

# Make the most out of your TFSA

CPABC RRSP & Tax Tips

## 1 MAXIMIZE YOUR CONTRIBUTION



### Total Contribution Room

2020 limit: \$69,500

2021 limit: \$75,500

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

### TIP #1

If you can't maximize your TFSA, **that's okay!** What you don't contribute gets carried over indefinitely.

### TIP #2

Do not over contribute! You don't want to be penalized 1% a month on the excess amount! When in doubt, you can see your TFSA contribution room at your MyCRA online account or call 1-800-267-6999.

## 2 TREAT YOUR TFSA LIKE AN INVESTMENT

Your TFSA is NOT just a high-interest savings account. You can use it to hold investments like:

- Mutual Funds
- Guaranteed Investment Certificate (GICs)
- Bonds
- Publicly Traded Stocks
- Exchange Traded Funds (ETFs)
- Segregated Funds



### TIP #3

Don't hold investments that generate income subject to foreign tax in your TFSA! The foreign taxes paid on your income aren't recoverable in a TFSA. It might be better to hold such investments in your RRSP, which may get a tax treaty exemption from foreign tax. If you're unsure, ask an expert like a CPA.

## 3 USE YOUR TFSA TO GROW YOUR MONEY POTS

You can withdraw money when you want **tax free** so the TFSA could be great for saving goals like:



Down payment



Dream car



Education



Emergency



Retirement

### TIP #4

You don't have to pay back what you've withdrawn from your TFSA. If you do plan re-contributing withdrawn amounts back into your TFSA, you can only do so in the following calendar year.

## 4 REMEMBER THE MONEY IN YOUR TFSA IS TAX FREE

Income earned within your TFSA account and money that is drawn from your TFSA account won't be taxed. This includes your original contribution amount, as well as any interest, dividends, and capital gains earned.



### TIP #5

The money you earn from your investment within your TFSA is also tax free!

For more RRSP & Tax Tips, please visit:

[www.rrspandtaxtips.com](http://www.rrspandtaxtips.com)

Tax rules relating to these tips are complex. This is not intended as tax advice and you should not make tax decisions based solely on the information presented in these tips. You should seek the advice of a CPA or other professionals before implementing a tax plan or taking a tax filing position.



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