

TAX MODULE - TAX ADVANTAGE INVESTMENT PLANS

NAME _____ DATE _____

<https://www.canada.ca/en/services/taxes/savings-and-pension-plans.html>

TFSA https://youtu.be/i_bWf1NyUbE

The Tax-Free Savings Account (TFSA) program began in 2009. It is a way for individuals who are 18 and older and who have a valid social insurance number to set money aside tax-free throughout their lifetime. Contributions to a TFSA are not deductible for income tax purposes. Any amount contributed as well as any income earned in the account (for example, investment income and capital gains) is generally tax-free, even when it is withdrawn.

Why would I invest in an TFSA?	
How much can I put in?	<p>You will accumulate TFSA contribution room for each year even if you do not file an Income Tax and Benefit Return or open a TFSA.</p> <ul style="list-style-type: none">• The annual TFSA dollar limit for the years 2009 to 2012 was \$_____.• The annual TFSA dollar limit for the years 2013 and 2014 was \$_____.• The annual TFSA dollar limit for the year 2015 was \$_____.• The annual TFSA dollar limit for the years 2016 to 2018 was \$_____.• The annual TFSA dollar limit for the year 2019 is \$_____.
What can I do with the money?	<p>You can withdraw the money anytime TAX FREE.</p>
What happens when I take the money out of the TFSA?	<p>It's yours to spend! It may affect future year contribution room...</p>
What can I invest in?	<ul style="list-style-type: none">• _____• _____• _____• _____
Who can invest in your TFSA?	

RRSP

An RRSP is a retirement savings plan that you establish, that we register, and to which you or your spouse or common-law partner contribute. Deductible RRSP contributions can be used to reduce your tax.

Any income you earn in the RRSP is usually exempt from tax as long as the funds remain in the plan; you generally have to pay tax when you receive payments from the plan. <https://youtu.be/bKMNgmMBSdE>

Why would I invest in an RRSP?	
How much can I put in?	<p>The Canada Revenue Agency generally calculates your RRSP deduction limit as follows:</p> <ul style="list-style-type: none">• your unused deduction room at the end of the preceding year <p>Plus</p> <ul style="list-style-type: none">• The lesser of the two following items:<ul style="list-style-type: none">○ _____% of your earned income in the previous year○ the annual RRSP limit (for 2019, the annual limit is \$_____)
What can I do with the money?	<p><u>RRSP options when you turn 71</u> Your options for your RRSP when you turn 71</p> <hr/> <p><u>Home Buyers' Plan (HBP)</u> Withdrawing funds from your RRSPs to buy or build a qualified home</p> <hr/> <p><u>Lifelong Learning Plan</u> Withdrawing funds from your RRSPs for continuing education or retraining</p>
What happens when I take the money out of the RRSP?	<ul style="list-style-type: none">• _____ _____
What can I invest in?	<ul style="list-style-type: none">• _____• _____• _____• _____
Who can invest in my RRSP?	

RESP https://youtu.be/U_R60zS62Vo

A registered education savings plan (RESP) is a contract between an individual (the [subscriber](#)) and a financial institution.

Under the contract, the subscriber names one or more [beneficiaries](#) (the future student(s)) and agrees to make contributions for them, and the financial institution agrees to pay [educational assistance payments \(EAPs\)](#) to the beneficiaries.

[Employment and Social Development Canada \(ESDC\)](#) provides an incentive for parents, family and friends to save for a child's post-secondary education by paying a grant based on the amount contributed to an RESP for the child. The Canada education savings grant (CESG) money will be deposited directly into the child's RESP.

Who qualifies for the basic CESG

No matter what your family income is, ESDC pays an amount of Canada Education Savings Grant (**basic** CESG) of 20% of annual contributions you make to **all** eligible RESPs for a qualifying beneficiary to a maximum CESG of \$500 in respect of each beneficiary (\$1,000 in CESG if there is unused grant room from a previous year), and a lifetime limit of \$7,200.

There are two different types of RESP available: [family plans](#) and [specified plans](#).

Why would I invest in an RESP?	
How much can I put in?	<ul style="list-style-type: none">○ For 2007 and later years, there is no annual limit for contributions to RESPs, however, the lifetime limit on the amounts that can be contributed to all RESPs for a beneficiary is \$_____.○ Lifetime limit of \$_____ for grants on the contribution○ Government matches _____% of the grant money you invest
What can I do with the money?	Use the money to _____ If the beneficiary doesn't go to post-secondary, _____
What happens when I take the money out of the RESP?	
What can I invest in?	<ul style="list-style-type: none">● _____● _____● _____● _____
Who can invest in my RRSP?	

FINANCE- TAX BENEFICIAL INVESTMENTS SUMMARY

	TFSA	RRSP	RESP
IS THIS A TAX DEFERRAL INVESTMENT (PAY TAXES LATER?) YES OR NO			
IS THIS A TAX SHELTERED INVESTMENT (NO TAX ON EARNINGS?) YES OR NO			
WHAT TYPES OF INVESTMENTS CAN I BUY INSIDE THIS PRODUCT?			
WHO IS THIS INVESTMENT MEANT FOR? AGE GROUP? INCOME LEVEL? TYPE OF PERSON?			
IS THERE ANY LIMITS ON HOW MUCH I CAN INVEST IN THIS PRODUCT?			