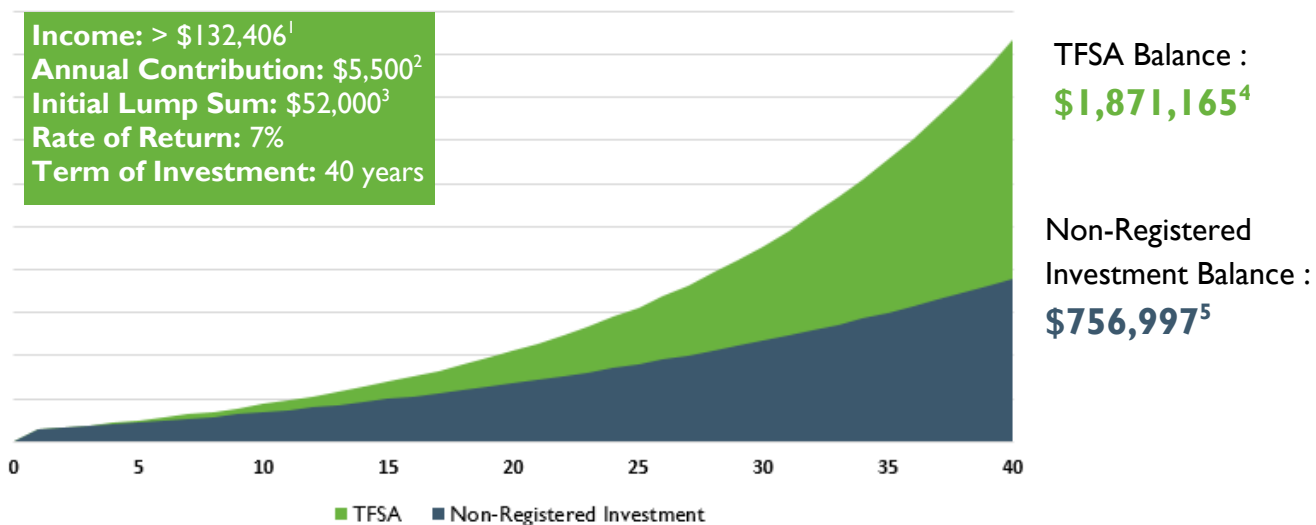


Tax - Free Savings Account (TFSA)

The Tax-Free Savings Account (TFSA) program began in 2009. It is a way for individuals who are 18 and older to set money aside tax-free throughout their lifetime. Contributions to a TFSA are not tax-deductible for income tax purposes but all investment returns are generally tax-free, as it compounds and when it is withdrawn.

Grow Your Money Faster with a TFSA: An Example

TFSA vs. Non-Registered Investment



You could save **\$1,114,168** in taxes by saving your money using a TFSA!⁶

Contribution Limits

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Annual	\$5,000	\$5,000	\$5,000	\$5,000	\$5,500	\$5,500	\$10,000	\$5,500	\$5,500	\$5,500
Cumulative	\$5,000	\$10,000	\$15,000	\$20,000	\$25,500	\$31,000	\$41,000	\$46,500	\$52,000	\$57,500

Your TFSA contribution room is the maximum amount that you can contribute to your TFSA.

Since 2009, the TFSA contribution room automatically accumulates each year, even if you do not file an income tax return or open a TFSA.

Over-Contributions

If you over-contribute to your TFSA, you will be subject to a tax penalty equal to 1% of the highest excess TFSA amount in the month, for each month you are in an excess contribution position.

Withdrawals

Assuming your investments are liquid, you can withdraw any amount from the TFSA at any time, with no tax payable. Withdrawing funds from your TFSA does not reduce the total amount of contributions you have already made for the year.

Withdrawals made from your TFSA in that year may be re-contributed to your TFSA at any time in the following calendar year of the withdrawal if you have maximized your TFSA contributions to the full cumulative limit.

If, however, you have not maximized your full cumulative contribution room, you may do so at any time within the calendar year you made a withdrawal.

TFSA cumulative contributions and withdrawals are tracked separately.

Investment Options at Alitis

Generally, the types of investments that will be permitted in a TFSA are the same as those permitted in a registered retirement savings plan (RRSP). For more information, please contact an Alitis Adviser.

Notes:

1. The income used estimates your personal tax rate. For the purposes of this graph, your Provincial taxes are assumed to equal half of your Federal tax rate. Please keep in mind your actual tax rate may be different.
2. The graph assumes that all contributions are made at the beginning of the year. Income on the annual contribution is calculated beginning in the second year.
3. The income in the first year is calculated only on the lump sum amount.
4. The future value of the investment is calculated based on the value of contributions made, either annually or monthly, the number of years the investment will be held, the rate of return you selected and the applicable tax rate.
5. The graph assumes that Federal and Provincial taxes have been subtracted from your income earned in a non-registered plan.
6. This graph is for illustrative purposes only and is meant to show how your TFSA grows over a period of time and compare your TFSA investment versus the same investment made in a taxable account while estimating potential tax savings. Additionally, the graph assumes that all TFSA investment earnings are solely interest income. Your actual TFSA investment earnings may also consist of dividends and capital gains.

The Government of Canada has a website that provides complete and detailed information on Tax-Free Savings Accounts. The address for this site is <http://www.cra-arc.gc.ca/tx/ndvds/tpcs/tfsa-celil/menu-eng.html>.

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