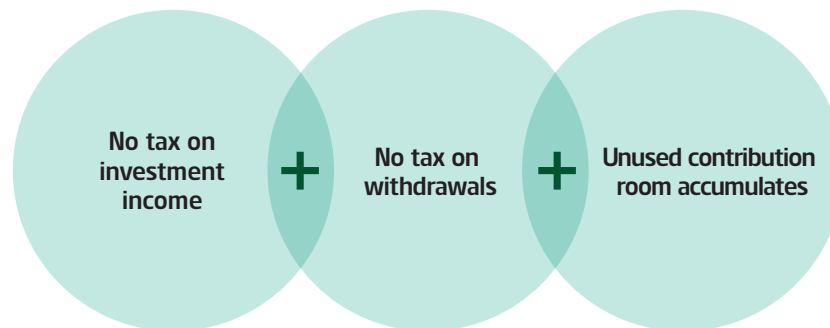


## Grow your savings tax-free!

Whether you're looking to save money for your retirement, your child's education or a family vacation, the TFSA can help you get there. The TFSA allows you to accumulate after-tax money without paying tax on the 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 the previous year.



### Benefits of a group TFSA

- ▶ A great way to save additional money for your retirement or unforeseen costs
- ▶ The ease of saving through payroll deduction by participating in your group retirement savings plan
- ▶ Consolidated reporting for all your group retirement plans at Manulife
- ▶ The same low investment management fees as with your other group retirement products
- ▶ A tax-free complement to the Registered Retirement Savings Plan (RRSP)

**“The single most important personal savings vehicle since the introduction of the Registered Retirement Savings Plan (RRSP)” ... back in 1957.**

**- Jim Flaherty, former Minister of Finance (2006-2014)**

## Another great way to save

A TFSA can be used to complement other retirement savings such as Registered Retirement Savings Plans (RRSP) or Defined Contribution Pension Plans (DC RPP). It can also be used for shorter-term savings goals. Let's see how the TFSA compares to other savings plans:

<sup>1</sup> The RRSP contribution limit for 2017 is the lesser of \$26,010 and 18% of your previous year's earned income.

The DC RPP contribution limit for 2017 is the lesser of \$26,230 and 18% of your current year's earned income.

<sup>2</sup> Except for income not already taxed.

<sup>3</sup> Yes, under insurance policy and certain beneficiary designations.

	RRSP/DC RPP	Non-Registered	TFSA
Minimum age of eligibility?	No	No	18
Contributions tax deductible?	Yes	No	No
Contribution limit for 2017?	18% <sup>1</sup>	Unlimited	\$5,500
Cumulative limit?	Yes	N/A	Yes
Withdrawals create contribution room?	No	N/A	Yes
Tax on withdrawals?	Yes	No <sup>2</sup>	No
Investment earnings taxable?	No	Yes	No
Capital loss deductible?	No	Yes	No
Registered with Canada Revenue Agency?	Yes	No	Yes
Creditor protection?	No <sup>3</sup> /Yes	No <sup>3</sup>	No <sup>3</sup>
Locked-in?	RPP only	No	No
Maximum age for contributions?	71	No	No

## What you should know

- There is no limit on the amount of withdrawals you can make
- The TFSA contribution limit was \$5,000 for 2009 to 2012, \$5,500 for 2013 and 2014, \$10,000 for 2015, and \$5,500 for 2016.

The limit is adjusted to inflation and rounded to the nearest \$500. Your earned income does not impact the contribution limit for the TFSA.

<sup>4</sup> You start accumulating contribution room at age 18 whether or not you have a TFSA.

## Your yearly contribution room

The annual TFSA contribution room is made up of three components:

1. The annual contribution limit
2. Any withdrawals made from a TFSA in a previous year
3. Any unused TFSA contribution room from the previous year

### For example:

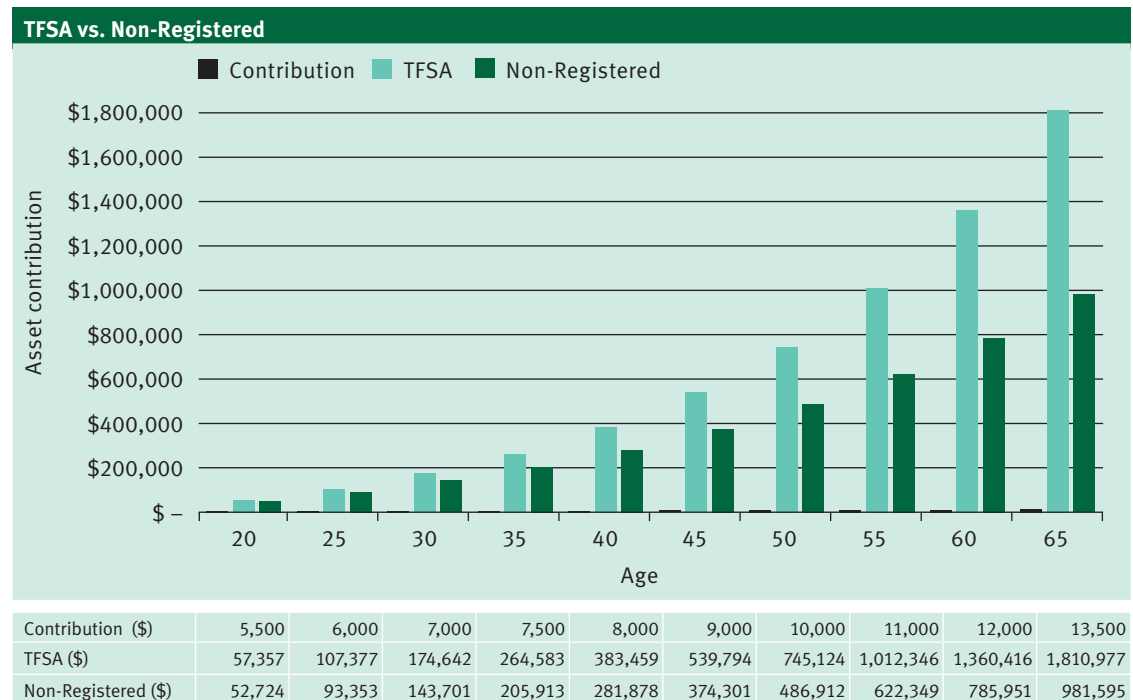
- ▶ In 2014 you could contribute up to \$5,500, plus any unused contribution room from previous years<sup>4</sup>. If you only contributed \$2,000, an amount of \$3,500 would have been carried forward to 2015 and added to your contribution room.
- ▶ In 2015 your contribution room would then have been \$10,000 plus \$3,500, or a total of \$13,500
- ▶ Let's say that in 2015, you did not contribute but decided to withdraw \$1,000. In 2016 your contribution room is \$5,500, plus the \$13,500 (carried forward from 2015), plus the \$1,000 withdrawn in 2015, for a total contribution limit of \$20,000. See the table below.

Year	Carry forward	Contribution limit	Withdrawals in previous year	Total contribution room	Actual contribution
2014	–	\$5,500	–	\$5,500	\$2,000
2015	\$3,500	\$10,000	\$0	\$13,500	\$0
2016	\$13,500	\$5,500	\$1,000	\$20,000	–

## Tax-free savings build over time

The following table compares contributions made to a TFSA versus identical contributions made to a Non-Registered Plan to illustrate the tax savings. As you can see, money grows faster in a TFSA versus a Non-Registered Plan over time because no tax has to be paid on the money earned in the account. By taking advantage of your maximum contributions, you can achieve significant savings over time. The table below shows deposits made from age 20 to age 65.

Assumptions: same contributions for both plans, 5% rate of return, 2% inflation rate and 40% marginal tax rate



## Other features you should know about

- ▶ Your group TFSA offers the same investment options as the ones offered in your group retirement program
- ▶ At any time you may name your spouse or common-law partner as successor holder of your account upon your death. Your spouse would then become the new holder of this account, which would keep its tax exempt status. The new holder is entitled to all the benefits associated with the account as if it was initially opened by them, including the ability to contribute – subject to their own TFSA contribution room – and withdraw or transfer money tax-free.
- ▶ If you become a non-resident of Canada, you can still hold your TFSA and continue to grow your money tax-free. However, you will not be entitled to make contributions, nor will your TFSA contribution room continue to grow.
- ▶ 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
- ▶ Your financial institution will not issue any tax slips or receipts, since they are not required by the Canada Revenue Agency (CRA)
- ▶ To find out your TFSA contribution limit and contribution room, call Canada Revenue Agency at 1 800 959-8281 or log into My Account at [www.cra-arc.gc.ca/myaccount/](http://www.cra-arc.gc.ca/myaccount/)
- ▶ TFSA withdrawals are not reported on your income tax form (T1) and therefore, do not affect calculations for government benefits such as GST/HST reimbursement, Guaranteed Income Supplement, etc.
- ▶ As stated in the 2008 Federal Budget: “The net after-tax rates of return on TFSA and RRSP savings are equivalent when effective tax rates are the same at the time of contribution and withdrawal”

## Save and grow your money tax-free with a TFSA.

- ▶ **No tax on investment income**
- ▶ **No tax on withdrawals**
- ▶ **Unused contribution room accumulates**

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