

Benefits of segregated funds in a Tax-Free Savings Account



Many investors may not know that segregated funds can be used in a TFSA. Surprised? While segregated funds have some similarities to mutual funds, segregated funds have unique features that protect your investment. Potential creditor protection, guarantees and avoiding probate are just a few benefits that come along with adding segregated funds to your TFSA. Here are some of the notable features of using segregated funds in a TFSA:

- 75% – 100% of your premiums (less withdrawals) are guaranteed when your contract matures or on your death,
- Bypass probate and associated fees by naming a beneficiary,
- No early redemption fees at death,
- Quick payment to beneficiaries after you pass away,
- Private and confidential beneficiary designations, and
- Creditor protection may be available in the event of bankruptcy or lawsuit.

A TFSA is a great option for retirement savings for individuals who are looking for an alternate source of income during retirement, or who expect to be in an equal or higher tax bracket once they retire. Unlike a Retirement Savings Plan, a TFSA does not need to be converted to an income product at age 71, which makes it an ideal option for retirees who are looking for a way to save on a tax-free basis throughout their retirement. If you want to add segregated funds, a TFSA is a great way to do it.

A Tax-Free Savings Account (TFSA) can be a valuable addition to your overall investment strategy.

Each year residents of Canada who are at least 18 years of age are allowed to invest up to \$7,000* into their TFSA, in addition to any previously unused contribution room. This savings option allows you to grow your savings without ever paying tax on the growth within your account. This is different from traditional savings accounts where you are required to pay tax on the growth earned by your investment.

Contact your advisor to find out more about how Equitable's segregated funds can be incorporated into your financial plan.

*The annual TFSA limit is set by Canada Revenue Agency (CRA) and is currently \$7,000. Your notice of assessment will tell you if you have unused contribution room from previous years. Contributions over the maximum will be charged a monthly penalty of 1% by CRA. ® or ™ denotes a trademark of The Equitable Life Insurance Company of Canada.