

Tax Free Savings Account (TFSA)

The Basics

The Tax-Free Savings Account (TFSA) is a registered savings account introduced by the Federal Government in 2009. Investment income in the account – whether interest, dividends or capital gains – is not taxable, even when the money is withdrawn. A TFSA can be used for a variety of needs, from purchasing a new car, renovating a house, starting a small business or taking a family vacation.

Who can sign up for a TFSA?

Anybody in British Columbia can open a TFSA account, provided they meet the following conditions:

- Resident of Canada
- 18 years of age or older
- Have a valid Social Insurance Number (SIN)

How do withdrawals affect my contribution room?

Any amounts withdrawn from your TFSA, get added onto your contribution room in the following year.

For example, if you had grown your TFSA to \$30,000 and decided to withdraw it all, in the following year you will get the new year's allotment, plus the \$30,000 you previously removed. If you had withdrawn those funds in 2019, in 2020 you could contribute a total of \$36,000.

How much can you contribute into your TFSA each year?

Each year's contribution limit is set by the Federal Government prior to the start of each year. Your contribution limit begins accumulating in the year you turn 18. For instance, if you were 18 or older in 2009, you would be eligible for the full contribution limit. Any unused contribution room from the previous year is added to the contribution for the next year.

Year	Contribution Amount
2009 - 2012	\$5,000
2013 - 2014	\$5,500
2015	\$10,000
2016 - 2018	\$5,500
2019 - 2021	\$6,000



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