Manulife

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 RetirementSavings Plan (VRSP)[1] and

a Non-Registered Savings Plan (NRSP). This information is provided as of January 1, 2024.

	TFSA	RRSP	PRPP/VRSP	NRSP
Tax deductible contributions	No	Yes	Yes	No
Employer contributionssubject to payroll taxes (EI, CPP, QPP, etc.)	Yes	Yes	No	Yes
Annual contribution limit	$7,000	$31,560[2]	$31,560[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

[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, New Brunswick and Ontario.

[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 2024 yearly contribution limit under both the RRSP and the PRPP/VRSP is the lesser of 18% of your previous year's earned income or $31,560.

What you should know

- TFSA contributions are made from after-tax income, and both the contributions andthe investment earnings are non-taxable upon withdrawal
- NRSP contributions are also made from after-tax income but the earnings are taxableyearly as well as upon withdrawal. Also, there is no contribution limit with a NRSP.
- RRSP contributions are tax deductible, with both the contributions and investmentearnings 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 smallemployers: the Quebec Simplified Pension Plan

Given their complementary nature, the preference for contributingto 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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