICS), mutual funds, exchange-traded funds, and stocks, among others.

Q: I collect federal income-tested benefits. Do contributions and/or withdrawals affect my eligibility for these benefits?

A: No. The TFSA program is not included in the income calculations for such benefits as the Canada Child Benefit and Old-Age Security.

Q: Can contributions be done on an "in-kind" basis?

A: Yes. You can transfer most investments from a non-registered account to a TFSA without selling the investment first. However, be careful of potential tax consequences of such a move.

Q: Can I transfer funds between two TFSAs in my name?

A: Yes. As long as the transfer is processed correctly, your contribution room will not be impacted nor will you face contribution penalties.