

TAX FREE SAVINGS ACCOUNT ,(TFSA)

The Rules: (a brief summary)

- 1 Annual contribution limit \$5,000 base
- 2 Limit increases in the following year for any withdrawals
- 3 Any under contribution may be carried over indefinitely
- 4 Excess contributions are taxed at 1% per month, (12% per year)
- 5 Current year withdrawals cannot be replaced in the same year, you must wait until next year see 2 above.
- 6 First year of contribution 2009

An Example:

TFSA Account Transactions				
Date	Opening		Withdraw	Closing
	TFSA Balance	Contribution		TFSA Balance
15-Jan-09	-	5,000		5,000
02-Mar-09	5,000		2,000	3,000
12-Jun-09	3,000	2,000		5,000
2009 Total	5,000	7,000	2,000	5,000
2010				
15-Jan-10	5,000	5,000		10,000
15-Mar-10	10,000		4,000	6,000
15-Jun-10	6,000	2,000		8,000
	5,000	7,000	4,000	8,000
Cumulative	-	14,000	6,000	8,000
2011				
15-Jan-11	8,000	6,000		14,000
15-Mar-11	14,000		2,000	12,000
15-Jun-11	12,000	1,000		13,000
	8,000	7,000	2,000	13,000
Cumulative	-	21,000	8,000	13,000
2012				
15-Jan-12	13,000		5,000	8,000
15-Mar-12	8,000	5,000		13,000
15-Jun-12	13,000	5,000		18,000
	13,000	10,000	5,000	18,000
Cumulative	-	31,000	13,000	18,000

TFSA Contribution Limit Illustration					
YEAR	2009	2010	2011	2012	4 YEAR TOTAL
Annual Base	5,000	5,000	5,000	5,000	20,000
2009 Limit	5,000				
TFSA excess	2,000	2,000			
Penalty	See below				
2010 Limit		7,000			
TFSA excess		NIL			
2011 Limit			9,000		
TFSA carry over			2,000		
2012 Limit				9,000	
TFSA excess				2,000	
TFSA excess				1,000	
Penalty				See below	

PENALTY BOX			
YEAR	2009	2012	
Number of months excess	5	5	
Excess amount	\$ 2,000.00	\$ 1,000.00	
Penalty 1% per month	\$ 100.00	\$ 50.00	plus interest

If you have any special concerns, please contact us at:



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