

## *A Savings Plan for All Canadian Residents*



Starting January 1, 2009 Canadians will have a new way to save money with the new Tax-Free Savings Account.

Introduced by the Federal Government in 2008, the Tax-Free Savings account is the single most important savings vehicle since the Registered Retirement Savings Plan (RRSP). It allows Canadians to grow savings tax-free. TFSA savings can be withdrawn tax free at any time and used for any purpose - to purchase a new home, a new car, take a vacation, renovate your home or start a small business.

## **How the TFSA Works**

- As of January 2009, Canadian residents age 18 or older can save up to \$5,000 per year in a TFSA.
- Contributions to a TFSA are not deductible for tax purposes, but investment income within the account (including capital gains) will not be taxed, even when withdrawn.
- If you are unable to contribute the maximum each year, unused contribution room can be carried forward indefinitely.
- You can withdraw funds at any time and for any reason.
- The amount withdrawn from the account can be put back into the TFSA without affecting contribution room.
- TFSA withdrawals or income earned within a TFSA does not affect eligibility for federal income-tested benefits or credits (i.e. Child Tax Benefit, EI, GIS, OAS, Age Credit and GST Credit).
- No attribution rule on TFSAs, so you can contribute \$5,000 per year for a spouse or child (18 years or older) without affecting eligibility or incurring tax liabilities.
- TFSA assets can be transferred tax free to a spouse or common-law partner upon death without affecting their contribution room
- TFSAs can increase tax free savings if RRSP contribution room is maxed out and you can continue to contribute after age 71.
- TFSAs provide a tax free investment vehicle for excess cash flow from RRIF payments.
- With a Brigata TFSA you can invest as little as \$1,000 per year or start a PAC at \$50 per month.

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For more information on how a TFSA can help with your savings needs, see your IPG Investment Advisor.

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The Brigata Tax-Free Savings Account