



CARRICK ON MONEY

# How to squeeze all the juice from a higher TFSA limit



ROB CARRICK PERSONAL FINANCE COLUMNIST

PUBLISHED DECEMBER 11, 2018UPDATED DECEMBER 12, 2018

0 COMMENTS

Most people are unable to get anywhere near the annual contribution limit for tax-free savings accounts, but there's still reason to celebrate the fact that the TFSA limit will rise to \$6,000 in 2019 from \$5,500 this year.

Tax-free savings accounts allow you to save and invest money without having to pay taxes on your gains or your withdrawals. They're the most universally useful savings vehicles we have. Young adults can make good use of them to save for near-term goals like owning a house or travel, Gen Xers and boomers can use them to invest for retirement or hold emergency savings, and seniors can use them to hold cash they must withdraw annually from registered retirement income funds but don't actually need to spend.

As popular as TFSAs are, lots of people don't have a good understanding of how they work. If that's you, then this TFSA primer is well worth a look. People often ask whether it's better to contribute to a TFSA or a registered retirement savings plan. Here's a useful point-by-point comparison of the two. Wondering what to put in your TFSA? Here's a rundown of all the many possibilities, ranging from a super-safe savings account to individual stocks.

I recently dug into some TFSA contribution numbers and found some smart and not-so-smart things people are doing with their accounts (this item is for Globe subscribers). People get into the most trouble with TFSAs via over-contributions, usually by withdrawing money from an account and then putting it back in the same year. Here's guidance on avoiding overcontribution penalties.

## Subscribe to Carrick on Money

Are you reading this newsletter on the web or did someone forward the e-mail version to you? If so, you can sign up for Carrick on Money here.

## **Rob's personal finance reading list...**

### **'I'm Broke and Mostly Friendless, and I've Wasted My Whole Life'**

A 35-year-old woman writes to an online advice columnist for help with a life gone off-track due to a bunch of different factors, including money problems. The columnist astutely frames her response in terms of the shame this woman feels about her life. I found this exchange interesting after writing about money-shaming in a recent newsletter. I see people falling into traps where they're ashamed to not spend and keep up appearances, and then ashamed at their overspending.

### **The 11 kinds of financial friends**

A highly entertaining list of ways people behave with money when they're out with friends. My fave is the Suddenly He's a Math Major friend – someone who calculates their part of the bill down to the penny when out for a group dinner.

### **Why it matters how much money people make**

A Harvard business prof makes a great point in this article about the super-rich – money is one of the few easy ways we have to measure our progress in life. Problem is, people who have a lot of money don't seem to be satisfied and want more.

### **Best online broker for mobile users**

Interactive Brokers wins by a wide margin. Take note if you do most of your investing on your smartphone.

### **Today's financial tool/app**

A veteran investment adviser has created children's bedtime stories that teach financial literacy.

### **Ask Rob**

**Q:** We have bought a house in Tucson and will need to exchange \$500,000 before Jan. 15, 2019. Any advice would be greatly appreciated.

**A:** In this recent column, I asked a financial adviser who specializes in cross-border matters to list the foreign exchange options he likes best.

**Do you have a question for me? Send it my way. Sorry I can't answer every one personally. Questions and answers are edited for length and clarity.**

### **What I've been writing about**

- CPP improvements start in 2019: How much more you'll pay, and how much more you'll get
- What if today's economy is as good as it gets for your personal finances?
- An old friend to dividend investors is providing strong defence as stocks fall (for Globe Unlimited subscribers)

**More Carrick and money coverage** For more money stories, follow me on Instagram and Twitter, and join the discussion on my Facebook page. Millennial readers, join our Gen Y Money Facebook group. Send us an e-mail to let us know what you think of my newsletter. Want to subscribe? [Click here to sign up.](#)