

**JUST THE FACTS:
HELPING YOU TALK ABOUT MONEY**

Investment Accounts

Investment accounts are places for investment products (GICs, stocks, bonds, etc.) aimed at growing the amount of money you have over time. Ask a financial professional for advice on which is right for you.

Common investment accounts:

TFSA – Tax Free Savings Account

- Money placed in a TFSA will never be taxed, regardless of how much of a return it earns.
- Despite its name, a TFSA is not actually a savings account – it is an investment account, with restrictions on how much you can put in and take out.
- If you exceed the limit for deposits, the overage will be taxed at 18% annually.
- You can withdraw money from a TFSA, but you are not allowed to replace that money until the following year. Each deposit in a single year counts as a new contribution (even if it is replacing a withdrawal), potentially putting you over your limit.

RRSP – Registered Retirement Savings Plan

- Some people refer to it as an RSP (Retirement Savings Plan), which is exactly the same thing, as long as the account is registered with the Government of Canada.
- When you place money in an RRSP, you can deduct the amount from that year's income tax, getting the amount back from the Canada Revenue Agency.
- The invested money will be taxed in the year it is withdrawn. Ideally, this will be done in a year when you are earning less income (such as after retirement), meaning it will be taxed in a lower bracket (a smaller percentage of the total).

RESP – Registered Education Savings Plan

- RESPs are used to save money for a child's post-secondary education.
- For every \$2,500 contributed per child each year, the Government of Canada adds a grant of \$500, earning interest on the total.
- Contributions end when the child reaches age 16.
- The money is released when the child is enrolled at any accredited post-secondary institution.
- The money counts as income for the child in that year, and will be taxed in their income tax bracket (which is usually very low).



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*Looking to better understand money basics and how they apply to you?
You may also be interested in taking our [Financial Wellness Guide questionnaire](#).*