



RRSPs and TFSAs

Two tax-free savings vehicles are better than one.

Individually, RRSPs and TFSAs are powerful savings opportunities. Together, they empower clients to enjoy all of the rewards of tax-free investing.

While each of these tax-free savings plans have unique benefits, they're designed to work together. The RRSP is primarily intended for retirement, while the flexibility of the TFSA makes it an ideal savings vehicle for everything else.

Depending on your goals, one plan may be preferable over the other. An Echelon Advisor can help you understand the differences between the two, while ensuring you make the best decision for your needs, today and in the future. Your Advisor will consider the following:

- Your current income tax bracket
- Your income tax bracket when you retire
- The number of years before you retire
- How much you'll need once you retire
- If you're maxing out your RRSP

How do they differ?

	RRSP	TFSA
Primary Financial Goals	Retirement	Short-term and long-term savings and investing goals.
Annual Contribution Limit	Up to 18% of your previous year's earned income, less any pension adjustments, up to the maximum for the tax year (\$26,010 in 2017).	2016-17: \$5,500 a year, 2015: \$10,000, 2013-15: \$5,500 a year, 2009-12: \$5,000 a year
Contributions	Contributions are tax-deductible	Contributions are not tax-deductible.
Growth	Tax-deferred	Tax-free
Withdrawals	Taxable*. Additionally, withdrawals may affect federal income-tested government benefits. * Withdrawals are tax-free if used for first home or life-long learning and returned to your plan at a future date.	Tax-free, and no impact on government benefits.
Unused Contribution Room	Carried forward.	Carried forward.
Withdrawn Amounts	Contribution room is lost for amounts withdrawn.	Amounts are added to the following year's contribution room.
Maturity	You must be fully withdrawn or transferred to either a RRIF or annuity by the end of the year you turn 71.	No requirement to convert to at any age.
Spousal Plan	Contributions to a spousal RRSP are permitted.	No spousal TFSA is offered.
Penalty for Over-Contribution	1%/month	1%/month

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