

TFSA

A New Tax Shelter for Your Money

Starting on January 1, 2009, all taxpayers aged 18 and over can save \$5,000 per year, tax-free, in the new tax-free savings account, or TFSA.

The creation of this new savings account was announced by the federal government when handing down its budget in February 2008. The TFSA was presented at the time as the most significant registered savings vehicle to come into effect since the creation of the registered retirement savings plan (RRSP) in 1957.

ATTRACTIVE BENEFITS

"This account," says Lyne Bilodeau, an Investment Savings Advisor with the Fédération des caisses Desjardins du Québec, "allows investors' savings to grow tax-free." This means that investment income, interest, dividends and capital gains—depending on the financial product chosen (see box)—are not subject to income tax. The same goes for withdrawals.

"Since you can withdraw money from a TFSA with no impact on your income taxes," says Ms. Bilodeau, "you have more leeway and flexibility to use your money both before and during retirement. In addition, account holders do not have to worry about the impact of withdrawals on their government benefits or credits calculated according to income."

Furthermore, any money withdrawn from a TFSA may be redeposited without affecting contribution room. This means that any unused contributions can be carried over to future years. And, certain investment products offered will also be eligible for member dividends—an advantage that's unique to Desjardins!



THE DESJARDINS TFSA SOLUTION

Although it only came into effect on January 1, the TFSA was being widely heralded throughout the fall season, with numerous financial institutions touting "pre-TFSA" products so they could attract and win over investors before the start of 2009. Desjardins was front and centre with a very attractive offer, which allowed many members to get a head start on planning their TFSA contributions.

If you have the savings capacity to take advantage of it, the Tax-Free Savings Account is a flexible tool that will enable you to make the most of your non-RRSP savings! If you have not done so already, call your caisse and ask how a TFSA could fit into your overall investment strategy. **D**

TFSA-eligible Investment Products

- Guaranteed investments at competitive fixed rates: savings products that can be redeemed at any time, Climbing-Rate Term Savings, among others
- Market-linked Guaranteed Investments and Profile Guaranteed Investment Portfolios
- Desjardins Funds including Diapason Portfolios
- Helios guaranteed investment fund contract
- Market-traded products