# Frequently Asked Questions

## About a Tax-Free Savings Account (TFSA)

# Your Shaw Workplace Tax-Free Savings Account (TFSA)

Remember - you have another way to save through the **Shaw Retirement and Savings Plan** at Sun Life by investing in a **Tax-Free Savings Account (TFSA)**.

The below provides you with answers to the most frequently asked questions that employees have, about employer-sponsored TFSAs.

Additional information is also available on **mysunlife.ca/shaw** and via the single sign-on link on **Shawbenefits.ca**.

### Q. What is a TFSA? What does it offer?

**A.** A TFSA is a savings account that can work for both your short-term and long-term financial goals.

A TFSA offers:

- Tax-free investment growth
- Tax-free withdrawals
- The ability to carry forward unused contribution room
- Withdrawal amounts added back to the available contribution room in the following year
- No requirement to stop contributions or begin withdrawls at a certain age

### Q. What are the advantages of the Shaw TFSA?

**A.** The Shaw TFSA has all the advantages of an individual TFSA, plus the additional advantages of:

- **Access to high-quality investment options**. The TFSA offers you a lineup of professionally managed funds.
- **Low investment fees**. Because you are part of a workplace plan, you typically pay lower fund management fees than you would pay as an individual investor at a Canadian bank.
- **Convenience of payroll deduction**. Your contributions are deducted directly from your pay cheque – which means that you pay yourself first.

### Q. Are contributions to a TFSA tax deductible?

**A.** No. Although contributions grow tax-free, contributions are not tax deductible.

### Q. What are the contribution limits for a TFSA?

**A.** Income Tax Act (Canada) limits apply to all TFSA products you may have. It's your responsibility to ensure that you don't exceed your contribution limit in all of your TFSA plans. The following are the annual limits since the TFSA was introduced in 2009:

| | |
|---|---|
| 2009 to 2012 | $5,000 each year |
| 2013 to 2014 | $5,500 each year |
| 2015 | $10,000 |
| 2016 to 2018 | $5,500 each year |
| 2019 | $6,000 |

With a TFSA, you carry forward any unused contribution amounts. If you were 18 years or older in 2009 and have never contributed to a TFSA, in 2019 you will have $63,500 dollars in available contribution room.

Your contribution limit is calculated by Canada Revenue Agency (CRA). You can see your contribution limit by signing into **My Account** on **Canada.ca**. You can also download the CRA mobile app, **MyCRA**; or call the Tax Information Phone Service (TIPS) at **1-800-267-6999**.

**Q. Can you make contributions on behalf of your spouse?**

**A.** Unlike a Registered Retirement Savings Plan (RRSP), you cannot make contributions to a TFSA on behalf of your spouse.

**Q. What tax receipts or slips will you receive by participating in the TFSA?**

**A.** There are no tax receipts or slips issued with a TFSA. This means that you will not receive a receipt for making contributions to your TFSA, earning investment income within your TFSA or withdrawing from your TFSA.

**Q. Can you have more than one TFSA?**

**A.** You can have more than one TFSA (e.g. one at Sun Life, and one at another financial institution), but it's your responsibility to ensure that you don't exceed your contribution limit in all of your TFSA plans.

**Q. Is there a penalty if you over-contribute?**

**A.** If you over-contribute, CRA will impose a fee for which you are responsible, for each month that the extra contribution remains in your account(s). The first dollar over the limit is considered an extra contribution.

**Q. What should you consider when deciding whether to join the TFSA?**

**A.** Any time you invest in your future, it's important to make an informed decision that suits your personal situation and future goals. You may want to think about some of these questions before you enrol:

- Can you make contributions that suit your current budget and cash flow?
- What are you saving for: your dream vacation, your child's education, retirement?
- Have you used the planning tools available on the secured member website (such as the mortgage vs. savings tool calculator)?
- What are your other potential sources of future income?
- Should you ask for input from your spouse or partner, family or friends, and/or a qualified Financial Advisor?

**Q. How can you find out more about the TFSA?**

**A.**
- Sun Life can answer questions and help you to obtain information. You can reach them at **1-866-896-6976** between **6 a.m. and 6 p.m. MT / 8 a.m. and 8 p.m. ET**, Monday to Friday.
- Investment Specialists are also available at the same number to answer your investment-related questions. You can also ask to speak with a Financial Advisor who can help you with your overall financial planning. Once a request is made, an advisor will be in touch within three business days.

**Q. Can you transfer funds from another financial institution into the TFSA?**

**A.** Yes, you can transfer funds from a TFSA at another financial institution into the Shaw TFSA at Sun Life.

## Q. How can you enrol in the TFSA at Shaw?

**A.** Enrolling in the TFSA is simple:

1. Sign in to **mysunlife.ca/shaw** or via **Shawbenefits.ca** (under **Quick Links** > **Manage my RRSP / TFSA / Shaw DC Pension (Sun Life)**).
2. Once logged in, select **my financial centre** > **Requests** > **Enrol**.
3. Select **Let's get started!** to begin and follow the enrolment flow.
   Be sure to designate a beneficiary for your TFSA, so your assets are distributed according to your wishes in the event of your death.

## Q. Can you stop or change your contribution amount?

**A.** After you enrol, you can start, increase, decrease, or stop your contributions anytime, without penalty, through the member website.

You can also make a change by contacting the Sun Life at **1-866-896-6976** any business day from **6 a.m. to 6 p.m. MT / 8 a.m. to 8 p.m. ET**.

Even if you decide to reduce your contributions to zero, your account will remain open for as long as you continue to work for Shaw. This gives you the flexibility to restart your contributions anytime.

## Q. How do you change the amount of your payroll deduction?

**A.** There are two ways to change your payroll deduction amounts for your TFSA at Sun Life:

Option 1 – Online:

1. Sign in to **mysunlife.ca/shaw** or via **Shawbenefits.ca** (under **Quick Links** > **Manage my RRSP / TFSA / Shaw DC Pension (Sun Life)**).
2. Once logged in, select **my financial centre** > **Requests** > **Payroll contributions**.
3. Make any desired changes on the resulting screen, then hit **Submit**.

Option 2 – By Phone:
You can call Sun Life at **1-866-896-6976** any business day from **6 a.m. to 6 p.m. MT/ 8 a.m. to 8 p.m. ET** to change or update your payroll contributions.

## Q. Can you make a lump sum contribution to a TFSA through the Shaw plan?

**A.** Yes. You can make a lump sum contribution to your TFSA directly from your bank account or via cheque. To do so:

1. Sign in to **mysunlife.ca/shaw** or via **Shawbenefits.ca** (under **Quick Links** > **Manage my RRSP / TFSA / Shaw DC Pension (Sun Life)**).
2. Once logged in, select **my financial centre** > **Requests** > **Lump-sum contributions**.
3. Choose either the **Online Automatic Deposit** or the **Contribution Form**, and follow the instructions provided.

Alternatively, you can also make lump sum contributions right from the palm of your hand with the **my Sun Life mobile app**, available for download on the Apple App Store or Google Play.

## Q. What are the investment options in the TFSA?

**A.** The market-based investments available through the **Shaw Retirement and Savings Plan** are segregated funds.

Segregated funds are a type of pooled fund (invest in numerous companies) and are similar to mutual funds. Both types of funds combine money from a large number of investors and these assets are invested and managed by a professional fund manager.

The Shaw workplace plan includes the following fund types:

- Guaranteed investment certificates or GICs;
- Target Date Segregated Funds;
- Money Market Segregated Fund;
- Bond (fixed income) Segregated Funds;
- Equity Segregated Funds; and
- Balanced Segregated Funds.

The variety of funds allows you to customize your selections depending on your investment goals, ranging from savings, to income, to growth (or a combination of these). For a complete description of all investment options, log in to the secured member website.

You can also get personal, one-on-one unbiased advice on the investment choices available to you in the Shaw Plan with **my investment advice**, a free service available to you, from Sun Life. Call them at **1-866-896-6976**, any business day between **6 a.m. to 6 p.m. MT / 8 a.m. to 8 p.m. ET**. You will be directed to a licensed representative who can help you understand the options available in your plan, which ones are best for you and how you can use them to build a diversified portfolio.

## Q. Are there tools available to assist you with making enrolment decisions?

**A.** Yes, there are a number of tools available to you as a **Shaw Retirement and Savings Plan** member with Sun Life, to assist you in the decision-making process. Once you're logged into **mysunlife.ca/shaw**, you can use:

**The Retirement planner**:
This tool uses your personal information already with Sun Life to help you establish a realistic retirement goal, create your plan, track it, and achieve the retirement you want. You can even include your spouse's information and any other retirement savings you have outside of your Sun Life retirement account.

**Asset allocation tool**:
This tool helps you understand your tolerance for investment risk by asking you eight simple questions, and provides you with information about choosing investments that are right for you.

Be sure to check out the other tools and calculators available to you on **my financial centre** > **Resource Centre** > **my money tools** > tools, such as:

**Withdrawal calculator**:
To find out the impact of a withdrawal today on your future retirement savings.

**Mortgage vs savings calculator**:
To find out if your best option is to pay down your mortgage or save for the future.

## Q. How can you monitor your TFSA savings?

**A.** You are able to monitor your account through the Sun Life Plan Member Services website – account information is refreshed on a daily basis after market closing.

Sign in to **mysunlife.ca/shaw** or via **Shawbenefits.ca** (under **Quick Links** > **Manage my RRSP / TFSA / Shaw DC Pension (Sun Life)**).

In addition to monitoring your accounts real-time, Sun Life will post semi-annual statements on the Plan Member Services website, providing you a snapshot on how your assets have performed. In addition, an annual statement will be mailed to your home address once a year.

## Q. Can you make withdrawals from your TFSA?

**A.** Yes, you can withdraw funds anytime. The withdrawal can be taken as cash or transferred to another plan.

TFSA members wishing to make a withdrawal, up to $10,000 in cash, can process the sale online through the member website. Once in your account, select **Withdraw** from the **Requests** drop-down menu and follow the prompts.

You can also initiate withdrawals via mail or by contacting the Sun Life at **1-866-896-6976** any business day from **6 a.m. to 6 p.m. MT / 8 a.m. to 8 p.m. ET**.

You are responsible for the fees associated with withdrawals or transfers from your account. You are allowed one free withdrawal per year (to be used for either your workplace RRSP or TFSA at Sun Life). Any additional withdrawals are $25 per withdrawal.

## Q. What happens if you take a leave of absence?

**A.** Your TFSA contributions will cease when you go on an unpaid leave. Upon returning to work, your contributions will restart automatically.

## Q. What happens if you leave Shaw?

**A.** If you are a member of the TFSA and you leave employment with Shaw, you will receive information directly from Sun Life to your home address. You will be provided with various options, including converting your plan to an individual TFSA with Sun Life, or transferring the balance to another TFSA of your choice, or withdrawing your balance as cash. Sun Life will also be available to assist you via their Customer Care Centre.

## Q. Need help?

**A.** How to reach us

- Call Sun Life at **1-866-896-6976** any business day, from 6 a.m. to 6 p.m. MT/8 a.m to 8 p.m. ET.
- Sign in to your account on **mysunlife.ca/shaw** or via **Shawbenefits.ca**, or through the **my Sun Life mobile app**. Download it from the Apple App Store or Google Play.

# Appendix A – **What's in it for you?**

**The TFSA offered through your group plan can be an important part of your financial strategy, regardless of your age, income or financial goals.**

## Julie

**EARLY CAREER**

Julie plans to buy a house a few years down the road. She saves $5,500 each year in her TFSA and pays no tax on any investment growth. In five years, she withdraws her full account balance tax-free and uses it as a down-payment. Unlike the Home Buyer's Plan (HBP) available with an RRSP, the TFSA does not have a withdrawal limit or a repayment schedule. It's also not limited to first-time homebuyers, so Julie can use it to save for her next home too. And she just might, since she gets to redeposit her entire withdrawal amount into her TFSA for the future.

*The TFSA may be ideal if:*

- You're saving for a big goal like buying a house
- You're saving for a special purchase, rather than using credit
- You want flexibility and tax-free benefits in a savings account

## Paul

**MID-CAREER**

Paul withdraws $20,000 tax-free from his TFSA to renovate his home. Paul will be able to re-contribute the $20,000 to his TFSA when he has spare cash in the future without affecting his contribution room. Had he used his RRSP savings, he would have needed to withdraw up to $37,000 to pay taxes and cover the cost of the renovation, and his RRSP contribution room would have been lost.

*The TFSA may be ideal if:*

- You want to save for a major purchase
- You're already saving for retirement
- Your monthly budget is under control and you carry no high-interest debt
- You need a place for your emergency fund

## Lina
### LATE CAREER

Lina has maxed out her RRSP contribution room for the year, but has a bit more money she'd like to save. The TFSA offers another way to tax-shelter her investment. The flexibility to withdraw it at any time comes in handy five years later, when she decides to help her daughter open a small business.

*The TFSA may be ideal if:*

- You're using all your RRSP contribution room each year and have additional savings to invest
- You have non-registered savings and want to tax-shelter the investment growth
- You're saving for a large purchase either before or during retirement
- You want to begin saving now for future health care costs while retired
- You're looking for an additional tax-assisted way to accelerate savings for retirement

## Frank & Evelyn
### RETIREMENT

Frank and Evelyn are living comfortably on Frank's pension. They would like to spend their winters in Florida. They decide to each save an amount (not exceeding their contribution limits) in their TFSAs every year for their trip south, and they can continue to do so throughout their retirement years.

*The TFSA may be ideal if:*

- You can no longer make RRSP contributions but still have income to invest
- You want to invest some of your retirement income and tax-shelter the investment growth
- You currently allocate income towards specific savings goals
- You're receiving federal income-tested benefits (e.g. Old Age Security)

# Appendix B – Choosing a **TFSA** or **RRSP?**

In many ways, the TFSA is similar to a Registered Retirement Savings Plan (RRSP). Which is right for your money?

| If... | You may want to consider... TFSA | RRSP |
|---|---|---|
| You borrow to invest | | • |
| You like getting a tax deduction for your contributions | | • |
| You have existing non-registered savings and wish to take advantage of a tax-sheltered account | • | • |
| Tax rates are high and you want to shelter your investment earnings | • | • |
| Your income (marginal tax rate) will be higher when you withdraw than when you contributed | • | |
| You want the flexibility to withdraw your money at any time | • | |
| You've 'maxed-out' your RRSP contribution room | • | |
| You receive federal income-tested benefits (e.g. GST Credit, Canada Child Tax Credit) | • | |

**Tip** Use your RRSP and TFSA together for optimum tax savings – contribute pre-tax dollars through payroll deduction to your RRSP first, and then use your TFSA as extra room to tax shelter even more.