The TFSA, FHSA and RRSP at a glance

Proper planning and stimulating goals are priceless if your goal is better personal finances. But how do you know which savings account is best suited to your situation?

Learn about the main differences and similarities between the three accounts.

TFSA (Tax-Free Savings Account): Set aside money, tax-free

Maximum annual contribution

A $6,500 annual limit[1] for everyone,[2] no matter your income. You can carry forward your unused contributions without limitation.

Non-taxable investment income and withdrawals

Your investment income is not taxable, even at the time of withdrawal.

Eligible products

Accompanied by your wealth advisor, you can invest in a wide range of investment solutions.

Unlimited access to your funds

You can withdraw money from your TFSA at any time,[3] for any reason.

How to use your TFSA

Achieve a goal that is important to you

Whether you're planning a trip or making a large purchase, the TFSA is there to help you make your medium- or long-term projects a reality.

Set up an emergency fund

Because you never know what life might throw your way, the TFSA can act as a savings account in case of an unforeseen event.

Save for retirement

The TFSA allows you to save with no age limit, and you can withdraw the money you want at any age.

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The FHSA (Tax-Free First Home Savings Account): save up to buy your first home

Maximum annual contribution

The annual limit is $8,000 with a lifetime limit of $40,000. You can carry forward your unused FHSA participation room at the end of the year, up to a maximum of $8,000 to use in the following year.

Tax savings

Your FHSA contributions are tax-deductible and will allow you to reduce your taxable income of the year you contribute. Your investment income is tax-exempt. Withdrawals for the purchase of a first eligible property are not taxable and do not need to be repaid.

Currently available eligible products:

Accompanied by your wealth advisor, you can invest in a wide range of investment solutions.

Age limit

You must be between the ages of 18[4] and 71 to contribute.

How to use your FHSA

Buy your first home

The FHSA is a new registered plan that can help you save tax-free for buying your first home.

Combine the FHSA and the HBP

You can use the funds from your FHSA and perform an HBP-type withdrawal for purchasing the same property.

Save more

If you're not buying a property, you can save more for retirement by transferring your FHSA to an RRSP (or RRIF) without affecting your RRSP contribution limit.

RRSP (Registered Retirement Savings Plan): Invest in tomorrow today

Maximum annual contribution

18% of the previous year's income, up to the allowed annual maximum. You can carry forward your unused contributions from previous years.

Tax savings

The RRSP allows you to defer taxes on your income up to the time of withdrawal, and reduces your taxable income during the years you contribute.

Eligible products

Accompanied by your wealth advisor, you can invest in a wide range of investment solutions.

Age limit

You can contribute until December 31 of the year you turn 71. After, you may transfer your RRSP to an RRIF or purchase an annuity.

How to use your RRSP

Go back to school

The Lifelong Learning Plan (LLP) allows you to withdraw funds from your RRSP to go back to school and pay it back later.

Buy your first home

The Home Buyers' Plan (HBP) allows you to withdraw funds from your RRSP for a downpayment and pay it back later.

Enjoy your retirement

Once you've retired, you can convert your RRSP into an RRIF and continue to enjoy advantageous conditions.

The main similarities and differences between the TFSA, FHSA and the RRSP

TFSA, FHSA or RRSP? It all depends on your situation.

	TFSA	FHSA	RRSP
Who is eligible?	Any Canadian resident who has reached 18 years old[2]	Any resident of Canada aged between 18 and 71 years who did not, at any prior time in the calendar year or in the preceding four calendar years, inhabit as a principal place of residence[5] an eligible home[6] in Canada or elsewhere, owned or co-owned by them or their current spouse or common-law partner[7]	Any Canadian resident aged 71 or younger who earned income in the previous year (subject to a pension adjustment)
What is the allowable annual contribution?	\$6,500[1]	\$8,000, with a lifetime maximum of \$40,000	18% of earned income, up to the allowed annual maximum
What is the annual contribution deadline?	December 31	December 31	The 60th day after the end of the year
How is the contribution limit indexed?	Based on the Consumer Price Index, rounded to the nearest \$500	Current rules do not provide for indexation	Based on the increase in the Average Industrial Wage
Is the contribution deductible from taxable income?	No	Yes	Yes
Are spousal contributions allowed?	No, but one spouse can give the other spouse the funds required for a contribution without being subject to income attribution rules	No, but one spouse can give the other spouse the funds required for a contribution without being subject to income attribution rules	Yes
Is unused contribution room carried forward to future years?	Yes, starting at age 18[2]	Yes, but the catch-up of unused contributions cannot exceed \$8,000 per year (for a maximum annual contribution of \$16,000)	Yes
Is there a penalty for excess contributions?	Yes, 1% per month if there is an excess contribution at any time during the month	Yes, 1% per month if there is an excess contribution at any time during the month	Yes, 1% per month if the excess contribution is greater than \$2,000 at the end of the month
Do the returns grow on a tax-sheltered basis?	Yes	Yes	Yes, as long as the funds remain in the RRSP
What types of investments are eligible?	Accompanied by your wealth advisor, you can invest in a wide range of investment solutions	Accompanied by your wealth advisor, you can invest in a wide range of investment solutions	Accompanied by your wealth advisor, you can invest in a wide range of investment solutions
Are withdrawals taxed?	No	No, not if they are applied to the purchase of a first eligible home	Generally, yes; however, they will not be taxed if they are applied to the purchase of a qualifying home under the Home Buyers' Plan[8]
Can the amounts withdrawn be re-contributed to the account?	Yes, starting the following year	No	No
Can withdrawals affect income-tested government benefits?	No	No	Yes
In the event of marriage breakdown or death, are rollovers between spouses tax-free?	Yes	Yes[8]	Yes
If the contribution is financed with a loan, is the interest income-tax deductible?	No	No	No

If you have any questions, please contact your wealth advisor.

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1 Subject to change.

2 Contribution room is accrued starting at age 18 (but not before 2009), no matter what the age of majority is in your province of residence.

3 Access to your funds may be limited depending on the investment product chosen.

4 According to the age of majority in the province of residence.

5 Principal place of residence: The place an individual lives regularly, normally or usually. Note that this is not the principal residence, since in that case, the individual must also own the property.

6 Eligible home: An eligible home is a qualifying dwelling unit located in Canada. This can be an existing home or one being constructed. Single-family homes, semi-detached homes, row housing, mobile homes, condominiums, apartments in a duplex, triplex or quadruplex, and apartment buildings are eligible. A share in a condominium that grants you, as a co-owner, the right to own a dwelling unit located in Canada is also eligible; however, a share in a condominium that only grants you the right to live in the unit does not. With regard to condominiums, you become its owner the day you gain the right to take possession of it.

7 Common-law partner: (subsection 248(1), definition as per the *Income Tax Act* (Canada)) With respect to a taxpayer at any time, means a person who cohabits at that time in a conjugal relationship with the taxpayer and:
– has so cohabited throughout the 12-month period that ends at that time, or
– would be the parent of a child of whom the taxpayer is a parent [...]

8 Certain conditions apply.

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