

ACUITY TAX-FREE SAVINGS ACCOUNT

TFSA
NOW AVAILABLE

At Acuity, we are committed to keeping our investors aware of their options for savings.

Starting in January 2009, Canadian residents will be able to contribute up to \$5,000 per year without being taxed on investment income or capital gains. And while there is no tax deduction for contributions, the new Tax-Free Savings Account (TFSA) is flexible and can be used to help meet both short-term and long-term investment goals.

What is a Tax-Free Savings Account (TFSA)?

A Tax-Free Savings Account (TFSA) is a general-purpose, registered account where contributions are made with after-tax dollars and withdrawals are tax-free. This means that money can be earned in the account and withdrawn at any time without being taxed.

What can a TFSA be used for?

A TFSA can be used to save for a variety of short-term and long-term goals. Short-term goals, like saving for a car and long-term goals, like saving for a home or retirement.

Who is eligible to contribute to a TFSA?

All Canadian residents age 18 and older with a Social Insurance Number can open a TFSA.

How does TFSA Work?

Making Contributions

- You will be able to contribute up to \$5,000 per year into your TFSA (this amount will increase in the future to take inflation into account).
- This \$5,000 per year limit is in addition to any RRSP contribution limit you may have.
- Unused contribution room will be carried forward indefinitely.
- Unlike an RRSP, any money you contribute to a TFSA will not be tax-deductible.

While the funds are in the TFSA

- Any income or capital gains earned in the TFSA will not be taxed.
- Most investments that can be held in an RRSP will also be allowable in a TFSA.

Making Withdrawals

- You will be able to withdraw funds at any time, for any reason.
- The withdrawal will not be subject to income tax.
- The amount withdrawn from a TFSA can be put back at a later date, without reducing your contribution room.

How is a TFSA different from an RRSP?

- Withdrawals from a TFSA are tax-free and do not result in lost contribution room.
- Contributions to a TFSA are not tax deductible.
- With a TFSA you don't need earned income to accumulate contribution room.
- There is no requirement to convert the TFSA to an income payment option (i.e. RRIF) at any age.

Other benefits of a TFSA?

- Income earned in a TFSA and withdrawals do not affect your eligibility for income-tested benefits, such as Old Age Security, Guaranteed Income Supplement and the Canada Child Tax Credit.
- You will have the option to transfer your TFSA assets to your spouse or common-law partner upon death without any impact on the survivor's existing contribution room.

Which Acuity investments are eligible for TFSA?

The eligible investments are similar to those available for your RRSPs.

The TFSA is a flexible savings plan to help meet your short-term and long-term investment goals. Speak to your financial advisor to find out how you can include an Acuity TFSA into your financial plan.



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