

RRSP and TFSA comparison

[RRSPs](#) and [TFSAs](#) are 2 types of registered savings plans that let you grow your money tax-free, each with their own advantages. Compare them to see which one is right for you—or choose both!

What are you saving for?

TFSA	RRSP
<p>Savings goal: Put aside money tax-free to save up for anything you want.</p>	<p>Savings goal: Put aside money tax-free to save for retirement, while also reducing your taxable income in the years you make contributions.</p>
<p>Use it to:</p> <ul style="list-style-type: none"> Renovate your home Buy a new car Start a business Travel Plan for retirement 	<p>Use it to:</p> <ul style="list-style-type: none"> Save for retirement Buy or build your first home Finance your education
<p>Can be used as collateral for a loan.</p>	<p>Cannot be used as collateral for a loan. However, it can be used to finance your first home or to go back to school.</p>

When are you contributing?

TFSA	RRSP
<p>Deadline: December 31, 2016</p>	<p>Deadline: March 1, 2017</p>
<p>Minimum age: 18</p>	<p>Minimum age: There is no minimum age, but you must have employment or business income in order to accumulate contribution room</p>
<p>Maximum age: None</p>	<p>Maximum age: 71 (you can contribute until the end of the year in which you turn 71)</p>

How much are you contributing?

TFSA	RRSP
<p>Annual contribution limit:</p> <ul style="list-style-type: none"> 2009 to 2012: \$5,000/year 2013 to 2014: \$5,500/year 2015: \$10,000 2016: \$5,500 2017: \$5,500 	<p>Annual contribution limit: 18% of the income you earned the previous year, up to an annual maximum (e.g., \$25,370 in 2016 and \$26,010 in 2017)</p> <p>If you contribute to an employer-sponsored plan, that will reduce your contribution room.</p>
<p>Contribution room: Any unused portion of your annual limit, which is cumulative dating back to 2009</p>	<p>Contribution room: Any unused portion of your annual limit, which is cumulative dating back to 1991</p>
<p>Excess contributions: Not permitted</p>	<p>Excess contributions: Cumulative lifetime limit of \$2,000 over your available contribution room</p>
<p>Spousal contributions: Not permitted</p> <p>However, you can give money to your spouse, which they can invest in their TFSA, without breaking any attribution rules.</p>	<p>Spousal contributions: Permitted</p> <p>The contributing spouse gets to claim the deduction on their taxable income for the year, even if they're not the beneficiary.</p>

Talk to an expert



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Useful links

 TOOLS 

[▶ Retirement quiz - Test your knowledge](#)

[▶ Your retirement budget \(PDF, 289 KB\)](#)

[▶ See all tools](#)

What happens when you withdraw your money?

TFSA	RRSP
If you're receiving government pension benefits , withdrawing money from your TFSA will have no impact.	If you're receiving government pension benefits , money withdrawn from your RRSP is considered taxable income, so it may reduce your benefits.
Any money you withdraw will free up new contribution room the following year. ^[1] In other words, withdrawals can be recontributed .	Withdrawals cannot be recontributed.

Imposition

TFSA	RRSP
Withdrawals are not taxed.	Withdrawals are taxed.
Investment income is not taxed.	Investment income is not taxed.
If you die: If you have a surviving spouse, your balance can be transferred to their TFSA tax-free, without affecting their contribution room.	If you die: Your RRSP savings will be taxed, unless they are transferred to a spouse with unused contribution room, to a minor child or to a dependent disabled child.
Contributions are not deductible from your taxable income.	Contributions are deductible from your taxable income.

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Notes

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