TFSA vs RRSP

TFSA

- Must be 18 years or older, and have a vaild SIN.
- Contributions are not tax deductible. However, any amount of interest earned in the plan is generally tax-free, even when money is withdrawn.
- You do not need to have "earned income" to contribute.
- Cannot contribute to a spouse's plan, each plan is individually owned.
- Generally, any gains earned on investments while held in a TFSA are not taxable
- Federal benefits (OAS, GIS, EI) will not be reduced as a result of any income earned or money withdrawn from the plan. TFSA's will not impact your eligibility for federal credits either (GST/HST).
- Withdrawals from TFSA plan will not reduce the amount of contributions you have already made for the current year and withdrawals from the plan are added back to the contribution room the following year.
- TFSA's are contributed to with after-tax dollars.

TFSA vs RRSP

RRSP

- Anyone with “earned income”, subject to Canadian Taxation, can contribute to an RRSP.

- Contributions are tax deductible and the interest earned is tax sheltered until you withdraw from the plan.

- You are also able to make contributions to your spouse/ common-law’s name (spouse receives the assets and contributor gets the tax break).

- RRSP’s offer a Home Buyer Plan; this allows an individual to withdraw up to a certain amount from RRSP to use as part of a down payment on a qualifying residence without taxation. The funds withdrawn must be paid back before or within 15 years.

- Offer’s a Life Long Learning Plan; individual may withdraw up to $10,000.00 per year from the plan to go towards school or training for themselves or their spouse. This withdrawal must be repaid in 10 years after school completion.

- Withdrawals from the RRSP plan are not added back to contribution room the following tax year, unlike the TFSA.

INTEGRIS
EST. 1946