

Financial Literacy Workshop - Investing: RRSPS & TFSAS

00:00 - SFSS Introduction

- SFSS VP Finance, Corbett Gildersleve

00:42 - Wealth Planner Introduction

- Volunteer presenter: Thomas

04:10 - What will you learn today?

- The benefits of using RRSPs and TFSAs
- How to decide whether to invest in an RRSP, a TFSA or both
- About the different kinds of RRSP and TFSA products

05:00 - What is an RRSP

- Pay lower taxes
- Tax-free growth
- Home buyer's plan
- Lifelong learning plan
- Spousal plan

06:07 - RRSP benefit 1: Pay lower taxes now

- Your contribution is tax deductible

10:20 - RRSP benefit 2: Tax-free growth

- Interest you earn in an RRSP is not taxed until you cash it in
- Most people cash out their RRSP when their income is lower - they pay lower taxes on the contribution and interest

12:20 - RRSP benefit 3: Home Buyer's Plan

- You can withdraw up to \$35 000 from your RRSP with not tax penalty to buy your first home
- You have 15 years to repay it, with no penalty

13:45 - RRSP benefit 4: Lifelong Learning Plan

- Withdraw up to \$20 000 for education purposes with no tax penalty
- Can be used for yourself or your spouse or common-law partner
- You have 10 years to repay

14:55 - RRSP benefit 5: Spousal Plan

- A high-earning spouse contributes some of his or her contribution to the lower-earning spouse's RRSP
- When they retire, the higher earner's RRSP can be valued in a lower tax bracket and at a lower rate

16:30 - RRSP products

- Savings account
- Term deposits
- Guaranteed Investment Certificates (GICs)
- Mutual funds
- Stocks
- Bonds

22:12 - Maximum RRSP contribution

- Maximum contribution: 18% of previous year's income up to: \$26,230 in 2018.

26:28 - What is a TFSA?

- Flexibility
- Convenience
- Tax-efficient
- Non-disruptive

25:55 - TFSA benefit: Flexibility

- Save for a car
- Save for a house
- Save for education
- Save for vacation
- Save for bills
- Save for anything

28:25 - TFSA benefit: convenience

- You can withdraw anytime
- Withdrawals make room to add again

29:38 - TFSA benefit: Tax-efficient

- It grows tax-free
- Withdrawals are tax-free

30:28 - TFSA benefit: Non-disruptive

- Guaranteed Income Supplement
- Old Age Security
- Age Credit
- Employment insurance
- Canada child tax benefit
- Working income tax benefit
- GST / HST credit

31:32 - Maximum TFSA contribution

- Same for every Canadian, flat rate across the country
- TFSA products:
 - Savings account
 - Term deposits
 - Guaranteed investment certificates (GICs)

- Mutual funds
- Stocks
- Bonds

36:35 - TFSA vs. RRSP

- Downside of TFSA – no tax deduction
- RRSP: When you turn 71, have to withdraw

40:23 - Power of compound interest

- someone is investing into GICs/term deposit with 1.5% interest or 2.5% interest
- 2.5% interest earned is almost double

44:10 - Examples and projections

- Emma – invested at 1.5%
 - Started RRSP when she was 20
 - Saved \$2000 a year until she was 35
 - Stopped making RRSP contributions to focus on other financial goals
- Jason – invested at 1.5%
 - Waited until he was 35 before starting his RRSP
 - Contributed \$3000 per year for 10 years to catch up to amount Emma invested in her RRSP when she was younger
- Winner is Emma, Emma had more room for growth

47:55 - Next Steps

- Save whatever you can!
- Not saving much, but you are establishing a habit
- Decide whether a TFSA or an RRSP (or both!) is best for you
- Meet with your bank or credit union to discuss options
- Start saving and earning interest

53:16 - Q&A

- Does the interest change when you have multiple savings accounts with less amount in each?
- Generally, no