

# Tax-Free Savings Account Fast Facts

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## Saving Has Never Been More Rewarding

There's so much to save for – and the Tax-Free Savings Account (TFSA) offers key incentives to do so. A TFSA enables you to invest after-tax money into an account where any subsequent earnings growth (interest, capital gains or dividend income) is not subject to further taxation. Neither are withdrawals.

## TFSAs vs. Registered Retirement Savings Plans (RRSPs) vs. Cash Accounts – How They Measure Up

Depending on what you're saving for – a milestone, such as a new home or simply for a rainy day – the key features below can help determine how a TFSA can fit into your overall financial plan.

Product Features	TFSAs	RRSPs	Cash Accounts
<b>Annual contribution limit</b>	\$7,000 for 2025 (plus unused contribution room)	The lesser of \$31,560 for 2024 / \$32,490 for 2025 and 18% of earned income from your previous tax year, minus any pension adjustments, plus unused contribution room from previous years should be in the Annual contribution limit/RRSP box.	No limits
<b>Tax deductible contribution</b>	No	Yes	No
<b>Contribution carry-forward</b>	Yes	Yes	n/a
<b>Taxable consequences</b>	No tax on growth and no tax on withdrawals	Withholding tax when withdrawn; the amount withdrawn is added to taxable income	Fully taxable earnings growth
<b>Capital loss on investment</b>	Cannot claim	Cannot claim	Can offset capital gains (three preceding tax years, carried forward indefinitely)
<b>Maximum age for contribution</b>	No	Yes (December 31 of the year you turn 71)	No
<b>Re-contribution of withdrawals</b>	Yes (in subsequent calendar year)	No (except for Home Buyer's Plan and Lifelong Learning Plan)	Yes
<b>Overcontribution penalty</b>	Yes, 1% per month on over-contribution amounts (even if contribution was withdrawn subsequently in same tax year)	Yes, 1% per month if you exceed the \$2,000 lifetime over-contribution amount	N/A

## What You Need to Know

### To Open a TFSA, an Investor Needs:

- A Canadian Social Insurance Number
- To be 18 years of age or over
- To be a Canadian resident

NOTE: You do not need to have earned income or be filing an income tax and benefit return.

### Contributions

Year	TFSA Annual Limit	TFSA Cumulative Limit
2009	\$ 5,000	\$ 5,000
2010	\$ 5,000	\$ 10,000
2011	\$ 5,000	\$ 15,000
2012	\$ 5,000	\$ 20,000
2013	\$ 5,500	\$ 25,500
2014	\$ 5,500	\$ 31,000
2015	\$ 10,000	\$ 41,000
2016	\$ 5,500	\$ 46,500
2017	\$ 5,500	\$ 52,000
2018	\$ 5,500	\$ 57,500
2019	\$ 6,000	\$ 63,500
2020	\$ 6,000	\$ 69,500
2021	\$ 6,000	\$ 75,500
2022	\$ 6,000	\$ 81,500
2023	\$ 6,500	\$ 88,000
2024	\$ 7,000	\$ 95,000
2025	\$ 7,000	\$ 102,000

NOTE: This applies to investors aged 18 and older in 2009. An investor born in 1992 (and therefore turned 18 in 2010) would have a cumulative limit of \$97,000 in 2025.

- Unused contribution room can be carried forward to future years
- Any amount withdrawn from a TFSA can be recontributed in future years as it is added to your contribution room the following year
- Spouses and common-law partners can give each other an amount to contribute to their own TFSA without triggering attribution rules. TFSA assets can be transferred to a spouse tax-free upon death

### Withdrawals

- May be taken at any time without tax penalty
- No limit on the amount of each withdrawal
- Funds may be withdrawn for any purpose

### Tax Features

- Earnings growth in plan is tax-sheltered
- Withdrawals from the account remain tax-free
- No impact on taxes and income-tested credits and benefits such as:
  - Guaranteed Income Supplement (GIS)
  - Canada Child Benefit
  - Working Income Tax Benefit
  - Goods and Services Tax credit (GST)
  - Age credit
  - Old Age Security benefits (OAS) or Employment Insurance benefits (EI)

**For more information, contact your financial advisor or visit [AGF.com/TFSA](https://www.agf.com/TFSA)**

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