

# Tax Free Savings Account (TFSA) Calculator

## ASSUMPTIONS

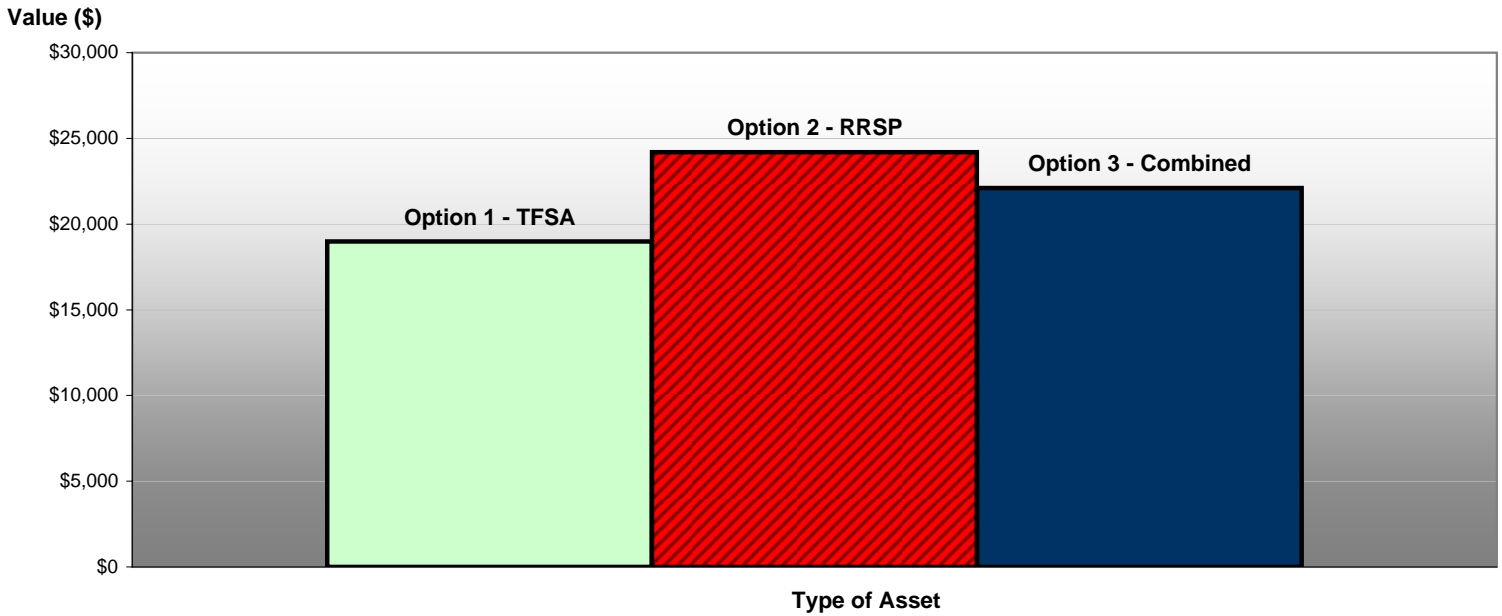
Start Year (TFSA Effective Jan 1, 2009)	2009	Expected Rate of Return (ROR)	Balanced - 6.9%
Lump Sum Contribution (Max.: \$5,000)	5,000	Term of Investments (Period - Years)	20
Contributor's Current Marginal Tax Rate	46.40%	Contributor's Marginal Tax Rate in Retirement	30.00%

## NET PROCEEDS FROM SAVINGS IN A TAX FREE SAVINGS VS. RSP ACCOUNT

Opening Balance  
 Initial Contribution Amount <sup>(1)</sup>  
 Contributor's Current Marginal Tax Rate  
 Reinvestment of Tax Refund  
 Total Gross Contribution <sup>(2)</sup>  
 Investment Income <sup>(3)</sup>  
 Closing Balance  
 Taxes Upon Withdrawal in Retirement <sup>(4)</sup>  
 Sub-Total Net Proceeds  
**Total Net Proceeds**

	OPTION 1 TFSA	OPTION 2 RRSP	OPTION 3 - COMBINED	
			RRSP	TFSA
Opening Balance	\$0	\$0	\$0	\$0
Initial Contribution Amount <sup>(1)</sup>	\$5,000	\$5,000	\$5,000	\$2,320
Contributor's Current Marginal Tax Rate	N/A	46.40%	46.40%	N/A
Reinvestment of Tax Refund	N/A	\$2,320	N/A	N/A
Total Gross Contribution <sup>(2)</sup>	\$5,000	\$7,320	\$5,000	\$2,320
Investment Income <sup>(3)</sup>	\$13,990	\$27,239	\$13,990	\$6,491
Closing Balance	\$18,990	\$34,559	\$18,990	\$8,811
Taxes Upon Withdrawal in Retirement <sup>(4)</sup>	N/A	(\$10,368)	(\$5,697)	N/A
Sub-Total Net Proceeds	\$18,990	\$24,191	\$13,293	\$8,811
<b>Total Net Proceeds</b>	<b>\$18,990</b>	<b>\$24,191</b>	<b>\$22,104</b>	

## TFSA vs. RSP Analysis



### Footnotes & Additional Notes:

- (1) For comparison purposes, the maximum contribution is limited to \$5,000.
  - (2) Assumes taxpayer has sufficient Tax Free Savings Account (TFSA) and RSP contribution room.
  - (3) Investment income earned in the RSP assumes that the tax refund will be reinvested at the current marginal tax rate.
  - (4) Taxes payable in retirement assume a lump sum withdrawal from the RSP account.
- The above analysis does not illustrate a strategy where funds are invested in the TFSA and then transferred to the RSP at the end of the year. Whether to save in a TFSA, an RRSP or both will depend on your savings needs as well as your current and expected future financial situation and income levels.*