

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

### When are you contributing?

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

### How much are you contributing?

TFSA	RRSP
<p><b>Annual contribution limit:</b></p> <ul style="list-style-type: none"> <li>• 2009 to 2012: \$5,000/year</li> <li>• 2013 to 2014: \$5,500/year</li> <li>• 2015: \$10,000</li> <li>• 2016: \$5,500</li> <li>• 2017: \$5,500</li> </ul>	<p><b>Annual contribution limit:</b> 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><b>Contribution room:</b> Any unused portion of your annual limit, which is cumulative dating back to 2009</p>	<p><b>Contribution room:</b> Any unused portion of your annual limit, which is cumulative dating back to 1991</p>
<p><b>Excess contributions:</b> Not permitted</p>	<p><b>Excess contributions:</b> Cumulative lifetime limit of \$2,000 over your available contribution room</p>
<p><b>Spousal contributions:</b> 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><b>Spousal contributions:</b> 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>

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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 <b>government pension benefits</b> , withdrawing money from your TFSA will have no impact.	If you're receiving <b>government pension benefits</b> , 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. <sup>[1]</sup> In other words, <b>withdrawals can be recontributed</b> .	<b>Withdrawals cannot be recontributed.</b>

## Imposition

TFSA	RRSP
<b>Withdrawals</b> are not taxed.	<b>Withdrawals</b> are taxed.
<b>Investment income</b> is not taxed.	<b>Investment income</b> is not taxed.
<b>If you die:</b> If you have a surviving spouse, your balance can be transferred to their TFSA tax-free, without affecting their contribution room.	<b>If you die:</b> 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 <b>not deductible</b> from your taxable income.	Contributions are <b>deductible</b> from your taxable income.

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➔ [Get an RRSP](#)

Notes

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