

<b>Factor</b>	<b>TFSA</b>	<b>RRSP</b>
<b>Minimum Age (eligibility)</b>	18 (19 in NL).	No minimum.
<b>Maximum Age (plan maturity)</b>	No maximum age.	No later than 71.
<b>Contribution Limit</b>	\$5500 (per year starting when your 18).	18% of income, up to \$24 930.
<b>Unused Contribution Room</b>	Unused contribution room carried forward indefinitely.	Unused contribution room carried forward until the year in which you turn 71.
<b>Need earned income to contribute?</b>	No.	Yes.
<b>Can I withdraw savings for any reason?</b>	Yes, at any time (depending on what you invest in).	Yes, but you will be charged a withholding tax (Between 10-30% depending on the amount you take out).
<b>Are contributions tax-deductible?</b>	No.	Yes.
<b>Do savings grow tax-free or tax-deferred?</b>	Tax Free	Tax Deferred
<b>Tax implications of withdrawals</b>	Your withdrawals are not considered income and are tax-free.	Your withdrawals are considered income and are taxed accordingly.

## **Follow-up questions:**

1. Which account would be better for saving up for a short term goal or an emergency fund? Explain.
2. Which account would be more suitable for a 16 year old with a part-time job? Explain.
3. What is the main tax advantage to an RRSP?
4. What is the main tax advantage of the TFSA?
5. TFSA's and RRSP's can both be used for retirement savings.
  - a. How do you picture your retirement? Include age, income, lifestyle, etc.
  - b. What fund would you personally prefer to use for retirement savings? Give several reasons why.
  - c. What are the advantages of using both? Give at least three.

## **Bonus Question:**

- How can RRSP's affect your tax bracket and eligibility for Old Age Security payments?