

Creating and Preserving Wealth
For Generations...

Planifier et épargner pour
Les générations à venir



NEW TAX-FREE SAVINGS ACCOUNT (TFSA)

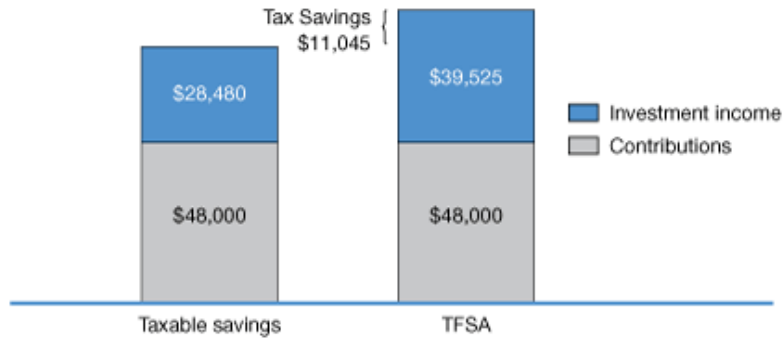
This year, the federal government announced the introduction of a new vehicle to help Canadians save money: the **Tax-Free Savings Account (TFSA)**. Effective **January 1st, 2009** every Canadian 18 years and over will have the right to set aside a maximum of **\$5,000 per year** into their TFSA account. This new savings vehicle represents the **ideal rainy day account** and an excellent way to save up for large purchases!

The TFSA, when used with Registered Education Savings Plan (RESP) and Registered Retirement Savings Plan (RRSP), represents an important way Canadians can save for future expenses and reduce their long-term income taxes. However, there are differences. Unlike RRSPs, amounts put into the TFSA are after tax so cannot be deducted from income. Also unlike RRSPs, any amounts taken out of the TFSA do not need to be added to your income making the TFSA truly like a normal bank account. Furthermore, any unused contribution room can be carried forward and any withdrawn amounts can be put back into the TFSA without reducing contribution room!

Interest, capital gains, dividends, and other income generated within the TFSA account is 100% tax-free. Furthermore, the broad range of investment choices eligible for the TFSA includes guaranteed investment certificates (GICs), mutual funds, other securities, and high-interest savings accounts. Companies such as *Manulife* are even offering special introductory rates on their Tax-Free Advantage Account (3.50% to March 31st, 2009) and cashable GICs (3.7%) to encourage people to start benefiting from TFSAs. By using this vehicle, Canadians can save tens of thousands of dollars or more in taxes over their lifetime. For example, a middle-income earner contributing \$200 per month for 20 years can save \$11,045 more than in an unregistered savings account (see chart below). That is \$11,045 in savings that can go towards anything the owner of the accounts wants; without restrictions!

To find out how much you can save, try the TFSA calculator [**found here**](#).

TFSA Versus Unregistered Savings



Notes: Combined federal and provincial tax savings based on a \$200 monthly contribution for 20 years and a 5.5 per cent rate of return. For unregistered savings, a 21 per cent average tax rate on investment income is assumed (based on 40 per cent interest, 30 per cent dividends and 30 per cent capital gains, and a middle-income earning account holder).

At Braley Winton, it is our responsibility to stay on top of programs such as this TFSA program and keep you informed so you can exploit these options. We have already prepared a variety of simple options for you to capitalize on this opportunity and begin saving on taxes today. If you would like to start your own TFSA or just find out more, don't hesitate to contact our investment advisors. Our advisors can sit with you to review your investment options and help you set a strategy to help you save for everyday purchases, save for the future, hedge against the many risks in life, and get you into the best financial position possible. Do not hesitate to contact your advisor or visit www.braleyfinancial.ca today.

Contact your Braley Winton advisor to find out more about the TFSA program and Manulife's solutions to maximize tax savings.

About Braley Winton

Braley Winton Financial Group is a privately owned financial services firm specialized in developing and implementing financial strategies that achieve a multitude of financial goals and help customers hedge against the many risks in life. Braley Winton's broad range of customized strategies include Saving, Investment, Insurance, Estate Conservation, Estate Planning, Tax-Planning, Home Purchasing, and many others. Braley Winton operates in both Quebec and Ontario and has over \$300 million of assets under management. Through its partnership with the Executive Planning Group, Braley Winton can deliver its regional expertise in top-tier services on a national scale.

More at www.braleyfinancial.ca.

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