

Tax-Free Savings Account Fast Facts

AGF SOUND CHOICES

The Tax Free Savings Account (TFSA) allows you to invest post-tax money into an account where subsequent earnings growth (interest, capital gains or dividend income) is not subject to further taxation.

By using your TFSA to invest in AGF's broad line-up of mutual funds, you have the potential to earn more tax-free investment income over the long term than if you invested in a high-interest savings account or GIC, magnifying the advantages of the plan.

TFSA vs. RRSP vs. Cash accounts – how they measure up

Product Features	TFSA	RRSP	Cash Accounts
Annual contribution limit	\$5,500 per year	For 2018, 18% of income earned in the previous year or \$26,230, whichever is lower (increased annually)	No limits
Tax deductible contribution	No	Yes	No
Contribution carry-forward	Yes	Yes	n/a
Taxable consequences	No tax on growth and no tax on withdrawals	Withholding tax applies if withdrawn prior to RRIF; the amount withdrawn is added to taxable income	Fully taxable earnings growth
Capital loss on investment	Cannot claim	Cannot claim	Can offset capital gains (three preceding tax years, carried forward indefinitely)
Maximum age for contribution	No	Yes (71 years old)	No
Re-contribution of withdrawals	Yes (in subsequent calendar year)	No (except for Home Buyer's Plan and Life Long Learning Plan)	Yes
Overcontribution penalty	Yes, 1% per month on over-contribution amounts (even if contribution was withdrawn subsequently in same tax year)	Yes, 1% per month if you exceed the \$2,000 lifetime over-contribution amount	n/a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

Eligibility

- Anyone 18 years of age and over who is a resident of Canada can open a TFSA
- A valid Social Insurance Number is required to open an account
- You do not need to have earned income or be filing an income tax and/or benefit return

Contributions

- \$5,500 for 2018.
- Unused contribution room can be carried forward to future years
- Any amount withdrawn from a TFSA can be re-contributed in future years without reducing contribution room
- Spouses (and common-law partners) can give each other monies 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- Funds may be withdrawn for any purpose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

The foregoing should not be viewed as tax advice. Investors should consult their own investment professionals and tax advisors prior to implementing any changes to their investment strategies.

Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please read the prospectus before investing. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated.

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