

Coming Soon – The New Tax-Free Savings Account

In 2009, a new financial strategy will be available for all Canadians aged 18 and over – and it will be a very attractive option for our clients in the educational community.

Why you can benefit from a Tax-Free Savings Account (TFSA)

You can use the TFSA to save for life's big events, or put money away for your retirement. It's an incentive to save money because you pay no tax on the growth in your account.

Flexible contributions

- Contribute any amount up to a maximum of \$5,000 annually.
- If you don't contribute the full amount, the unused portion is carried forward every year and accumulates.

Growth is tax-free!

- Any investment income or capital gains growth in your account is exempt from income tax.
- Contributions to the TFSA are not deductible for tax purposes.

Special benefits for the education community

- Most educators already participate in a pension plan, their RRSP contribution room is limited.
- The Tax-Free Savings Account will provide you with additional contribution room, over and above your annual RRSP.
- It's an additional strategy to invest, and achieve tax-free growth.

Tax-free withdrawals from TFSA

- If you need money at any time, you can withdraw funds from your account with no tax implications.
- Later, you can put back the amount you withdrew, and it will not reduce your contribution room.
- Withdrawals do not affect your eligibility for government sponsored programs.

Eligible investments for a Tax-Free Savings Account

- Mutual funds, GICs and savings accounts are all eligible.

Our Tax-Free Savings Account

- We'll make sure our clients understand the advantages of this new tax-saving strategy, and have the opportunity to benefit.
- Stay tuned for more details of our new account to be announced later this year.

Investment Tip:

Even if you don't wish to contribute in 2009, you should open an account to start accumulating contribution room. Then, if you have a cash windfall, you have the option to invest the money for tax-free growth.

Tax advantages of withdrawal from a TFSA versus an RRSP:

Example: Robert withdraws \$20,000 tax-free from his TFSA to renovate his home. Robert will be able to re-contribute the \$20,000 to his TFSA in the future without affecting his other available contribution room. Had he used his RRSP savings, he would have needed to withdraw up to \$37,000 to pay taxes and cover the cost of the renovation, and this contribution room would have been lost.

Source: (Source: Government of Canada www.budget.gc.ca/2008/pamphlet-depliant/pamphlet-depliant2-eng.asp)

Insight: The Tax-Free Savings Account is the mirror image of an RRSP.

	Tax-Free Savings Account	RRSP
Contributions	Not tax deductible	Tax deductible
Withdrawals	Not taxable	Taxable
Purpose	Can be used for any purpose, from home renovations to a vacation.	Primarily intended for retirement income.



Your Knowing Advantage

Plan to Open Your TFSA

Speak to one of our advisors to find out more details and discuss how a TFSA can help you achieve your goals.

2225 Sheppard Avenue E., Suite 1105
 Toronto, ON M2J 5C2
 416.752.6843 1.800.263.9541
www.educatorsfinancialgroup.ca