

Group TFSAs and RRSPs



Smart and simple group-retirement and savings solutions

Looking for a way to attract and retain talent? Group TFSAs and RRSPs can ease your employees' tax burden and help them reach their financial goals. And you don't have to choose one or the other. Employees can benefit from both plans – working together – based on factors like their reasons for saving, their time horizon, and their current and future tax rates. The differences between the two account types are outlined here:

	TFSA (Tax-Free Savings Account)	RRSP (Registered Retirement Savings Plan)
What's it for?	A tax-free way to save for any reason.	A tax-deferred way to save for retirement, education and/or a first home.
What are the age restrictions?	Must be 18+ to open an account.	Anyone up to age 71, ¹ with earned income and a filed tax return.
What are the annual contribution limits?	Limits change periodically. Unused contribution room is carried forward.	A percentage of earned income, up to a set maximum, plus unused contribution room.
What are the tax implications?	Contributions are not tax deductible. Money grows tax-free.	Contributions are tax deductible. Money grows in a tax-deferred way (taxed at the time of withdrawal).
What are the rules for withdrawals?	At any time and for any purpose (subject to specific investment withdrawal rules). Withdrawals are tax-free.	Though intended for retirement, withdrawals can be made at any time and for any purpose (subject to the rules of the group plan). Withdrawals are taxed as income, unless used under the Home Buyers' Plan (HBP) or Lifelong Learning Plan (LLP). ² Funds must be converted to a RRIF or annuity by age 71 ¹ and are taxed as withdrawn.
Can withdrawals be redeposited?	Yes; following a withdrawal, contribution room is readjusted and added the next year.	No, unless related to the Home Buyers' Plan or Lifelong Learning Plan.
Can a beneficiary be named?	Yes.	Yes.

¹Investors can contribute to their own RRSP until December 31 of the year they turn 71. They can contribute to a spousal RRSP until December 31 of the year their spouse turns 71. RRSPs must be converted to a Registered Retirement Income Fund (RRIF) by December 31 of the year they turn 71.

²For HBP and LLP withdrawals you need to repay the amounts you withdrew over a period of time. The repayment period is 15 years and 10 years for HBP and LLP respectively. If you decide not to make repayments, you'll need to include the withdrawal amounts in your annual income.

Investments. Insurance. Advice.

