

## TFSA - Contribution Questions

### Question:

Can you answer some basic questions about contributing to a Tax-Free Savings Account (TFSA)?

### Answer:

#### 1. Who can contribute to a TFSA?

Residents in Canada who are 18 years of age or older, with a valid Social Insurance Number (SIN) and a TFSA account.

#### 2. Is there a maximum age for contributing to a TFSA?

No. Unlike RRSPs, you can keep contributing to your TFSA at age 72 or beyond.

#### 3. What's the annual contribution limit?

\$7,000 for 2024 (with future indexing for subsequent tax years); previously \$5,000 per year from 2009 to 2012, \$5,500 each in 2013 and 2014, \$10,000 in 2015, \$5,500 per year from 2016 to 2018, \$6,000 per year from 2019 to 2022 and \$6,500 for 2023.

Up to \$95,000 total TFSA room in 2024, if no past TFSA contributions were made AND you were eligible for a TFSA since its inception in 2009.

#### 4. Is that all I can contribute?

Not necessarily. Any amounts withdrawn are added to your contribution room for **the following year**. And, you can contribute using unused contribution room from past years.

Log on to [My Account](#) or call [Tax Information Phone Service \(TIPS\)](#) to find out your contribution room.

#### 5. Can I contribute an asset "in kind"?

Yes, you can still contribute assets like bonds, shares or mutual funds currently held in a non-registered account into your TFSA "in kind". But if you swap assets (exchange assets (including cash) held in registered or non-registered accounts for assets held in TFSAs), you'll have to [pay a significant "advantage" tax](#).

#### 6. What if I don't use all my annual contribution limit?

You can "carry forward" unused contribution room indefinitely, to use in future years, even if you haven't opened a TFSA account.

#### 7. What if I contribute more than allowed?

Excess TFSA contributions are penalized and [the tax payable](#) is 1% per month (similar to RRSP excess contributions) until withdrawn. Unlike with RRSPs, you are not allowed any penalty-free overcontributions to a TFSA. In addition, income from deliberate overcontributions are subject to [advantage tax](#) at 100% of the benefit less the 1% per month tax above. You're solely responsible for over contributing to your TFSAs.

#### 8. Are TFSA contributions tax-deductible?

No, you cannot deduct TFSA contributions on your tax return.

**9. Can I borrow to invest in a TFSA?**

Yes, you can. But you cannot deduct interest paid to borrow money to invest in a TFSA (since TFSA income or growth is not taxable).

**10. Who should contribute to a TFSA?**

Your best savings strategy depends on many individual factors, including your investment goal(s) (short or long term), current and future income tax brackets, entitlement to income-tested benefits or credits (such as the [Guaranteed Income Supplement](#) (GIS), etc.), and whether you've already maximized your RRSP contributions. A [Vancity advisor](#) has decision tools to help choose the right solution for you.

**11. Can I give my spouse money to contribute to their TFSA?**

Yes. And neither the income earned in their TFSA, nor withdrawals they make, are taxable to you, as long as your spouse spends rather than invests any TFSA withdrawals.

**12. Can I contribute if I become a non-resident of Canada?**

While you can still keep your TFSA, once you are non-resident you can no longer contribute to your TFSA, nor do you accumulate more contribution room.

**13. If I leave Canada for a period, but then return, do I accumulate contribution room during the period I am away?**

Only if you were still considered a ["factual" resident](#) of Canada (i.e. you still maintain ties to Canada by having a financial account, driver's license, and do not file taxes as a non-resident), you may continue accumulating TFSA contribution room while abroad.

**14. Is there a simple way to track my TFSA contribution limit?**

Log into your [CRA My Account](#) to check your TFSA contribution limit, review and verify your past TFSA withdrawals, and more.

**15. What if I have more questions?**

See these links:

[Vancity.com](#)

[Canada Revenue Agency](#)

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