

Tax-Free Savings Account (TFSA)

The TFSA is a simple yet powerful savings plan designed to help Canadians grow their wealth tax-free. Here's why you should consider opening one today:

Key Features:

- **Investment Variety:** Choose from a range of investments including cash, GICs, mutual funds, bonds, and stocks.
- **Contribution Limit:** For 2024, you can contribute up to \$7,000.
- **Tax-Free Earnings:** Enjoy tax-free growth on interest, dividends, and capital gains.
- **Flexible Withdrawals:** Access your money whenever you need it, without worrying about taxes.
- **Contribution Room:** Unused room carries forward indefinitely, allowing you to maximize savings over time.

Who's Eligible?

- Residents of Canada who have reached the age of majority.
- Even if you're 18, you can start accumulating contribution room for the following year.
- **Note:** Non-residents don't accumulate contribution room and may face penalty taxes on contributions made while abroad.

Benefits:

- **Accelerated Growth:** Savings grow faster with tax-free earnings, especially beneficial for higher income tax brackets.
- **Versatile Use:** Use the funds for any purpose without restrictions.
- **Preserved Benefits:** Withdrawals don't affect eligibility for income-tested benefits like Old Age Security.
- **Lifetime Access:** No need to close or convert the account at a certain age.

How to Utilize:

- Transfer funds from taxable accounts for tax-free earnings.
- Use excess cash or tax refunds to maximize contributions.
- Help family members build their savings within their contribution limits.
- Prepare for potential early access needs, as withdrawals remain tax-free.

Why Choose a TFSA?

- **Tax-Free Growth:** Earn income from investments without worrying about taxes.
- **Higher Returns:** Compare the growth potential to non-registered accounts over time.
- **More Funds for Goals:** With tax-free growth, you could have significantly more to achieve your financial aspirations.

TFSA vs. RRSP		
Feature	TFSA	RRSP
Contribution Room	Accumulate room regardless of income.	Requires prior "earned income" for room.
Contributions	Not tax-deductible.	Tax-deductible.
Withdrawals	Tax-free.	Taxable, with exceptions.
Account Conversion	No requirement to convert.	Must convert by age 71.

For more information, please speak with your BMO Private Wealth professional.



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