



Starting on **January 2nd, 2009**, you will be able to take advantage of the new, government-introduced Tax-Free Savings Account (TFSA) which allows Canadians aged 18 and older to save up to \$5,000 a year in a tax free plan

Key Features:

- Any individual (other than a trust) who is at least 18 years old, who is a resident of Canada, and who has a valid social insurance number (SIN) can contribute to a TFSA.
- Contributions may only be made by the owner
- Income earned and capital gains under a TFSA will be tax sheltered
- Withdrawal of contributions and/or income earned will not be subject to tax
- Maximum contribution limit for 2009 will be \$5,000.
- Unused contribution room may be carried forward and contributed in a future year
- Withdrawals (capital and income) will increase the unused contribution room
- Unused contribution room will be reported on the annual CRA Notice of Assessment

What types of investments can I hold in my Tax-Free Savings Account plan?

Khalsa Credit Union is offering wide range of investments in their TFSA plan such as savings accounts and term deposits.

What's the difference between a Tax-Free Savings Account and an RRSP?

Unlike RRSPs, funds from your Tax-Free Savings Account are not added to your income, which means that they are **not** subject to income tax. Interests earned on any TFSA Contributions are also **not** taxed and can be withdrawn anytime, for any reason.

And RRSPs are income tax deductible, so they lower your taxable income. Contributions to a TFSA are not deductible for income tax purposes.

For more Information:

Visit www.khalsacredit.com or www.khalsacreditunion.ca often for up-to-date information. You can also visit your nearest branch or contact us.

Visit <http://www.cra-arc.gc.ca/tx/ndvdl/tpcs/tfsa-celi/menu-eng.html> or <http://www.cra-arc.gc.ca/E/pub/tg/rc4466/rc4466-08e.pdf> for more information on TFSA.