

Comparing TFSAs, RRSPs and NRSPs

The table below compares features of a Tax-Free Savings Account (TFSA), a Registered Retirement Savings Plan (RRSP) and a Non-Registered Savings Plan (NRSP). Note how contribution rules and taxation vary with each.

	RRSP	NRSP	TFSA
Tax deductible contributions	Yes	No	No
Annual contribution limit	\$26 230*	Unlimited	\$5 500
Unused contribution room can be carried over	Yes	N/A	Yes
Withdrawals create contribution room	No	N/A	Yes
Withdrawals are taxable	Yes	No	No
Investment earnings are taxable	No	Yes	No
Monies are locked-in	No	No	No
Maximum age for contributions	71	None	None
Capital loss deductible	No	Yes	No

* The 2018 yearly contribution limit is the lesser of 18% of your previous year's income or \$26 230.

What you should know:

RRSP contributions are tax deductible, with both the contributions and investment earnings taxable upon withdrawal.

TFSA contributions are made from after-tax income, and both the contributions and the investment earnings are non taxable upon withdrawal.

NRSP contributions are also made from after-tax income but the earnings are taxable yearly as well as upon withdrawal. Also, there is no contribution limit with an NRSP.

Given their complementary nature, your preference for contributing to a TFSA, an RRSP or an NRSP will depend on your particular savings needs as well as your current and expected future financial situation and income level.

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