

Quick Reference:

TFSA vs RRSP

Choosing between saving your money in an RRSP or a TFSA doesn't have to be complicated. There are no wrong answers—it's all about what works and makes sense for you. The financial experts at your local credit union can help you walk through which option is best. In the meantime, we've compiled a helpful comparison you can review before your appointment.

	RRSP	TFSA
Annual Contribution	<p>The 2018 contribution limit is \$26,230 or 18% of your earned income from last year, plus any unused contribution room carried forward from previous years.</p> <p>Contributions can be made until December 31 of the year you turn 71.</p> <p>There are lots of factors that can affect your RRSP contribution room. You can find your available contribution room on your most recent Notice of Assessment or by contacting the CRA.</p>	<p>The 2019 contribution limit is \$6,000, plus any unused contribution room from previous years. This also includes any amounts you have withdrawn in the previous calendar year. You must be 18 (19 in certain provinces) to open a TFSA. There is no maximum age for contributions.</p> <p>Withdrawals and changing TFSA contribution limits can affect your contribution room. You can find your available contribution room on your most recent Notice of Assessment or by contacting the CRA.</p>

	RRSP	TFSA
Making Withdrawals	<p>Outside of certain kinds of fixed-term investments, you can withdraw from your RRSP at any time. However, you will be issued a tax slip and must claim any withdrawals you make as income on your taxes.</p> <p>Money withdrawn from an RRSP is subject to a tax at the time of the withdrawal called a withholding tax. The amount of the withholding tax is between 10–30% and is calculated based on the amount taken out.</p> <p>There are a few exceptions: you may be eligible to withdraw from your RRSP tax-free to help purchase a home under the Homebuyer’s Plan or to further your education under the Lifelong Learning Plan. There are maximum amounts that you can withdraw under these programs and any money taken out will need to be paid back over a set period of time in order to avoid having the funds becoming taxable income. You can find more information on these programs by talking to a financial expert or by contacting the CRA.</p>	<p>Outside of certain kinds of fixed-term investments, you can withdraw from your TFSA at any time, without tax consequences. This includes any money that your investments have earned within your TFSA.</p> <p>Any amounts withdrawn, including money that your investments have earned, cannot be re-contributed to your TFSA until the following year.</p> <p>If you have further questions, please refer to your Notice of Assessment or contact the CRA.</p>
Replacing Withdrawals	<p>Once you make a withdrawal from your RRSP, you will never be able to re-contribute that amount (except for the two exceptions mentioned above).</p> <p>In most cases, it is not recommended to withdraw from your RRSP until you retire. If you are considering making an early withdrawal, please visit your financial expert, who can help you decide whether making a withdrawal makes sense for you.</p>	<p>Unlike an RRSP, amounts withdrawn from your TFSA will be added back to your TFSA contribution room at the beginning of the following calendar year.</p> <p>If you have available contribution room outside of the amount you’ve withdrawn, you can continue to contribute to a TFSA in the same year you make a withdrawal.</p>

	RRSP	TFSA
Contribution Deadline	<p>Contributions for 2018 can be made up to 60 days into the new year.</p> <p>The 2018 contribution deadline is March 1, 2019.</p> <p>Contributions made after the deadline are eligible to be deducted from your income the following tax year.</p>	<p>None. Contributions to a TFSA are not tax deductible.</p> <p>New maximum contribution room (along with room created from the previous year's withdrawals) begin on January 1 and follow the calendar year.</p>
Over Contributing to Your Plan	<p>Though it is not recommended to over-contribute to your RRSP, there is a one-time \$2,000 allowance for over-contributions.</p>	<p>Any over-contributions to your TFSA will result in a penalty until they are removed or more contribution room becomes available.</p> <p>Charges are 1% per month of the amount you over-contributed by (i.e. if you over-contributed by \$1,000, you would be charged a penalty of \$10 per month).</p>
Transfers	<p>Transfers between financial institutions or changes to your investments within your RRSP are not considered withdrawals and are therefore not subject to tax.</p>	<p>Transfers between financial institutions or changes to your investments within your TFSA are not considered withdrawals and are not factored into your TFSA contribution room.</p>
Carry-Forward Amounts	<p>You can carry forward all unused contribution room.</p> <p>Your available RRSP contribution room is shown on your Notice of Assessment.</p>	<p>You can carry forward unused contribution room from previous years.</p> <p>Any withdrawals you made will be added back to your TFSA contribution room at the beginning of the following year.</p> <p>Your available TFSA contribution room is shown on your Notice of Assessment.</p>