



News Release

Harper government highlights Tax-Free Savings Account success to Canadians

Ottawa, Ontario, May 5, 2010 . . . Keith Ashfield, Minister of National Revenue, Minister of the Atlantic Canada Opportunities Agency, and Minister for the Atlantic Gateway, today announced that Canadians saved billions of dollars in their Tax-Free Savings Accounts (TFSAs) in 2009.

“Since our government launched the Tax-Free Savings Account, more than 4.6 million Canadians have opened an account to save for their future, while earning income on their investments tax-free,” said Minister Ashfield. “These investments support Canada’s long-term economic growth and an improved standard of living for Canadians.”

The TFSA was introduced in the 2008 budget, allowing Canadians to invest in a TFSA starting in January 2009. Contributions to a TFSA are not deductible for income tax purposes but the income earned in the account (for example, investment income and capital gains) is tax-free, even when it is withdrawn. As of December 31, 2009, the fair market value of all TFSAs held by Canadians is \$17.9 billion.

“This innovative new savings vehicle is extremely popular with Canadians,” Minister Ashfield said. “Since Tax-Free Savings Accounts are flexible, Canadians can use them to save for short- and long-term goals. Our government’s Tax-Free Savings Accounts can be used to save for retirement, a new car, or to cover the cost of tuition.”

Canadian residents 18 years of age and older with a valid social insurance number can set aside up to \$5,000 every year in a variety of savings options and never pay tax on the income earned or on withdrawals. TFSA investments and amounts withdrawn do not affect federal income-tested benefits or credits such as the Canada Child Tax Benefit or the Guaranteed Income Supplement.

Canadians can invest the following in their TFSAs: cash, mutual funds, securities listed on a designated stock exchange, guaranteed investment certificates, bonds, and certain shares of small business corporations.

Those who have not yet opened a TFSA, but were eligible in 2009, can open one in 2010 and contribute up to \$10,000 because unused contribution room from the prior year carries forward.

Each year, taxpayers’ TFSA contribution room will be indicated on their notice of assessment. The 2009 tax year notice of assessment will indicate the TFSA contribution room for 2010. TFSA account holders can also determine their contribution room through the Canada Revenue Agency’s (CRA) online services, such as My Account and Quick Access.

For more information, go to www.cra.gc.ca/tfsa on the CRA’s Web site.

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For media information:

Noël Carisse
Media Relations

Erin Filliter
Director of Communications



Canada Revenue
Agency

Agence du revenu
du Canada

Canada

Canada Revenue Agency
613-952-9184

Office of the Minister of National Revenue
613-996-9301