



What you need to know about TFSAs

Whether you're looking to save money for your retirement, your child's education or a family vacation, a Group Tax-Free Savings Account ("TFSA") can help you get there. A TFSA lets you save after-tax money without paying tax on the investment income you earn. And you can use the money whenever you want for whatever you want. Every year, you can contribute up to the limit set by the government, plus any unused contribution room from previous years. Here are some key advantages of the TFSA.

What are the benefits of a Group TFSA?

- No tax on investment income
- No tax on withdrawals
- Unused contribution room accumulates
- A great way to save money for your retirement or short-term needs
- The same low investment management fees you enjoy with your other Manulife group plan(s)
- Easy contributions through payroll deduction or lump-sum contributions
- Manage all your group plans through your online member account
- Access to same online tools, services and expert guidance available through your other Manulife group plan(s)

Who should consider enrolling in a TFSA?

All plan members, but especially short-term savers, high-wage earners, and low-wage earners. For short-term savers, a TFSA can be used as an emergency fund, a vacation fund, or a savings fund for major purchases like a car or a home renovation. For high-wage earners, a TFSA is an ideal savings option if you have no remaining contribution room in your other retirement plans like an RPP or RRSP. Withdrawals from a TFSA are not considered as income for tax purposes. So for low-wage earners, TFSA withdrawals do not impact income-tested benefits and credits, such as child tax benefits and credits, and the Guaranteed Income Supplement ("GIS").



How much can you contribute to a TFSA?

TFSA's were introduced in 2009. The annual contribution limit was \$5000 from 2009 to 2012, \$5,500 for 2013 and 2014, and \$10,000 for 2015. The current annual limit (since 2016) is \$5,500, and will be adjusted to inflation and rounded to the nearest \$500 in subsequent years¹. Contributions are not eligible for tax deductions.

Are there minimum or ongoing contributions required if you enrol in a TFSA?

No, but you can make contributions by payroll deductions or make lump-sum contributions.

How can you find out your TFSA contribution limit and contribution room?

Since financial institutions report TFSA contributions and withdrawals to the Canada Revenue Agency ("CRA"), you can call CRA at **1-800-959-8281** or log in to My Account at **www.cra-arc.gc.ca/myaccount**.

Are there limits to how much you can withdraw from a TFSA?

No, and a withdrawal from a TFSA creates additional contribution room in subsequent years. So for example, if you withdraw \$1,000 from your TFSA in 2017, \$1,000 will be added to your contribution limit for 2018.

There is also no minimum withdrawal amount, but you will be charged a fee by your financial institution for making a withdrawal.

What happens if you exceed your contribution room?

The excess contributions will be subject to a tax of 1% per month, for each month that the excess remains in your plan.

What happens to a TFSA in the event of your death?

You can name one or more beneficiaries as with any other retirement plan, but you can also name your spouse or common-law partner as successor holder of your TFSA account upon your death. Your spouse would then become the new holder of the account, which would keep its tax-exempt status.

For more information about your Group TFSA or if you want to enrol, contact HR.

¹ <http://www.cra-arc.gc.ca>: Contributions, TFSA contribution room