

2020 TFSA limit announced

Contribution room accumulates beginning in the year in which a person turns 18

By: Rudy Mezzetta | November 27, 2019 | 10:00



razihusin/123RF

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The TFSA new contribution limit for 2020 is \$6,000, matching the amount set for 2019, the Canadian government has announced.

With the 2020 TFSA dollar limit announcement, the total contribution room available this year for someone who has never contributed and has been eligible for the TFSA since its introduction in 2009 is \$69,500.

The annual TFSA dollar limit is indexed to inflation and rounded to the nearest \$500. The Canada Revenue Agency's indexation increase for 2020 is 1.9%.

For clients who have withdrawn from TFSAs, their crystallized gains and losses from withdrawals are factored in to their TFSA room. Here's the formula:

Unused TFSA contribution room to date + total withdrawal made in this year + next year's TFSA dollar limit = TFSA contribution room at the beginning of next year

Anyone 18 or older and who has a valid social insurance number is eligible to open a TFSA. Contribution room accumulates beginning in the year in which a person turns 18.

In provinces and territories where the age of majority is 19, people will accumulate contribution room for the year in which they turn 18 and carry it over to the following year. They can open a TFSA once they turn 19. (The age of majority is 19 in British Columbia, Nova Scotia, New Brunswick, Newfoundland and Labrador, Northwest Territories, Nunavut and Yukon. It is 18 in the other six provinces.)

TFSA annual dollar limits by year

For 2009, 2010, 2011 and 2012:	\$5,000
For 2013 and 2014:	\$5,500
For 2015:	\$10,000
For 2016, 2017, and 2018:	\$5,500
For 2019 and 2020:	\$6,000

Federal tax bracket thresholds for 2020

- The 33.0% tax rate begins at taxable income of over \$214,368, up from \$210,371 in 2019
- The 29.0% tax rate begins at taxable income of over \$150,473, up from \$147,667 in 2019
- The 26.0% tax rate begins at taxable income of over \$97,069, up from \$95,259 in 2019
- The 20.5% tax rate begins at taxable income of over \$48,535, up from \$47,630 in 2019
- The basic personal amount for 2020 is \$12,298, up from \$12,069 in 2019

In their election platform, the Liberals said they would raise the basic personal amount to \$15,000 by 2023, but claw it back at the bracket that begins at \$150,473 in 2020.

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