



## Calculate your TFSA Limit 2021

### Description

The Tax-Free Savings Account (TFSA) is probably the most popular savings scheme in the country. Every year, millions of Canadian savers and investors eagerly await an update from the Canada Revenue Agency (CRA) to see how much more they can contribute to the scheme. Here's what you need to know about the TFSA limit 2021.

### Annual CRA updates

The CRA's tax saving schemes are designed to help foster investment in the Canadian economy and secure the average Canadian's retirement. From that perspective, the agency needs to balance the cost of living with the government's need for revenue.

Every year, the [CRA makes minor adjustments](#) to the most popular schemes. These changes are not based on the volatility of the stock market or the state of the economy. Instead, they're calculated based on the average growth in wages across the country. If wages are rising and costs are going up, contributions to tax-saving accounts are increased.

This month, the CRA raised the ceiling on the Registered Retirement Savings Plan (RRSP) for 2021. Investors can now deploy a maximum of \$27,830 in their RRSP, \$600 more than 2020.

Meanwhile, the CRA may have also made an adjustment to the Canada Pension Plan (CPP). The ceiling is set to rise 4.9%, from \$58,700 to \$61,600 in 2021, which means nearly every Canadian will have to set aside more cash for CPP contributions in 2021.

## TFSA limit 2021

The TFSA limit 2021 will be announced shortly and is calculated based on a mandate similar to the RRSP. Within a few weeks, the CRA will announce an “indexation factor,” a percentage by which the TFSA should grow in 2021. However, the mandate can only be rounded up to the closest \$500 to ensure the TFSA limit number is significant.

Experts believe the indexation factor could be close to 2% this year, which probably isn’t enough to push the TFSA beyond its current level. In short, TFSA limit 2021 is likely to be the same as 2020 – \$6,000. However, we won’t know for sure unless the CRA declares the amount before Christmas this year.

## Invest your TFSA

Regardless of the TFSA limit 2021, you can maximize your chances of retiring wealthy by picking the best growth stocks for your TFSA. Remember, capital gains are tax-free so a stock that doubles or triples in value can add a substantial amount to your net worth that the CRA can’t touch.

My top pick is **Constellation Software** ([TSX:CSU](#)). It’s probably one of the most robust tech growth stocks on the market. Constellation’s business is propelled simply by acquiring smaller software companies. Since the 1990s, the company has gobbled up over 300 firms. Shareholders, meanwhile, have enjoyed a 8,500% gain since 2006.

When you consider how much more room there is for this software conglomerate to grow, it becomes clearer why it’s an ideal fit for your TFSA. An 8,500% *tax-free* gain could be a game-changer for your personal finances. Keep a close eye on this stock as the TFSA contribution room opens up again in a few weeks.

### CATEGORY

1. Investing
2. Tech Stocks

### TICKERS GLOBAL

1. TSX:CSU (Constellation Software Inc.)

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