

# Bump-up for TFSA in 2015 doesn't have to wait for the budget to be passed



**GARRY MARR** | April 23, 2015 4:31 PM ET  
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**Fotolia**The CRA has confirmed that Canadians can top up their TFSAs with the new limits for 2015.

Canadians are free to top up their 2015 tax-free savings account contribution without fearing any sort of penalty, bank officials said Thursday.

The government's budget released Tuesday increased the annual contribution limit to TFSAs from \$5,500 to \$10,000 and made it effective to Jan. 1, 2015.

Following the announcement there was confusion about whether Canadians could put another \$4,500 into their TFSA account right away. The early birds, who were rushing to top up, reported their banks were saying to hold off until the budget was passed.

“Economic Action Plan 2015 proposes to increase the TFSA annual contribution limit to \$10,000 effective for 2015 and subsequent tax years,” according to budget documents.

Technically, you can put as much money into your TFSA account as you want, but you are penalized heavily for over-contributing.

“The increased contribution limit is great news for our customers and we have seen an uptick in interest and questions today as a result of the budget announcement,” said a Toronto-Dominion Bank spokesperson.

A Bank of Montreal official confirmed that the CRA has issued a notice making it clear that contributions can be increased to \$10,000 for 2015, and will allow Canadians to take advantage of the increased limit right away, even though it will take weeks to get through all Parliamentary stages.

“For 2015 and subsequent calendar years, the budget proposes to increase the TFSA annual contribution limit to \$10,000. The CRA will allow financial institutions and individuals to act upon the new change effective immediately – prior to it passing through Parliament and before receiving Royal Assent.”

Jamie Golombek, managing director of estate and tax planning at CIBC, said CIBC had sought clarification from the Canada Revenue Agency and been told the money can go in now.

“We have received confirmation from the Canada Revenue Agency that, while the legislation is subject to Parliamentary approval, consistent with its general approach for proposed income tax changes, it is administering the measure on the basis that \$10,000 is the new TFSA annual contribution limit. Clients may therefore proceed to contribute to their TFSA based on this proposed law,” said Golombek.

“Both parties must, however, ensure that the transaction is in accordance with the proposed changes. In addition, the TFSA annual contribution limit will no longer be indexed to inflation,” according to the CRA notice.

While the annual limit is jumping 82 per cent this year, ending indexing will result in some savings to Ottawa, according to the budget document – compared to allowing

the annual amount to grow past \$10,000. As of 2015, Canadians have now been allowed to contribute \$41,000 to their TFSAs. They still have access to unused contribution room.

The Liberals are on record, saying they oppose the Conservative decision to increase the annual limit to \$10,000. Liberal leader Justin Trudeau told a reporter Wednesday that he preferred a \$5,000 annual limit.