



ADVANTAGE
FINANCIAL SERVICES

PORTFOLIO STRATEGIES

c o r p o r a t i o n

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Random Thoughts

All the so-called "secrets of success" will not work unless you do.

Unknown

Life is like a game of poker: If you don't put any in the pot, there won't be any to take out.

Moms Mabley

The real art of conversation is not only to say the right thing at the right time, but also to leave unsaid the wrong thing at the tempting moment.

Unknown

Worrying is like a rocking chair: it gives you something to do, but doesn't get you anywhere.

Van Wilder



If you owe tax, plan to pay it on time

Any tax owing is due on April 30 and interest will be charged on unpaid amounts beginning May 1.

Even if you can't pay all of the taxes you owe, file your return on time to avoid any late filing penalties

All About TFSAs

The federal government describes the Tax Free Savings Account (TFSA) as a flexible, registered account that will help Canadians with their different savings needs.

The TFSA allows Canadians, age 18 and over, to set money aside tax-free throughout their lifetime. This is year four of the TFSA, which means that you can contribute up to \$20,000 into your account.

A TFSA offers a significant opportunity to develop tax-free income and is another retirement planning option to the better known Registered Retirement Savings Plan. (Link to article below)

It's important to remember that the TFSA is more than just a tax free bank account. It can hold any combination of eligible investments, such as cash, GICs and mutual funds. Interest, dividends, and capital gains earned in a TFSA are tax-free for life. If your investments are too conservative, you are not fully benefitting from the tax-free nature of the account.

If you do need to keep your TFSA liquid, ask us about the Tax Free account offering 2.25%

How the TFSA works

- Canadian residents age 18 and over can save up to \$5,000 a year in a TFSA.
- Contributions are not tax deductible, but investment returns (capital gains, interest and dividends) earned in a TFSA are not taxed, even when withdrawn.
- Withdrawals are tax free and funds can be used for any purpose.
- Unused contribution room can be carried forward indefinitely. As well, any amount withdrawn from a TFSA can be re-contributed in a future year without requiring new contribution room.
- Neither income earned in a TFSA nor withdrawals will affect eligibility for federal tax credits or income-tested benefits such as the Canada Child Tax Benefit, Old Age Security or the Guaranteed Income Supplement .

Who does the TFSA benefit?

- Young people:** The younger the age at which the TFSA is opened, the more savings can be created.
- Lower income earners:** Taxpayers in a lower tax bracket may prefer to forgo the modest tax deduction of an RRSP in exchange for the tax-free growth and withdrawals of a TFSA.
- Seniors:** Provides retirees with a means to save on a tax-free basis. A TFSA is ideal for depositing surplus RIF/pension income, or non-registered GIC interest, and will not cause a claw back of government benefits.
- High income earners:** Taxpayers who have already made the maximum contribution to their RRSP will have another tax-effective savings vehicle. Also an option for business owners taking no or a low salary.
- Couples looking to income split:** The sole or primary income earner can contribute to their spouse's TFSA. TFSA room is not based on income earned, so two 'pools' of tax free savings can be created. As well, spousal attribution rules don't apply as they would with an RRSP
- Anyone saving for a large ticket item:** TFSAs can be used to fund a car purchase, vacation or down payment for a house

So, who does the TFSA benefit? Just about everyone! It is designed to complement, not compete with, existing savings plans.

Having trouble finding extra money to start or add to your TFSA? One strategy is to invest the refund from your RRSP purchase. You could also contribute a small amount each month, using a pre-authorized payment plan. You would be making a regular contribution effortlessly.

Please contact our office to:

- review your existing TFSA
- discuss your options for opening a TFSA
- get a second opinion on or request a transfer of your TFSA held at another financial institution

We look forward to hearing from you.

Keeping you informed:

Don't overlook TFSAs as a retirement planning option:

<http://www.theglobeandmail.com/globe-investor/personal-finance/rrsp/dont-overlook-tfsas-as-a-retirement-planningoption/article2324107/>

Ambition = Success = Happiness? Not quite:

http://management.fortune.cnn.com/2012/03/07/ambition-success-happiness-not-quite/?iid=SF_F_LN

People still don't understand TFSAs:

<http://www.theglobeandmail.com/globe-investor/personal-finance/home-cents/three-years-later-people-still-dontunderstand-tfsas/article2298663/>