Equitable Life of Canada®

Choosing the right account type

There is no simple answer to the question, where should I save my money? A Retirement Savings Plan or a Tax-Free Savings Account? While the two account types are different, each offers some important factors to consider.

	Retirement Savings Plan (RSP)	Tax-Free Savings Account (TFSA)
Primary Purpose	Retirement	Investing
Annual Contribution Limit	18% of earned income*	$6,500 per year**
Unused Contribution Room	Carries forward	Carries forward
Taxation on Growth	Growth is tax deferred. Tax is only paid on growth when money is withdrawn.	Never required to pay tax on growth.
Tax Deductions	Deposits reduce annual income tax. A tax refund can be equal to the deposit multiplied by the marginal tax rate.	No tax deduction. TFSA contributions are made with after-tax dollars.
Withdrawals	Withdrawals do not increase annual contribution room. Withholding tax is charged on the amount withdrawn and the amount reported as taxable income. The income may affect eligibility for government sponsored retirement income programs.	Withdrawals increase annual contribution room. Withdrawals are not considered "income" and not taxed. The income does not affect eligibility for government sponsored retirement income programs.
Maturity Date	Year in which individual turns 71	At Equitable Life® matures at age 105

An RSP can offer **an immediate refund and tax deferral.**
A TFSA can offer **flexibility and tax-free growth.**

Talk to your Financial Advisor today and learn how an Equitable Life RSP or TFSA can be incorporated into your personalized financial plan.

*Subject to the annual contribution limit
** Annual limit is set by Canada Revenue Agency (CRA) guidelines. Your notice of assessment will tell you if you have unused contribution room from previous years.
This information does not constitute legal, tax or other professional advice. Information is believed to be accurate, but accuracy is not guaranteed.

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