

# Save smarter with a Tax-Free Savings Account (TFSA)

As a Group Retirement Plan member, you're already taking steps to reach your retirement savings goals through your employer-sponsored registered plan.

## Want to do more?

Another type of registered plan that can help you reach your savings goals is a Tax-Free Savings Account (TFSA). The two key advantages of a TFSA are that you don't pay tax on the account's investment earnings, and you don't pay tax on the money you withdraw from the account.

## How does a TFSA work?

- Canadian residents age 18 or older can contribute up to \$6,000 for 2021. (Annual contribution limits can change each year, so determine the annual limit each year before you contribute.)
- The 2021 cumulative contribution limit is \$75,500.
- Unused TFSA contribution room carries forward.
- Withdrawals can be made at any time and are tax-free because your TFSA contributions are made with after-tax dollars.
- You get back the contribution room for any amounts withdrawn, in the calendar year following the withdrawal (i.e., if you withdraw \$5,000 in 2021, then in 2022 you would get your regular new contribution room of \$6,000 + \$5,000 for a total of \$11,000 of new room).

## How can a TFSA help you reach your savings goals?

- TFSAs are flexible - you can choose to make regular monthly and/or lump sum contributions.
- A TFSA can be used to help you to save for any purpose and can be used to reach one or several savings goals – over the short, medium or long-term.
- If you currently have non-registered savings, for example in a non-registered account or investment at the bank, any interest income or growth is taxable. You may wish to consider a TFSA instead for these savings, as a more tax-efficient saving option.

To discuss your savings strategy and determine if a TFSA should be part of your overall financial plan, contact Reuter Benefits' team of licensed professionals by phone at 1-800-666-0142 or email [retire@reuterbenefits.com](mailto:retire@reuterbenefits.com).

