# Comparing the TFSA, RRSP, PRPP/VRSP and NRSP

This table compares certain features of a Tax-Free Savings Account (TFSA), a Registered Retirement Savings Plan (RRSP), a Pooled Registered Pension Plan (PRPP)/Voluntary Retirement Savings Plan (VRSP)[1] and a Non-Registered Savings Plan (NRSP). This information is provided as of January 1, 2022.

| | TFSA | RRSP | PRPP/VRSP | NRSP |
|---|---|---|---|---|
| Tax deductible contributions | No | Yes | Yes | No |
| Employer contributions subject to payroll taxes (EI, CPP, QPP, etc.) | Yes | Yes | No | Yes |
| Annual contribution limit | $6,000 | $29,210[2] | $29,210[2] | Unlimited |
| Unused contribution room can be carried over | Yes | Yes | Yes | N/A |
| Withdrawals create contribution room | Yes | No | No | N/A |
| Impact of withdrawals on government income-based benefits (e.g.: GIS) | No | Yes | Yes | No |
| Withdrawals are taxable | No | Yes | Yes | No, except for investment earnings that have not been taxed previously at the time of the withdrawal |
| Investment earnings are taxable | No | No | No | Yes |
| Monies are locked-in | No | No | Yes/No[3] | No |
| Maximum age for contributions | None | 71 | 71 | None |
| Capital loss deductible | No | No | No | Yes |

[1] The PRPP is for employees and self-employed workers whose employment is federally regulated. The VRSP is for Quebec employees and self-employed workers. PRPP laws have also been introduced in British Columbia, Alberta, Saskatchewan, Nova Scotia and Ontario but they are not yet in effect.

[3] For PRPP, both employer and employee contributions are locked-in. For VRSP, the employer contributions are locked-in but employee contributions are not.

[2] The 2022 yearly contribution limit under both the RRSP and the PRPP/VRSP is the lesser of 18% of your previous year's earned income or $29,210.

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## What you should know

- TFSA contributions are made from after-tax income, and both the contributions and the investment earnings are non-taxable upon withdrawal
- NRSP contributions are also made from after-tax income but the earnings are taxable yearly as well as upon withdrawal. Also, there is no contribution limit with a NRSP.
- RRSP contributions are tax deductible, with both the contributions and investment earnings taxable upon withdrawal
- PRPP/VRSP contributions are also tax deductible. Some contributions (PRPP employer and employee contributions, and VRSP contributions) are however locked-in, and employer contributions are not subject to payroll tax (e.g.: EI, CPP, QPP, etc.). Both employee and employer contributions are taken into account towards the annual contribution limit.
- In Quebec, another option for a defined contribution plan is available for small employers: the Quebec Simplified Pension Plan

Given their complementary nature, the preference for contributing to a TFSA, an RRSP, a PRPP/VRSP or an NRSP will depend on employees' particular savings needs as well as their current and expected future financial situation and income level.



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