Making the most of your TFSA

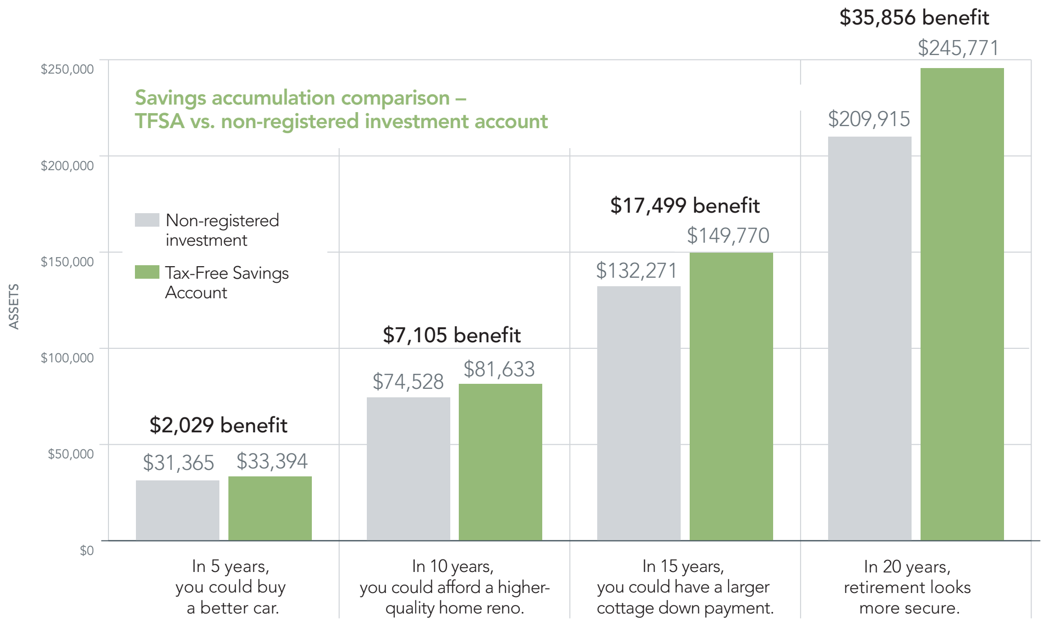
The Tax-Free Savings Account (TFSA) represents a unique way for Canadians to save money and pay less tax.

Key features

- Canadian residents with a social insurance number and who have reached the age of majority[1] in their province can save up to $5,500 every year.[2]
- Investments grow tax-free while inside the account.
- TFSAs can hold a wide variety of investments, including all Fidelity products.
- Withdrawals can be made at any time for any purpose and are not subject to tax.
- Unused contribution room can be carried forward indefinitely to future years.
- Withdrawals can be recontributed in future years.
- Withdrawals are not considered income, so they won't increase taxable income or affect income-based eligibility for income-tested government benefits or tax credits, including Old Age Security and the Guaranteed Income Supplement.

A TFSA can help you achieve your goals

Whether you're saving for a car, a house or a comfortable retirement, the additional savings benefit of a TFSA can be significant both in the short and the long term.



Assumptions: Rate of return of 6%, marginal tax rate of 46% for interest and 23% for capital gains, distributions reinvested, distribution yield of 2.0%, distribution composed of 50% interest and 50% capital gain, initial contribution of $5,500 and contributions increase in $500 increments based on a 2% inflation rate. Contributions were made at the beginning of the period. Unrealized capital gains were taxed at the end of the holding period. This assumption ignores contributions from prior years.

Save – but in what?

The table below identifies common primary and secondary purposes of Canada's popular savings accounts and a TFSA. As you can see, the TFSA is highly versatile, offering more primary savings purposes than any other plan. It is the most flexible tax-advantaged savings vehicle in Canadian history.

The best idea? Talk to your advisor to find out how a TFSA can fit into your overall financial plan.

	SAVINGS NEED			
	GENERAL SAVING	HOME PURCHASE	EDUCATION	RETIREMENT
TFSA	**Primary purpose** Contribute to a TFSA for your general savings needs.	**Primary purpose** Contribute to a TFSA to increase savings for a home purchase.	**Secondary purpose** After contributing \$2,500 to an RESP, contribute to a TFSA to help pay for a child's education. Contribute to a TFSA to pay for your education.	**Primary purpose** Contribute to a TFSA when the tax rate at the time of contribution is expected to be equal or lower than in retirement. There is no age limit at which TFSA assets must be withdrawn.
NON-REGISTERED	**Secondary purpose** Contribute to a non-registered account after a TFSA for general savings needs.	**Secondary purpose** Contribute to a non-registered account after a TFSA and an RRSP to purchase a home.	**Secondary purpose** Contribute to a non-registered account after an RESP and a TFSA to pay for a child's education.	**Secondary purpose** Contribute to a non-registered account after an RRSP and a TFSA.
RRSP	Not intended for this purpose.	**Secondary purpose** Contribute to an RRSP and use the Home Buyers Plan to purchase a home.	**Secondary purpose** Contribute to an RRSP and use the Lifelong Learning Plan to pay for your education.	**Primary purpose** Contribute to an RRSP when the tax rate at the time of contribution is expected to be equal or higher than in retirement. An RRSP must be converted to a RIF at age 71.
RESP	Not intended for this purpose.	Not intended for this purpose.	**Primary purpose** Grant of 20% on contributions up to \$2,500 to pay for a child's education.	Not intended for this purpose.

1. In British Columbia, Newfoundland and Labrador, Nova Scotia and New Brunswick the age of majority is 19 and a plan may not be opened until then. However, you will accumulate contribution room from the time you are 18.

2. As of January 1, 2016, TFSA contribution limits are determined by indexing \$5,000 to inflation for each year after 2009 and rounding the result to the nearest \$500. Since January 1, 2016, the TFSA limit is \$5,500. The contribution limit for 2015 was \$10,000. The contribution limit for 2013 and 2014 was \$5,500. From 2009 to 2012 the contribution limit was \$5,000.

Read a fund's prospectus and consult your advisor before investing. Mutual funds are not guaranteed; their values change frequently and past performance may not be repeated. Investors will pay management fees and expenses, may pay commissions or trailing commissions and may experience a gain or loss.

Fidelity INVESTMENTS

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