



TAX FREE SAVINGS ACCOUNT

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What is a TFSA?



There are **no income requirements** for contributions to a TFSA, which makes it a great option if you are retired or a stay-at-home parent.

With **no maximum age limit** for opening a TFSA, it provides seniors with a tax-free savings option, which they would otherwise have limited access to after age 71 when mandatory withdrawals are required from their RRIF. Nor is there ever any requirement to collapse a TFSA, making it even more valuable once you are retired.

→ Canadians aged 18 and older can contribute yearly into a TFSA. Limits are set by the Government of Canada from year to year. The limit for 2025 is \$7,000.

→ Those who cannot contribute in each given year can carry forward their unused contribution room to future years. If you were a resident of Canada aged 18 or more since 2009 and never had a TFSA, your accumulated contribution room in 2025 would be \$102,000.

→ Earnings from qualified investments in your TFSA, whether interest, dividends or capital gains, are never subject to Canadian income tax - even when you withdraw the money!

At Research Capital Corporation, you can hold a wide range of investments in your TFSA, which makes a TFSA appropriate for all types of investors.

Ask Your Research Capital Corporation Investment Advisor about a TFSA today!

Important Facts



- The tax-free status is lost **when the holder dies**, unless a spouse or common-law partner is specifically named as the beneficiary. Only then can the TFSA be transferred tax-free to their TFSA, without affecting the contribution room of the surviving spouse or common-law partner.
- In the case of **divorce or the breakdown of a common-law partnership**, a TFSA can be transferred directly from one spouse or common-law partner's TFSA to another and does not affect the contribution room of either.
- Have you **become a non-resident of Canada?** You can maintain your TFSA and are not taxed on any earnings within it or withdrawals. However you can no longer contribute to the TFSA, and your contribution room stops accumulating.
- **Interest on money borrowed** to invest in a TFSA is NOT tax deductible.
- You can have multiple TFSAs; however, the **annual combined contributions** must be within your contribution room. Excess contributions will be subject to a tax of 1% per month for each month the excess remains in the plan.
- Contributions **do not have to be in cash**. You can make contributions of securities, including foreign holdings, as long as they are qualified investments.
- Your TFSA contribution room will be **shown on your Notice of Assessment from the CRA**, just like your RRSP contribution allowance.

RRSP vs TFSA



A TFSA and RRSP are both great ways to save. The ability to fully benefit from both depends on what your goals are.

A TFSA is a great way to invest for short and long-term goals, but an RRSP is still the best way to save for retirement.

Your Research Capital Corporation advisor can help you decide which plan to use to maximize your investments.

RRSP	TFSA
Contributions to an RRSP are tax deductible and reduce your income for tax purposes.	Contributions to a TFSA are not tax deductible .
Contributions to an RRSP are based solely on earned income .	Contributions to a TFSA are not based on income of any type .
Withdrawals from an RRSP are added to your income and taxed at your current rate.	Withdrawals from a TFSA are tax free.
Unused contribution room in an RRSP can only be carried forward until the year in which you turn 71 .	Unused contribution room in a TFSA can be carried forward indefinitely .
An RRSP must be converted to a RRIF or annuity by the end of the year in which you turn 71.	A TFSA never needs to be converted .
Withdrawals from an RRSP are not added back to your contribution room.	Withdrawals from a TFSA are added back to your contribution room and may be recontributed in the year following the withdrawal.

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Disclaimer

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Assets in a TFSA must be qualified investments under the Income Tax Act. If the TFSA holds non-qualified investments or carries on a business, it could be subject to Canadian tax. If the TFSA holds foreign securities (including U.S. publicly listed), it could be subject to withholding tax in the foreign jurisdiction.

The maximum contribution room of \$102,000 applies if you open your first TFSA in 2025, provided you were at least 18 years old, and a Canadian resident in 2009, and have remained a Canadian resident since then. If you have more than one TFSA, your contribution room is shared across all accounts. It is your responsibility to ensure that you do not exceed your contribution limit each year. If you over-contribute to your TFSA, you may have to pay a penalty tax.

