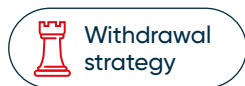




It all depends on your situation. An RRSP is a long-term retirement-savings account that is tax-deductible and taxable upon withdrawal. TFSAs are not tax-deductible; however, upon withdrawal, the amount withdrawn is non-taxable. The FHSA is a savings account meant for first-time home purchase. Contrary to RRSPs, withdrawing from a TFSA and a FHSA does not reduce your government benefits. Learn about the main differences and similarities between the three products here.

	RRSP	TFSA	FHSA
Who is eligible?	Any Canadian resident age 71 and under who earned income in the previous year (subject to pension adjustment)	Any Canadian resident aged 18 and over ²	Any Canadian resident between the ages of 18 ⁴ and 71 who, at any prior time in the calendar year or in the preceding 4 calendar years, inhabits as a principal place of residence a qualifying home in Canada or not, owned or co-owned by them or their current spouse or common-law partner
How much is the authorized annual contribution?	18% of income earned up to the allowed annual maximum ¹	\$7,000 ³	\$8,000, with a lifetime limit of \$40,000 ⁵
How is the contribution ceiling indexed?	Indexed for inflation using the Industrial Aggregate average wages and salaries in Canada	According to the Consumer Price Index, rounded to the nearest \$500	This amount will not be adjusted for cost of living or inflation
Can the contributions be deducted from taxable income?	Yes	No	Yes
Are contributions to a spouse permitted?	Yes	No, but a person could make a donation or a loan to their spouse for the latter to contribute to their TFSA ³	No, but a person could make a donation or a loan to their spouse for the latter to contribute to their FHSA ⁵
Is there a penalty for overcontributions?	Yes: 1% per month (a lifetime maximum surplus of \$2,000 is allowed without penalty)	Yes: 1% per month on excess contributions, regardless of when it occurs during the month	Yes: 1% per month on excess contributions, regardless of when it occurs during the month
Are withdrawals taxed?	Yes, except for HBP withdrawals	No	No, if they are applied to the purchase of a first eligible home



1. Source: Canada Revenue Agency website, canada.ca, RRSP Contributions section.
 2. Contribution rights begin at age 18, regardless of the province's age of majority.
 3. Source: Canada Revenue Agency website, canada.ca, TFSA Contributions section.
 4. Depending on the age of majority in the province of residence.
 5. Source: Canada Revenue Agency, *Design of the Tax-Free First Home Savings Account*, canada.ca.

