Saving for RETIREMENT

- IT'S A - MONEY THING®

RETIREMENT SAVINGS OPTIONS

RRSPs (Registered Retirement Savings Plans) and TFSAs (Tax-Free Savings Accounts) are products designed as incentives to save up your bucks. These accounts act as containers for your investments. Inside them, your money can grow and accumulate tax-free. Each account type works a little differently:

RRSP

RRSPs are basically a tax deferral program.

You'll pay tax on your savings when you withdraw them in retirement. The idea is that you'll be in a lower marginal tax bracket in retirement than you are in your working years. However, this is not *always* the case.

- Set up at a financial institution
- **$26,010** annual contribution limit
- **Contributions are pre-tax**
- **Contribution amounts may be deducted** from your income tax return
- **Withdrawals** of investment income and contributions **are taxable**
- Early withdrawals are subject to a **withholding tax**

TFSA

TFSAs are not strictly for retirement savings—they can be used for any savings goal.

TFSAs are flexible. Unlike RRSPs, you don't need to have earned income to contribute to a TFSA, and there are no age restrictions for making contributions or withdrawals.

- Set up at a financial institution
- **$5,500** annual contribution limit
- **Contributions are after-tax**
- **Contribution amounts cannot be deducted** from your income tax return
- **Withdrawals** of investment income and contributions **are tax-free**
- Withdrawals can be made at any time.

The chart above is a simplified guide. Full details and exceptions are not listed here. To learn more, visit the Canada.ca website or talk to your credit union.

PICTURE YOUR RETIREMENT

Have you ever thought about what you want your retirement to look like?

It's hard to do (especially if your retirement is *decades* away), but designing the life you want can be motivating.

Do you envision...

- Travelling the world?
- Pursuing a passion?
- Living the simple life?
- Settling in a new city?

Why do they call it a "nest egg"?

You may have seen retirement savings being referred to as a "nest egg". The term is at least 300 years old and describes savings set aside for a later use. It is likely derived from the farmers' practice of putting eggs into hens' nests as a way to induce more egg-laying. It's a weird analogy, but the term has stuck around to this day!

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