

# News Release Communiqué

## **Government helps Canadians maximize their savings with the new Tax-Free Savings Account**

Ottawa (Ontario), January 2, 2009. The Honourable Jim Flaherty, Minister of Finance, the Honourable Jean-Pierre Blackburn, Minister of National Revenue and Minister of State (Agriculture), and Mr. Peter Aceto, President and CEO of ING DIRECT Canada, today welcomed the availability of the new Tax-Free Savings Account (TFSA) introduced by the Government of Canada in the 2008 Budget.

“The Tax-Free Savings Account is the single most important personal savings vehicle since the introduction of the RRSP,” said Minister Flaherty. “It will give Canadians more flexibility than ever in saving for the future. Effective January 1, Canadians 18 years of age and older can set aside up to \$5000 every year in a variety of savings options and never pay tax on the income earned or on withdrawals.”

“The Government of Canada wants to help Canadian taxpayers better meet their savings goals,” said Minister Blackburn. “We believe that within the next 15 to 20 years, 90 per cent of Canadians will hold all of their financial assets in tax-efficient savings vehicles, either through existing tax-deferred plans or this new savings account. The Canada Revenue Agency is working with Canadian financial institutions to ensure seamless administration of these vehicles.”

“We are thrilled at the opportunity to give our clients more power to save their money by investing in a Tax-Free Savings Account,” said Mr. Aceto. “The flexibility built into the TFSA makes it appealing to all savers, whether they are saving for the short or long term and regardless of their tax rates. This is a terrific new opportunity that deserves the attention of all Canadians and we are excited to celebrate the launch.”

The income earned within a TFSA and withdrawals from the account will have no effect on eligibility for federal income-tested benefits or credits, such as the Canada Child Tax Benefit, the goods and services tax credit, Old Age Security, or the Guaranteed Income Supplement. A TFSA can contain different types of investments, similar to those in an RRSP, such as mutual funds, listed securities, and guaranteed investment certificates.

Other important information that Canadians should know about how the TFSA works include:

- Unused TFSA annual contribution room is carried forward and accumulates into future years.
- The full amount of withdrawals can be put back into the TFSA in future years.
- Contributions are not tax-deductible.
- Funds can be given to a spouse or common-law partner for them to invest in their TFSA.
- TFSA assets can generally be transferred to a spouse or common-law partner upon death.



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-30-

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