

Unlock the Potential of Your TFSA

Discover the advantages of a Tax-Free Savings Account (“TFSA”) as a powerful tool to achieve your financial goals. While TFSA contributions aren’t tax-deductible, they offer tax-free growth and allow tax-free withdrawals at any time, with no restrictions on how you use the funds.

Whether you’re saving for a new car, a home, your child’s education, or retirement, a TFSA can accelerate your journey to financial success.

Contributions and Withdrawals

In 2024, the TFSA annual contribution limit is \$7,000. Unused contribution room, dating back to 2009 or the year you turned 18, carries forward for future use. Keep track of your contributions, easily confirmed through the Canada Revenue Agency’s online My Account function.

Withdrawals from your TFSA are tax-free, and the withdrawn amount is added back to your contribution room in the following year. For instance, if you withdrew \$15,000 on January 15, 2023, your TFSA limit on January 1, 2024, would increase to \$22,000.

Moreover, TFSA withdrawals won’t affect your eligibility for Federal income-tested benefits and credits, ensuring financial stability.

Maximizing Growth

Compare the growth potential of \$7,000 annual contributions in a TFSA versus a non-registered investment account. Assuming a 5% rate of return, after 25 years, your TFSA could grow to \$345,695, providing over \$101,600 (or 41%) more to fulfill your financial goals compared to a non-registered account.

Investment Options

Explore various investment options within your TFSA, including equities, bonds, mutual funds, GICs, and ETFs, similar to those eligible for an RRSP.

Strategic Planning Opportunities

Consider strategic planning with your TFSA:

- **Income-Splitting:** Gift funds to your spouse or adult child to contribute to their TFSA, leveraging their contribution limit without attributing income back to you.
- **Tax-Efficient Investments:** Hold investments in your TFSA that would otherwise face high tax rates outside a registered account.

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



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