

# What is Tax-Free Savings Account TFSA

## The Tax-Free Savings Account (TFSA)

- program began in 2009. It is a way for individuals who are 18 and older and who have a valid social insurance number to set money aside tax-free throughout their lifetime.
- Contributions to a TFSA are not deductible for income tax purposes.
- Any amount contributed as well as any income earned in the account (for example, investment income and capital gains) is generally tax-free, even when it is withdrawn.
- Administrative or other fees in relation to TFSA and any interest or money borrowed to contribute to a TFSA are not deductible.

## Types of TFSAs

- There are three types of TFSAs that can be offered: a deposit, an annuity contract, and an arrangement in trust.
- Banks, insurance companies, credit unions, and trust companies can all issue TFSAs.

## Who can open a TFSA?

- Any individual who is 18 years of age or older and who has a valid SIN is eligible to open a TFSA.

### Have question? Contact US



(905) 771-1131



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## How to open a TFSA

- You can have more than one TFSA at any given time, but the total amount you contribute to all your TFSAs cannot be more than your available TFSA contribution room for that year.
- To open a TFSA, you must do the following:
  - Contact your financial institution, credit union, or insurance company (issuer)
  - Provide the issuer with your SIN and date of birth so the issuer can register your qualifying arrangement as a TFSA. Your issuer may ask for supporting documents

## Contributions

- The maximum amount that you can contribute to your TFSA is limited by your TFSA contribution room.
- All TFSA contributions made during the year, including the replacement or re-contribution of withdrawals made from a TFSA, will count against your contribution room.
- At any time in the year, if you contribute more than your allowable TFSA contribution room, you will be considered to be over-contributing to your TFSA and you will be subject to a tax equal to 1% of the highest excess
- You do not need to have earned income to contribute to a TFSA.
- You can give your spouse or common-law partner money to contribute to their own TFSA without having that amount, or any earnings from that amount being attributed back to you, but the total contributions you each make to your own TFSAs cannot be more than your TFSA contribution room. For more information, see TFSA contribution room.
- Contributions made to a TFSA are not tax-deductible.

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