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Servicing individuals and businesses



RRSP AND TAX-FREE SAVINGS ACCOUNT

With the RRSP season upon us and with the recent introduction of the Tax Free Savings Account (TFSA) it might prove difficult to decide where to invest.

If you need to reduce your income taxes, as opposed to receiving a refund, the RRSP would be your option. Otherwise, you should also consider the TFSA. Below are some of the features of each:

RRSP

- ✓ reduces income taxes
- ✓ maximum deposit is 18% of taxable income subject to a maximum of \$27,830 for 2021 and \$29,210 for 2022, less any pension adjustment
- ✓ unused deposit room carried forward
- ✓ money grows tax-deferred in plan
- ✓ withdrawals are taxable
- ✓ withdrawals do not add to unused contribution limits
- ✓ wide range of investment options

TFSA

- ✓ no reduction of income taxes
- ✓ maximum annual deposit for 2021 & 2022 is \$6,000/year with unused deposit room carried forward to a maximum of \$75,500 for 2021 & \$81,500 for 2022
- ✓ unused deposit room carried forward to a maximum of \$75,500 for 2021
- ✓ money grows tax-free in plan
- ✓ withdrawals are non-taxable
- ✓ withdrawals added to unused contribution limits
- ✓ wide range of investment options

Which is best for you? Let's talk.

Respectfully yours,

Ron Clarke CFP, CLU