INVESTMENT ACCOUNTS

It's not just what you buy — it's where you hold it.

A **trading account** (or investment account) is the container your investments live in. Here's the part most people never learn: the exact same stock can be taxed completely differently depending on which account holds it — and in Canada, choosing well can save you **thousands** over a lifetime.

THE BIG IDEA

Two people can own the identical stock and keep very different amounts of the gain — because one picked a smarter **container**. What you buy matters. Where you keep it matters just as much.

The main Canadian accounts

TFSA Tax-Free Savings Account

You put in money you've already paid tax on. After that, **every dollar of growth, dividends, and withdrawals is 100% tax-free — forever.** No tax bill, ever, no matter how much it grows.

BEST FOR most people, most of the time — the simplest tax-free win.

RRSP Registered Retirement Savings Plan

Your contribution is **deducted from your income now**, so you get a tax refund today; it grows untaxed, but withdrawals in retirement are taxed as income. It also shields U.S. dividends from a 15% withholding tax.

BEST WHEN your tax rate is higher now than it'll be in retirement.

FHSA First Home Savings Account

The best of both worlds: contributions are **deductible like an RRSP**, and withdrawals for a first home are **tax-free like a TFSA**. A newer account built for first-time buyers.

BEST FOR saving toward your first home.

RESP Registered Education Savings Plan

For education savings — and the government **chips in free money** (a grant that matches part of what you add). Grows tax-sheltered until it's withdrawn for school.

BEST FOR parents (or students) saving for tuition.

Non-registered Taxable / cash account

No limits and no special shelter — you pay tax on gains and dividends. But it's not all bad: **only half of a capital gain is taxable**, Canadian dividends get a tax credit, and it's the one account where interest on money you borrow to invest is deductible.

BEST WHEN you've filled up your registered room and want to keep investing.

Every account has an annual contribution limit, and those limits change every year — check your own room on **CRA My Account** before you contribute.

A rough order to fill them

For many young Canadians: **TFSA (or FHSA if you're saving for a home) first**, then **RRSP once your income is higher**, then a **non-registered account** when your registered room runs out. It's a starting point — not a rule, and not advice.

South of the border?

The U.S. has the same idea with different names — a **401(k)** and **IRA/Roth IRA** (registered, tax-advantaged) versus a plain **brokerage account** (taxable). Same principle everywhere: the container changes the tax.

See the difference on a real stock

Travis Valuation shows you the **after-tax picture side by side** across a TFSA, RRSP, and non-registered account on the very same holding — so you can watch how much the container actually changes what you keep. Try it at `travisvaluation.ca`.
