

Registered Retirement Savings Plan (RRSP) - Taxation Year 2024 Tax Free Savings Account (TFSA) - Calendar Year 2025



Limits ■ Benefits ■ Investment Options

RRSP Contribution:

- Annual limit: greater of 18% of Eligible income up to \$31,560 (\$2,000 over-contribution), for Taxation Year 2024.
- Deadline: March 1, 2025.
- Contributions above the over-contribution is subject to a 1%/mo Penalty, see CRA website www.cra.arc.gc.ca
- A client's contribution room can be found in their Notice of Assessment - T1028.
- In-Kind contribution: capital gains must be declared, capital losses cannot be claimed. Current market value is used to calculate the contribution amount.

RRSP Benefits and Investment Options:

- A government run savings program, designed to encourage Canadians to save and invest for retirement.
- Investments inside an RRSP are tax-sheltered meaning no tax on income or growth within RRSP.
- Contributions are tax deductible that reduce your income tax.
- Creditor protection (not including contributions made in past 12 months).
- Potential income splitting with Spousal RRSP.
- **Spousal RRSP:**
 - Contributions are tax deductible to the contributing spouse.
 - Spousal contribution can be made even if contributing spouse is over age 71, but the annuitant must be age 71 or younger.
 - Withdrawals are taxable to the annuitant except for spousal contribution made in the last 3 years "3 year rules," go to the CRA website for exception to the "3 year rule."
- **Home Buyers Plan:**
 - Maximum loan amount \$60,000.
 - Must be "first home buyer."
 - Repay the loan within 15 years (starting in year 5).
 - Unpaid payments become taxable income in the year.
- **Life long Learning Plan:**
 - Maximum loan amount \$20,000.
 - Repay the loan within 10 years.
 - Unpaid payments become taxable income in the year.
- **Investments Options:** Deposit products or non deposit products, including mutual funds.

See Reverse

TFSA Contribution:

If you have never contributed to TFSA, the total amount you can contribute by end of 2024 is \$102,000; this includes \$5,000 a year from 2009 to 2012, \$5,500 a year for 2013 & 2014, \$10,000 for 2015, \$5,500 from 2016 to 2018, and \$6,000 for 2019 to 2022, \$6,500 for 2023, \$7,000 for 2024 & 2025. For the next year your TFSA contribution room is:

TFSA contribution room at the beginning of the next year =

Unused TFSA contributions room to date *Plus* Total withdrawal made in the current year *Plus* Next year's TFSA dollar limit.

TFSA Benefits and Investments Options:

- Available only to Canadian residents age 18 or older, since January 01, 2009.
- Investment grow tax-free while inside the account.
- Withdrawals can be made at any time for any purpose and income and growth are not subject to tax.
- Withdrawals are not considered income, so they won't increase taxable income or affect income-based eligible for income-tested government benefits or tax credits, including Old Age Security (OAS) and the Guaranteed Income Supplement (GIS).
- Withdrawals can be recontributed in future years.
- Unused contribution room can be carried forward indefinitely to future years.
- **Investments Option:** The same as an RRSP. TFSA investments with a higher growth maximizes the benefits.

We are at your service. If you require rates of TFSA, RRSP Loans or further information, please do not hesitate to contact your financial advisor can be located at [www. ShahFinancial.ca](http://www.ShahFinancial.ca).



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Head Office

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