



Investing for your Future

In Canada, we are fortunate to have government programs that will provide us with some income in our retirement years (i.e. CPP, QPP, OAS, etc.) However, these plans provide a very basic income and are only intended to *supplement* your own savings. It is unlikely that you could live on government programs alone. Therefore it is imperative that you take steps now to ensure you have enough private savings to enjoy a comfortable standard of living in your retirement years.

Fortunately, there are tax-preferred investment vehicles available to help you make the most of your money.

Registered Retirement Savings Plans

Highlights:

- Contributions to an RRSPs are tax deductible;
- Investments within the RRSP grow tax-deferred;
- Funds can be accessed pre-retirement via such programs as the First Time Home Buyers Plan & the Life Long Learning Program;
- The plan must be converted to from a savings plan, to a payout plan by the end the of calendar year in which you turn age 71;
- Tax is paid on withdrawals in retirement

Considerations:

- Have contributions deducted from your pay to take advantage immediate tax savings instead of waiting to file your income tax;
- If you have access to an employer-sponsored plan with contribution matching, take

advantage of it. It is additional savings dollars available to you;

- If your earnings are higher now than what you expect them to be in retirement, an RRSP may be the investment tool for you otherwise consider a TFSA.

Maximum RRSP Contributions:

- Lesser of 18% of your previous year earnings and \$26,230 (2018) or \$26,500 (2019)

The deadline to make an RRSP contribution for the 2018 tax year is March 1, 2019.

Tax-Free Savings Account

Highlights:

- Contributions are not tax deductible – they are made with after-tax dollars;
- Funds are not locked-in and can be used for purposes other than retirement;
- Growth within a TFSA is tax-free;

Considerations:

- If your income is lower now than what is expected in retirement, this may be the option for you.

Maximum Contributions:

- \$5,500 (2018) or \$6,000 (2019);
- Unused contribution room carries forward;
- Contribution room created from funds being withdrawn cannot be replaced until the following year;
- Contribution room is based on the calendar year only.