

A Husband's Point Of View

A.M.H. Financial Services

February



February

Volume 12, Issue 2

February 2022

INSIDE THIS ISSUE:

- Top 10 things to know about Tax Free Savings Accounts 2
- Should I contribute to a TFSA or an RRSP? 3
- Our Mission 4

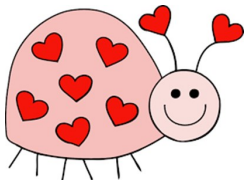
Happy Family Day! I hope that despite the current pandemic that you will be able to spend some time with your families.

Whether you are saving for the short term (0-5 years) or for the longer term (6 years and beyond) a Tax Free Savings Account (TFSA) can be a powerful tool to save money in a tax-free environment.

Once you contribute funds into a TFSA, any growth or income earned on the underlying investment will not be taxed nor will it be taken into account for the purposes of determining your eligibility for federal income-tested benefits such as Old Age Security, Guaranteed Income Supplement, Canada Child Tax Benefit, Employment Insurance Benefits, Goods and Service Credit, and the Age Credit.

There is no restriction on how withdrawals can be used. Withdrawals may be made for personal reasons, investment, education or any other purpose.

Starting in 2009, all Canadian residents who are 18 years of age or older, can contribute a legislative dollar maximum per year. If you do not contribute or do not contribute the full amount, the unused amount will carry forward to the next year. Also if you withdraw money from your account, the amount will reinstate your TFSA room in the next calendar year.



On the Lighter Side

Plastic surgery used to be such a taboo subject. Nowadays if you talk about Botox nobody raises an eyebrow.

What do you call a watch with a belt on it. A waist of time.

I've been going to the gym a lot lately, working out on a stationary bike. But it doesn't look like it's getting me anywhere.

What do you get when you put a jazz band in the freezer? Very cool music.

What is on the floor of every paleontologist's bathroom? Rep-tiles.

For more information on Tax Fee Savings Accounts or if you want to set one up call me today (780) 425-4058

TFSA Contribution Limits

The annual TFSA dollar limit for the years **2009 to 2012** was **\$5,000**.

The annual TFSA dollar limit for the years **2013 and 2014** was **\$5,500**.

The annual TFSA dollar limit for the year **2015** was **\$10,000**.

The annual TFSA dollar limit for the years **2016 to 2018** was **\$5,500**.

The annual TFSA dollar limit for the years 2019 to 2021 is \$6,000.

The total allowable amount is \$75,500

Top 10 Things to Know about Tax Free Savings Accounts



**Start saving
today tax free!**



1. The Tax Free Savings Account (TFSA) has been available in Canada since January 1, 2009.
2. You can open a TFSA if you're 18 years of age and are a Canadian resident.
3. The TFSA lets you invest while not being taxed on interest or any investment earnings.
4. The annual contribution is currently \$6,000 per year. Increases rounded to the nearest \$500, will be applied as warranted by the consumer price index.
5. The Government will determine the amount remaining for you to contribute to your TFSA the following year. Any unused contribution room gets carried over to the next year.
6. If you make a withdrawal, the amount withdrawn will be added to the contribution room available for the following year.
7. You can have more than one TFSA, including TFSAs with other financial institutions. The important thing is to remember how much you've contributed in total, and make sure you don't exceed your contribution room.
8. Unlike an RRSP, you don't pay tax on any money you withdraw from the TFSA. Withdrawals also don't affect your ability to qualify for Federal Benefits such as the Child Tax Benefit or Old Age Security.
9. With AMH Financial, you'll be investing in Segregated Funds that come with some guarantees on your investment.
10. Money invested in a TFSA cannot be deducted from your income on your tax return; only contributions to an RRSP qualify as a deduction.

**There is still time to either add to or open up a
Registered Retirement Savings Plan (RRSP).**

**If you are looking for tax deductions, or just simply
want to save for your retirement either call Andy today
(780) 425-4058 or email him at
andy@amhfinancial.ca**

Should I Contribute to a TFSA or an RRSP?

Until 2009, many Canadians held their savings in RRSPs, where they could claim a deduction for their contributions and then defer tax on withdrawals until retirement. In 2009, the TFSA became available to Canadians.

In general, RRSP savings will generate a net rate of return higher than the TFSA when the effective tax rate at the time of withdrawal is lower than the effective tax rate at the time of contribution. The TFSA will provide a higher return if the reverse occurs.

Whether to save in a TFSA or an RRSP or both will depend on your savings needs as well as your current and expected future financial situation and income level. In addition, the impact of income tested benefits and credits and the flexibility to recontribute TFSA withdrawals will have to be taken into consideration.

Generally, an RRSP is used for saving for retirement, while a TFSA would be used for both saving for retirement and other shorter term purchases. Because TFSA withdrawals are added back to your available TFSA contribution room in the year following the year of withdrawal there is very little downside to using the assets for mid to large purchases.

If you are in a low tax bracket it will probably be better to save in a TFSA since there is no impact on federal income-tested benefits when the money is withdrawn. However, if you are in a higher tax bracket, you will probably consider using both types of plans, the RRSP with the higher tax deductible limits for retirement planning and the TFSA for supplementary savings. I can assist you in determining what is best in your situation.



How a TFSA can benefit you



You can make TFSA withdrawals without worrying about tax penalties.



You won't have to pay tax on investments growing in a TFSA – even when you take money out.



You can withdraw money from your TFSA at any time, for any reason.



You can carry over any unused contribution room from previous years.

Financial Advisor
Since 1976



Phone: (780) 425-4058
email: andy@amhfinancial.ca

Take a look at our website!

www.amhfinancial.ca

AMH Financial Services is a full-service firm. We offer services to help you examine your financial goals and select the options that will best suit your needs, timeframe and investment style. We believe in helping you create a comprehensive financial plan for your family that includes planning, insurance and portfolio management.

Understanding what matters to you.

As life changes, your financial priorities evolve. That's why at AMH Financial Services we are here to understand you first, and then your financial picture.

We take the time to understand your unique investment goals. Through an in-depth discovery process, we'll get to know who you are and what truly matters to you and your family.

MY COMMITMENT AS A FINANCIAL ADVISOR IS TO HELP PEOPLE TO REACH THEIR FINANCIAL GOALS. IF YOU HAVE A FAMILY MEMBER, FRIEND OR COLLEAGUE WHO YOU FEEL COULD BENEFIT FROM A CONVERSATION WITH ME, I WOULD BE PLEASED TO SPEAK WITH THEM WITHOUT OBLIGATION.

I believe that every individual has an unalienable right to make the best and most effective use of hard-earned income, to have easy access to up-to-date and informed advice, and to be able to provide for short and long-term requirements.

I am committed to serving the individual customer with investment and financial portfolios which will meet current needs and provide for future requirements and situations.



My mission is to help you to make an educated decision that you are comfortable with!



Family

*Like branches on a tree,
we all grow in
different directions,
but our roots remain as one.*

Happy Family Day!

