

## **Tax Free Savings Account (TFSA)**

### **What it is**

A **tax-free investment account** where your money grows and withdraws **completely tax-free**.

### **Key Benefits**

- No tax on gains, dividends, or withdrawals
- Withdraw anytime (no penalty)
- Contribution room comes back next year after withdrawal

### **Contribution Rules (2026)**

- Annual limit (2024–2026 range): approximately \$7,000/year
- Total room depends on age + residency history
- Unused room carries forward forever

### **Best Used For**

- Short to medium-term goals
- Emergency fund (if invested safely)
- Beginner investing

### **Investments Allowed**

- Stocks, ETFs, segregate funds, GICs, bonds

### **Watch Out For**

- Overcontribution penalty: **1% per month**
- Day trading can get flagged as business income

### **Simple Strategy**

- Beginners → ETFs (like index funds)
- Keep flexible money here