

Your TFSA in 2021. What Can You Contribute?

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When it comes to flexible investment tools, there's nothing quite like a Tax-Free Savings Account (TFSA). This registered account allows you to hold not just savings but also investment equities like stocks, bonds, mutual funds and GICs. All of your investments grow tax-free in a TFSA. What's even better? You're not taxed when you make withdrawals, and you can reinvest that amount in future years.

If you're thinking about contributing to a TFSA in 2021, that's excellent news. However, you may be a bit confused about how much you are allowed to contribute. You're not alone in your confusion. TFSA contribution room is indexed for inflation, so limits vary by year (see Table 1). For 2021, that limit is \$6000, but if you've never contributed to a TFSA before or haven't invested the maximum amount in previous years, you can carry forward unused amounts.

YEAR	TFSA LIMIT
2021	\$6,000
2020	\$6,000
2019	\$6,000
2018	\$5,500
2017	\$5,500
2016	\$5,500
2015	\$10,000
2014	\$5,500
2013	\$5,500
2012	\$5,000
2011	\$5,000
2010	\$5,000
2009	\$5,000

Table 1 - Annual Limits Since 2009

What's Your Contribution Room This Year?

If you'd like to invest in a TFSA this year but aren't sure how much you're allowed to contribute, here is a straightforward way to determine your limit for 2021.

Table 2 - TFSA Limit For 2021 Based On When You Turned 18

YEAR YOU TURNED 18	YOUR TFSA LIMIT FOR 2021
2009	\$75,500
2010	\$70,500
2011	\$65,500
2012	\$60,500
2013	\$55,500
2014	\$50,000
2015	\$44,500
2016	\$34,500
2017	\$29,000
2018	\$23,500
2019	\$18,000
2020	\$12,000
2021	\$6,000

If You're Investing In A Tfsa For The First Time

Using Table 2, find the year you turned 18. The corresponding limit is what you are allowed to contribute to a TFSA in 2021 - unless you live in BC, NL, NS or NB. In these provinces you can accumulate TFSA room as of age 18 but are not eligible to open a TFSA account until age 19.

If You Have A Tfsa From Previous Years

Use the information in Table 2, along with the formula below, to determine what you are allowed to contribute this year:

1. Choose the year you turned 18 and the corresponding TFSA limit for 2021.
2. Add any previous withdrawals made since 2009 or the year you turned age 18.
3. Subtract all of your previous contributions from earlier years.
4. The resulting number is this year's contribution room.

Understand The Potential Of Tfsas In Reaching Your Financial Goals

Whether you're opening a TFSA for the first time, want to know how much you can add to your existing TFSA or would like to understand the role that TFSAs could play in your bigger financial picture, it's always a good idea to speak with an expert.

[CONTACT OUR OFFICE](#) [1] to learn more about how TFSAs could help you reach your savings goals.

Table 1 <https://personalfinancecanada.ca/calculators/tfsa-contribution-room/> [2]

Table 2 <https://www.investmentexecutive.com/news/industry-news/2021-tfsa-limit-announced/> [3]

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[3] <https://www.investmentexecutive.com/news/industry-news/2021-tfsa-limit-announced/>

[4] <https://www.everybodygrows.ca/taxonomy/term/13>