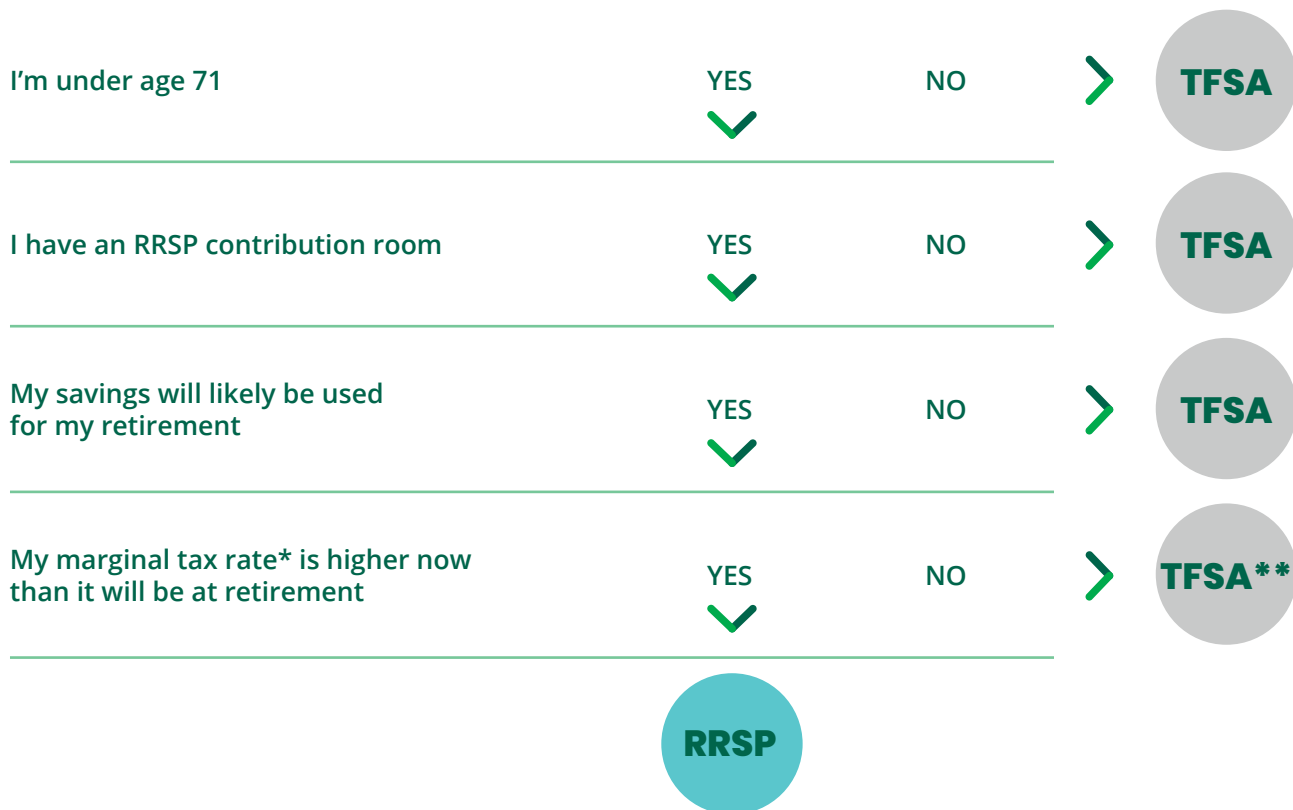


Investment

TFSA or RRSP?

The Tax-Free Savings Account (TFSA) is probably the single most important savings vehicle innovation since the introduction of the Registered Retirement Savings Plan (RRSP). This financial product combines the flexibility of non-registered investments with some of the tax advantages of registered plans.

Although TFSA rules are fairly straightforward, it may not be readily apparent which is more advantageous and when... an RRSP or a TFSA? The diagram below will help you decide if the TFSA is right for you and your savings strategy.



* In general, the marginal tax rate is higher during the wage-earning years than it is at retirement. It is always important to consider that RRSP withdrawals may reduce your government benefits (old age pension and guaranteed income supplement), which is not the case with a TFSA.

** I can always transfer my TFSA to an RRSP when my tax rate is higher than the expected rate at retirement, subject to my RRSP contribution room.

The diagram above demonstrates the reasons to choose a TFSA over an RRSP for a given situation. Clients must consult their financial security advisor in order to obtain all the necessary information related to TFSAs or RRSPs.