

## 5 facts about TFSAs

The latest statistics show more than 14 million Canadians hold **Tax-Free Savings Accounts (TFSAs)** with a total value in excess of \$276 billion<sup>1</sup>. It's no wonder TFSAs are so popular with Canadians: they offer a tax-free method to save and invest for your financial goals — everything from your next vacation to retirement. The flexibility of a TFSA can be used to complement any financial strategy or act as a stand-alone savings option.

There are many features that TFSAs have that can benefit your financial future. Here are five ways a TFSA may be able to help you accelerate your savings strategy.

**Ready to get started? Explore your TD Canada Trust TFSA options ›**

### 1) TFSAs are truly tax-free

The funds you contribute to your TFSA will be with after-tax dollars. However, as the name suggests, TFSAs are tax-free in that you won't pay tax if your investments increase in value, nor will you pay tax when you choose to take money out.

### 2) TFSAs can hold most kinds of investments

TFSAs are flexible enough to hold a range of investments, including cash, **mutual funds**, Exchange Traded Funds (ETFs), stocks, bonds and **GICs**. For example, some mutual fund investments, while they tend to fluctuate in the market, may provide the growth needed to achieve your financial goals over time, as opposed to cash which generates minimal growth in interest.

### 3) You never lose your TFSA contribution room

One of the best features of a TFSA is that you won't miss out if you are unable to use all of your annual contribution room.

The TFSA contribution limit for 2022 — as set by the federal government — is \$6,000, but unused contribution room gets carried forward each year. In fact, if you were at least 18 years old and were eligible when the TFSA was introduced in 2009, you would have accumulated \$81,500 in contribution room by 2022. That means, if you are unable to maximize your contribution in a particular year, you could make up those contributions later. And, if you choose to withdraw funds for any purpose, the amount you withdraw gets added to the next year's contribution room. You can even recontribute amounts you have withdrawn in previous years and your contribution room carries forward indefinitely. **Check with the Canada Revenue Agency (CRA)** to see how much unused contribution room you may have.

### 4) You can save automatically

TFSAs are a great way to save money but reaching the current \$6,000 annual maximum with a lump sum contribution may be a challenge for some. Setting up regular contributions from a bank account to your TFSA through an **automated savings tool** can help make it easier. That way, small contributions are made with less effort and can begin accumulating within your TFSA.

### 5) There's no age limit on contributing to your TFSA

Unlike an RRSP, there is no age limit on how long you can hold a TFSA. By law, you have to be at least 18 to open a TFSA (though bank policies may require you to be the age of majority in the respective province or territory in which you reside) to begin contributing. However, once the account is opened, you can continue to make contributions for as long as you want. For investing purposes, this allows you to continue to save and invest into your senior years when you may have additional expenses such as health and long-term care. Moreover, TFSA contributions or withdrawals won't affect any federal income-tested benefits and credits you may be eligible to receive, such as Old Age Security (OAS).

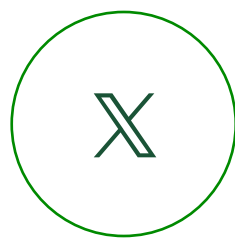
Saving money for your financial goals can be challenging when there are competing demands for your money. A TFSA allows you to contribute what you can, when you can, and catch up later if you don't maximize your contributions. Opening and using your TFSA doesn't have to be difficult. If you need some help, **talk to a TD advisor**.


If you would like to see how your money could grow inside a TFSA, use our **TFSA calculator**.

#### Legal

<sup>1</sup> "Tax-Free Savings Account 2019 Statistics (2017 contribution year)," Statistics Canada, Feb. 3, 2020, accessed Oct. 2, 2020, [canada.ca/en/revenue-agency/programs/about-canada-revenue-agency-cra/income-statistics-gst-hst-statistics/tax-free-savings-account-statistics/tax-free-savings-account-statistics-2017-tax-year.html](https://canada.ca/en/revenue-agency/programs/about-canada-revenue-agency-cra/income-statistics-gst-hst-statistics/tax-free-savings-account-statistics/tax-free-savings-account-statistics-2017-tax-year.html)

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