TFSAs vs. RRSPs

A quick comparison

Since 2009, the federal government has offered Canadians the opportunity to invest in a Tax-Free Savings Account (TFSA). TFSAs have some similarities to traditional Registered Retirement Savings Plans (RRSPs) but are quite different in other respects. The following table highlights some of the benefits and features of each.

	TFSA	RRSP
Minimum age	To open a TFSA, you must be 18 years of age or older, be a Canadian resident, and have a Social Insurance Number (SIN).	There is no minimum age to open an RRSP; as long as you earned qualified income in the previous year, are a Canadian resident, and have a SIN, you can contribute to an RRSP.
Maximum age	No maximum age to contribute. As long as you are a Canadian resident with a SIN, you can own and contribute to a TFSA.	Contributions can only be made until the end of the year in which you turn 71. After that point, the RRSP is automatically rolled into a Registered Retirement Income Fund (RRIF).
Contributions	No tax deduction for contributions.	Contributions are tax-deductible.
	Maximum annual contribution limit for 2022 is $6,000 per individual.	Maximum contribution for 2022 is 18% of previous year's earned income, up to a maximum of $29,210, plus any unused contribution room from previous years.
	Unused contribution room can be carried forward indefinitely. For example, last year's maximum contribution was $6,000; if you only contributed $500 last year, you could contribute $11,500 this year ($6,000 + $5,500 unused from last year).	Unused contribution room can be carried forward indefinitely.
Withdrawals	Withdrawals are tax-free.	Withdrawals are taxed as income.
	No age requirement for withdrawals.	The plan must be rolled into a RRIF at age 71. Then, minimum withdrawal amounts must be made, based on an age-based RRIF schedule.
	Withdrawals are not considered taxable income and do not affect benefits such as Old Age Security (OAS).	Withdrawals are considered taxable income and could reduce benefits, such as OAS.
	Withdrawals may create additional contribution room.	Withdrawals do not create additional contribution room.

For more information about investing in a TFSA or RRSP, contact:

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