



## TFSA: New Tax-Free Investing Space for 2022

### Description

The Tax-Free-Savings Account (TFSA) contribution limit for 2022 has been announced.

At \$6,000, it is unchanged from 2021.

If you have already maxed out your TFSA, you will have new space to invest tax-free next year. If you still have unused TFSA contribution room, your amount will increase by \$6,000. Either way, there's a lot of new tax-free savings to take advantage of starting next year. In this article, I will explore how far that new TFSA contribution room can go.

### \$81,500 in cumulative space

If you were at least 18 in 2009, you will have \$81,500 in accumulated contribution room in 2022. If you were less than 18 in 2009, you will have whatever room accumulated in the years you were 18 or older. For example, if you turned 18 in 2021, then you will have \$12,000 in accumulated space, \$6,000 from this year and \$6,000 from next year.

It's important to note that past TFSA contributions reduce your accumulated space. For example, if you were 18 in 2009 and deposited \$75,500 to date, then your remaining contribution space is currently \$0. No matter how much you've contributed, you will get next 2022's \$6,000. So next year is a great opportunity for pretty much every Canadian over 18 years old to invest tax-free.

### How far \$81,500 can go

\$81,500 in TFSA space can go a long way if you invest it wisely.

Even if you invest in defensive ETFs like the **iShares S&P/TSX 60 Index Fund** ([TSX:XIU](#)), you can turn it into a large sum of money. As I wrote in a recent article, you [only need to invest \\$43,000](#) at a 10% return to get to \$750,000 over 30 years. And you can invest nearly double that amount in a TFSA next year. So, you needn't risk everything on hyper-risky plays to grow an \$81,500 TFSA to a sizable

amount of money.

If you invest in XIU and it delivers a 10% annualized return, then you end up with \$1.42 million after 30 years. And you won't pay out too much money in fees because XIU has only a 0.16% MER. It's a great investment that could go a long way, especially if you invest it tax-free in a TFSA.

## Foolish takeaway

A new year means new TFSA space.

Next year, you're getting [a new \\$6,000 to play with](#). Whether you choose to invest it in stocks, ETFs, or anything else, it could go a long way. The more of your investment gains you shelter from taxation, the greater the return you actually take home.

Over the course of an investing lifetime, it can really add up. So make sure to take advantage of all the tax-free TFSA contribution space you're getting next year. The sooner you start investing with it, the better.

### CATEGORY

1. Investing

### TICKERS GLOBAL

1. TSX:XIU (iShares S&P/TSX 60 Index ETF)

### PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Smart News

### PP NOTIFY USER

1. andrewbutton
2. arosenberg

### Category

1. Investing

### Date

2025/08/26

### Date Created

2021/11/28

### Author

andrewbutton

default watermark

default watermark