Perler Financial Group

Worldsource Financial Management Inc.
Mutual Fund Dealer

Vested Interest

Quarterly Newsletter · January 2014
Fraser McDowell, CFP, CPCA

MAIN FOCUS THIS QUARTER:

Tax-planning tips

A lower tax bill means more money in your pocket

Source: Manulife Financial

Part of good money management means knowing how to keep more of what you earn. Here are some ways you can reduce your income tax bill.

Contribute to a Registered Retirement Savings Plan (RRSP) or spousal RRSP

Contributions made to your RRSP or to a spousal RRSP during the year or within the first 60 days of the next calendar year can be deducted from income (up to your contribution limit). An exception is that the final contribution to your RRSP must be made by December 31 of the year you turn age 71 – but you can still contribute to a spousal RRSP until December 31 of the year your spouse[1] turns age 71.

Keep in mind that contributing to a spousal RRSP in December, rather than in January, means that amounts can be withdrawn without attribution back to the contributor one year earlier than would otherwise be the case.

Tax deductions for RRSP contributions can be carried forward indefinitely, long after your RRSPs are closed. You can choose when to take the tax deductions and even spread deductions over several years to reduce taxable income in retirement.

Contribute to a Tax-Free Savings Account (TFSA)

While the money you contribute to a TFSA is not tax-deductible, as it is with an RRSP, these plans offer tax-free investment growth and tax-free withdrawals. Plus, any withdrawals you make do not affect your eligibility for federal income-tested benefits and credits, such as Old Age Security (OAS) and the Canada Child Tax Benefit. In addition, the amounts you withdraw will be added back to your available contribution room for the following calendar year.

With a TFSA you can save for short-term needs, as well as long-term goals, such as education or retirement.

Contribute to a Registered Education Savings Plan (RESP)

Contributions to an RESP are not tax-deductible, but the money inside the plan

INSIDE:

Don't Forget:

Important Deadlines for 2014

March 3rd 2014: RRSP contribution deadline for the 2013 tax year. Be sure to make an appointment with Fraser so you can beat the rush and complete your contributions!

RRSP contribution limit: 18% of your previous year's earned income to a maximum of $23,820 for 2013, and $24,270 for 2014.

TFSA contribution limit: $5,500 per year as of 2014.

April 30th 2014: Tax payment deadline for your balance owing for 2013 personal income tax. Payments are made to the CRA. This deadline is for all personal income tax filers including those who are self-employed.

can grow tax-deferred until withdrawn and used to pay for a post secondary educational program.

Deduct interest and carrying charges

You can deduct the interest you paid on borrowed money that was used to earn income from non-registered investments or from a business.[2]

Also, the fees you paid to manage or administer your non-registered investments can be tax-deductible. However, the charges for safety deposit boxes are no longer deductible.

Claim the medical expenses tax credit

You can claim a tax credit for any eligible medical expenses that were not paid for by a provincial or private plan. If you have private coverage, the premiums you pay also qualify as eligible medical expenses.

Either spouse can claim the tax credit for themselves and/or any dependent children under 19 years of age for eligible expenses incurred in a 12-month period that ends in the taxation year. It's almost always better for the spouse with the lower net income to claim medical expenses (provided he/she is in a taxable position) because the credit is reduced by a percentage of net income.

Claim the charitable donations tax credit

The tax credit for donations is two-tiered, with a greater credit for donations above $200. To maximize the tax credit, spouses can pool their donation receipts or carry them forward for up to five years.

The 2013 federal budget introduced a temporary First-Time Donor's Super Credit (FTDSC). The FTDSC supplements the Charitable Donations Tax Credit (CDTC) with an additional 25 per cent non-refundable federal tax credit for first-time donors of up to $1,000 in donations. Donations must be in the form of cash to qualify for the FTDSC. An individual is considered to be a first-time donor if neither the individual nor the individual's spouse has claimed the CDTC or FTDSC in any taxation year after 2007. The FTDSC is available for donations made on or after March 21, 2013 and may be claimed only once in a taxation year after 2012 and before 2018.

Claim tax credits for students

A student may claim a tax credit for tuition costs of $100 or more paid in the taxation year to attend a post secondary institution. A student is also entitled to the education and textbook tax credits for each month he or she is enrolled in full-time or part-time studies in a qualifying post secondary education program.

Part or all of any unused tuition, education and textbook amounts for the year may be transferred to a spouse, parent or grandparent, or can be carried forward to a future year to be used by the student.

A student may be able to claim the interest paid on his or her student loan in the year and/or the preceding five years if the loan was received under the Canada Student Loans Act, Canada Student Financial Assistance Act or a similar provincial or territorial law for post-secondary education. Amounts that are not claimed in the year can be carried forward and claimed by the student in any of the next five years.

Speak to your advisor to learn more about these and other ways to take advantage of tax-saving opportunities.

[1]All references to spouse include common-law partner as these terms are defined in the Income Tax Act (Canada). [2]In Quebec, the deductibility of investment expenses incurred by an individual or trust is limited to the amount of investment income earned during the year.

Thank you!

... for all the referrals we have been receiving. We truly appreciate your continued patronage and confidence in our firm.

Never too late
to save for your retirement

Source: Dynamic Funds

Have you been to many 50th birthday parties lately? As the peak of the baby boomers creeps closer and closer to the half-century mark, 50th birthday parties will be a more common occurrence across the country.

For those who haven't really planned or financially prepared for their retirement, a 50th birthday can be a very scary thing. Many 50-year-olds may think it's too late to start putting money into a Registered Retirement Savings Plan (RRSP), but it's not too late to start or accelerate your retirement savings. You just need to plan, plan, plan.

The first thing to do is decide what type of retirement you may be looking at. Do you want to travel? Will you be a homebody? Will you fill your time by volunteering? The standard calculation is that you will need about 70% of your current income for your retirement years, but different lifestyles will demand different income levels. Your retirement need not be expensive depending on where you live and what you want to do during your retirement years.

Service Canada's Retirement Income Calculator at www.servicecanada.gc.ca (under Online Services and Forms) helps you plan for retirement. The calculator provides you with an estimate of the annual income you may receive at retirement from:

- Old Age Security (OAS);
- Canada Pension Plan (CPP) or Quebec Pension Plan (QPP);
- employer pension(s);
- RRSPs; and
- other sources of ongoing income.

Consult Fraser McDowell to help you adjust your goals and savings plans, and remember it's not too late to make a huge impact on your retirement lifestyle. For example, if a 50 year old can put $500 towards an RRSP each month for 15 years, at 5% growth per year, they could end up with an extra $130,000 or about $10,000 more per year in income for 20 years.

Fraser can look at the whole picture and help you plan for the retirement you desire. Planning now can mean the difference between doing "what you want" in retirement, and doing "what you can".

When the person you are caring for resists help

Meeting the needs of the person you are caring for can be difficult. At times, as a family caregiver, it may be necessary to bring in others to help "share the care." This necessity may be met with resistance from care recipients, who do not want someone else caring for them or do not want "strangers" in their homes.

It is important to talk with your family member and adhere to his or her wishes. Remember, unless people experience some cognitive difficulty, they are still responsible for making decisions about their lives. They may make decisions you wouldn't make, but it is their choice. This can be difficult for a caregiver when some relief is needed or when there are safety concerns.

Movie Day
was a great success!

A huge thank-you to everyone who attended Movie Day and donated a non-perishable food item for the SHARE Society in Port Moody. Together, we collected more than 1850 pounds of food for the less fortunate this Holiday Season.

Monthly eNewsletter!

If you or someone you know are not yet on our monthly eNewsletter mailing list, and would like to be, please be sure to contact Marina at marina@perlerfinancial.com or call 604-468-0888. We will be sure to add you to the email list to keep you up to date on various Financial Planning and community information.

Developing empathy for care recipients' situations and why they might be resisting help can be an important first step. It is often difficult for people to accept help because it means having to acknowledge illness or aging, and the physical and cognitive changes that accompany it. Family members requiring outside help are forced to recognize their loss of independence, along with their loss of privacy. Imagine what it would be like to depend on a stranger or even your own son or daughter to bathe you or help toilet you. By resisting help, people try to deny these changes and the reality of their situation.

If the person you are caring for resists help, be patient and keep the following suggestions in mind:

- Introduce changes slowly. Give them time to accept the idea that they are now unable to do some things for themselves.
- Assure them they have a say in decisions about their care. You wouldn't want someone to make all of your decisions without consulting you.
- Offer a trial period. They may be willing to try home support for two months, if they know they can change their minds later.
- Sometimes people are more willing to accept in-home help if it is presented as being for the caregiver, for instance, someone to help clean the house.
- Prepare yourself by learning about the services available and how to access them so you have this information handy when needed.
- Regular contact and reassurance that you are supporting your family member's right to autonomy can go a long way to dealing more smoothly with an emergency when it arises.

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Visit www.FraserMcDowell.com for more information such as...

Life Insurance

I have been in this industry for more than 20 years and have seen first hand what a difference it makes to families who are left behind when a loved one dies, is injured or becomes critically ill. Needless to say, the people who have planned properly and have adequate insurance in place maintained a much more favorable quality of life, both financially and emotionally.

It is always best to complete a full comprehensive plan to determine your needs and I will help to provide you a life insurance quote, should you have a rough idea of your insurance needs.

"It always seems impossible until it's done."

Nelson Mandela

"Strive not to be successful, but rather to be of value."

Albert Einstein

"Every strike brings me closer to the next home run."

Babe Ruth

"Success is walking from failure to failure with no loss of enthusiasm."

Winston Churchill

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