

TFSA DETAILS

A Tax-Free Savings Account (TFSA) is a registered account with CRA introduced in 2009. You can use a TFSA to save for any short- or long-term goal—a new car, a home, a rainy day or retirement. Investment earnings and withdrawals are tax-free, so your money grows faster!

Any Canadian resident with a Social Insurance Number (SIN) who has reached the age of majority (18 or 19, depending on the province) can open a TFSA. Unlike an RRSP, you do not have to have earned an income to make contributions to a TFSA.

How much can I contribute to a TFSA?

For 2026 your maximum contribution is \$7,000. Your overall room since the TFSA started in 2009 is \$109,000.

If I can't contribute to my TFSA in a given year, can I contribute these amounts later?

Yes. If you are eligible to contribute, your unused contribution room can be carried forward indefinitely and there is no limit on how much contribution room you can accumulate.

For example, if you contribute \$3,000 to your TFSA in 2023, your contribution room for 2024 will be \$10,500 (\$3,500 carried forward from 2023 plus \$7,000 for 2024). This assumes that you have maximized your annual allowable contribution for all previous years.

How Do You Know What My TFSA Room?

Canada Revenue Agency (CRA) tracks and reports this amount through the "My Account" function on the CRA website.

Link: **Where can you find TFSA Room**

What happens if I overcontribute to my TFSA?

Similar to an RRSP, a penalty will be assessed by Canada Revenue Agency (CRA) of 1% per month on your excess contribution.

Are TFSA withdrawals subject to income tax?

No. Withdrawals can be made tax-free and will not increase your income for the year. Since withdrawals are not taxed or considered taxable income, there will be no impact to your income-tested benefits and credits from the Federal Government, such as Old Age Security (OAS) and Guaranteed Income Supplement (GIS) or credits such as the Age Credit.

Will the TFSA impact my government guaranteed income supplements?

No. Investment income and withdrawals from a TFSA are not included as income for tax purposes, which means they will not affect your eligibility for Federal income-tested government benefits and credits such as the Canada Child Tax Benefit, the Working Income Tax Benefit, the Guaranteed Income Supplement, Old Age Security (OAS) or the Goods and Services Tax (GST) credit.

What investment options are available for TFSAs?

A TFSA can hold a variety of investments, including Guaranteed Investment Certificates (GICs), mutual funds, portfolio solutions and savings deposits.

If I withdraw money from my TFSA, can I re-contribute this amount later in the tax year?

Withdrawals you make in the current calendar year will be added to your unused contribution room. You must wait until the following calendar year or later to re-contribute these amounts.

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