



The Conservative government has **almost doubled** the annual contribution limit on Tax Free Savings Accounts (TFSAs) from \$5,500 to \$10,000. It is a move that will hobble future generations while giving another perk to the wealthy.

TAX FREE SAVINGS ACCOUNTS

THE MORE
**THEY
SAVE**
THE MORE
WE LOSE



How it's been working

Although 41% of Canadians have TFSA accounts, only 8% deposited the maximum limit of \$5,500. And almost all of the "maximizers" were high income. Only 4% of those making less than median income max out their TFSAs.

The \$5,500 TFSA cap has been a reasonable target for most of us. Doubling the contribution limit mostly helps the wealthy shelter their investment income to avoid paying their fair share of income tax.

Millions upon billions in lost revenue for us

When the TFSA was introduced in 2009 it cost the government about \$65 million a year. This may be a good investment if it encourages saving for a rainy day or their old age. But the costs are multiplying exponentially. In 2013 TFSAs cost the government \$410 million in lost tax revenue. As the contribution limit increases, the tab in 2060 will be \$14.7 billion federally. Provinces will take a \$430 million revenue shortfall this year climbing to \$7.6 billion a year in coming decades. Gains for high-wealth households will be 10 times that of low-wealth households.

Lost tax revenue means governments can do less for us

Wouldn't it be smarter to invest in measures like boosting the Canada Pension Plan, or pharmacare or child care that benefit all Canadians instead of one that is skewed to those who already have a lot of money?

THE BOTTOM LINE

- The \$5,500 annual contribution limit more than meets the needs of most Canadians. No increase is necessary.
- Cap the lifetime contribution limit at \$36,500. This would save the government \$15.5 billion a year.
- The wealthy will gain 10 times as much as the rest of us.

**WHAT
OTHERS**

**ARE
SAYING**

**about the
Conservative government
move to almost double
the TFSA limit**

It is a ticking time bomb...sharply tilted in favour of the well off and much more costly to both federal and provincial revenues than income splitting.

- Rhys Kesselman
Research Chair at Simon Fraser University and co-founder of the TFSA concept

Message to the federal government: Please don't. We can't afford it.

- Rob Carrick
Investment columnist
Globe and Mail

There's no upside for most Canadians. They would pay the price of an expanded TFSA through more austerity and lost public services.

- Dennis Howlett
Executive Director
Canadians for Tax Fairness

It is regressive, overall. The benefits skew to higher income, higher wealth and older households.

- Jean-Denis Frechette
Canada's Parliamentary Budget Officer

What *You* can do

Harper Conservatives have already done a lot of damage to Canada. This scheme to double the TFSA contribution limit hobbles future governments' ability to fix or improve our social programs for decades to come.

The upcoming federal election is a good time to push back on hare-brained ideas like this and reverse the erosion of public services. We need a commitment from opposition parties to fix the damage done by the Conservatives. But promises to rebuild Canada will be credible only if they include fair tax policies to raise revenue needed to do the job.

- You can send a message now to all the candidates in your riding that it is time for tax fairness.
- Send a message to the Prime Minister that doubling the TFSA limit is unacceptable.

Visit us!

There's lots more information at [**www.taxfairness.ca**](http://www.taxfairness.ca)

You can join in supporting Canadians for Tax Fairness by subscribing to our newsletter, visiting our website or Facebook page, making a donation or organizing a community event.

It is time to rebuild Canada!

