

MEMBER NEWS

Federal Budget offers a Tax Free Savings Account

In February the Federal Government announced the launch of a new savings vehicle called the Tax Free Savings Account (TFSA) calling it the single most important personal savings vehicle since the introduction of the RRSP. The account will allow individuals 18 and over to contribute up to \$5000 a year into eligible investment vehicles that will grow tax free and be eligible for withdrawal for any purpose at any time with no tax implications.

The idea of a Tax Prepaid Savings Program is not a new one, many have advocated for it for years as a way to offer savings incentives to low income Canadians that are often penalized by the existing system of tax-supported savings programs such as RRSPs. By utilizing the RRSP as a savings vehicle low income people are sacrificing their savings as they receive very little if any tax benefit and then the savings may be clawed back in their retirement years through income tested benefits such as the GIS clawback and means tested public programs such as access to home care or nursing homes.

Will the new savings plan include an assets exemption for people receiving income assistance, will withdrawals from such a savings vehicle be considered earned income by MEIA, or be excluded from the calculation of means-tested social program entitlements at the provincial level? There are questions still to be answered and cooperation from the provinces will be necessary if the new TFSA is to be a viable option for low-income households to build and secure assets.

 [Learn More](#)



Spotlight On...

PUBLIC POLICY

SEDI is a key leader in asset building and financial literacy research and program development in Canada. See [SEDI's response](#) to the asset building elements of the 2008 Federal Budget.

FINANCIAL LITERACY

The Community Volunteer Income Tax Program assist low income people across Canada to file their income tax returns. Check the [CRA website](#) to review eligibility criteria and find a location near you!

HSBC Canada and SIFE are offering a Financial Education Challenge to encourage the development of effective financial education tools. [Follow the link on this page](#) to the handbook that describes three project examples across Canada.

The [Global Financial Education Program](#) develops curriculum targeted to low income households in countries around the world.

RESEARCH

The [2007-2008 Assets and Opportunities Scorecard](#) provides a comprehensive overview of asset accumulation and policies in the US.

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SEDI  **SEDI announces Canada's first Centre for Financial Literacy**

Social and Enterprise Development Innovations (SEDI) announced that it is developing Canada's first Centre for Financial Literacy. The centre will help build and develop a national strategy for financial literacy in Canada.

"It's time for Canada to make financial literacy a national priority," said Peter Nares, SEDI's founding Executive Director. "SEDI's Centre for Financial Literacy will be a hub of knowledge and action where government, private and citizen sector organizations will work together to find innovative solutions to the challenges of money management and how it relates to poverty."

Supported by a multi-sector Steering Committee on Financial Literacy, the centre will be formally launched this fall. In its first stage, the centre will bring together financial literacy networks, offer training for front-line nonprofits throughout Canada, and promote cutting-edge research that will help shape more effective financial literacy programs and public policies.

 [Learn More](#)

International Asset Building and Financial Inclusion

Advancing America's Assets Agenda

[The 2008 Assets Learning Conference](#) Sept 11—13th, 2008 in Washington DC is the place to be! The who's who of asset building in the USA and internationally will come together to discuss innovations, vision and strategies in assets practice, policy and research. It will be an exciting time to be in Washington DC and promises to be a great opportunity to make connections and learn from the experiences of our neighbours to the south in their struggles and success in advancing the assets agenda in the US and globally.