



THE RIGHT WAY TO USE TAX FREE SAVINGS ACCOUNTS

- 1. Shelter taxable income.** You'd do well to earn certain highly taxed income inside your TFSA where that income won't face tax.
- 2. Split income with your spouse.** Give money to your spouse to contribute to a TFSA without concern that any taxable income will end up in your hands.
- 3. Trigger tax losses.** If you're thinking of selling a security that has dropped in value in order to use the capital loss, but you like the future prospects of the investment, consider selling the security outside your TFSA, then contribute the cash to your TFSA and repurchase the investment inside the TFSA. The future growth of the investment will be tax sheltered.
- 4. Smooth fluctuating income.** If your income fluctuates over time, consider contributing to your TFSA and make withdrawals from the TFSA to contribute to your RRSP in years when you might need an added deduction to reduce your taxable income, or withdraw funds from the TFSA in a lower income year to supplement your earnings.
- 5. Minimize clawbacks.** By investing in your TFSA you can shelter future income on those assets so that it will not have to be reported on your personal tax return.
- 6. Help your children.** If you're thinking of helping your kids with a major purchase, consider giving them money to contribute to their TFSA where it can compound tax free.
- 7. Draw from your TFSA first.** When it comes time to make withdrawals in retirement, consider drawing down your TFSA assets first since those withdrawals are tax-free, and this can defer taxable withdrawals from your registered plans until you have to make those withdrawals under the minimum withdrawal rules or otherwise need the cash.
- 8. Create emergency savings.** Set aside between 3 and 6 months of living expenses in a TFSA over time.

Please call with any questions.
Sincerely,
Dave and Kelly

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Sources: -taken from: The Right Way to Use a Tax Free Savings Account. Tim Cestnick Oct. 21, 2009, The Globe and Mail
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GIC RATES AS OF NOVEMBER 12, 2009

TERM	GIC	RRSP
1 year	1.8%	1.8%
3 year	2.9%	2.9%
5 year	3.45%	3.45%

*minimums apply



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