

# Your Financial Professional



**Q:** Should I contribute to RRSPs or TFSAs?

**A:** RRSPs are more effectively used when contributions are made in your working years when you are earning more income, which is taxed in higher tax brackets. Then when in retirement years you take an income from that portion of your savings and it is taxed in lower brackets. With TFSAs you are contributing income from your pocket, or income you've already paid tax on. The contribution is made and it can be withdrawn at any time in the future tax free (because you paid tax on the money before contributing it). If you have a year where you have greater financial needs and already have a higher taxable income, withdrawing from a TFSA may be more advantageous. Contributing to RRSPs and TFSAs are both great options to support your future retirement income, but one might be better suited for you depending on your stage of life and income levels. Ultimately, you should probably be contributing to both.



**F O R B E S**

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