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## PLAN NOW FOR YEAR-END TO-DO

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In December, many people face a time crunch with holiday planning and end-of-year tasks. But you can reduce the stress by getting a head start on your financial to-do list. Here are some steps you can start planning now.

**Plan your TFSA withdrawals.** Do you plan on taking money out of a Tax-Free Savings Account (TFSA) in the near future? Make the withdrawal before 2017 ends, and it will be added back to your TFSA contribution room at the beginning of 2018.

If you are 18 or older, your maximum contribution limit to a TFSA is \$5,500. If you have not made any contributions to a TFSA in previous years, your unused contribution room for 2017 may be up to \$52,000.

**Contribute to RESP.** Contribute \$2,500 to a Registered Education Savings Plan (RESP) by December 31 to generate a \$500 Canada Education Savings Grant (CESG) for 2017. CESG is available up until the end of the calendar year in which the child turns 17. Your child can withdraw the money to help pay for full time or part-time studies.

Depending on your net family income, your child may be eligible to receive additional grants and bonds from the government.

**Donate to charity.** Donating to a qualified charitable organization may make you eligible for a deduction against your income tax. You may deduct 15% on the first \$200 of monetary donations. For donations above \$200 and under \$1000, you may deduct 29%. Additionally, Ontario allows you to deduct about 5% for eligible amounts up to \$200 and about 11% for amounts over \$200. Generally, you may claim eligible amounts of gifts to a limit of 75% of your net income. Gifts of capital property are limited to 100% of your net income.

If you are a qualifying first time donor, you may receive an additional 25% non-refundable credit on the first \$1000 of monetary donations.

Consider donating your publicly traded securities. Your tax saving may be increased greatly by reducing your capital gains tax.

Make charitable donations by December 31 if you want the receipt for your 2017 tax return.

**Make your final RRSP contribution.** In general, you should take advantage of every contribution opportunity before closing your RRSP's. If you turn 71 in 2017, you must terminate



your Registered Retirement Savings Plan (RRSP) by December 31. You have only until the end of the year to make your final contribution, not until March 1, 2018.

**Use a spousal plan to split RRSP income.** If your spouse's income is considerably lower than that of yours, the money withdrawn by your spouse from the spousal RRSP may be taxed at a lower tax rate. Contributions to a spousal RRSP can be made even after you turn 71, as long as your spouse is 71 or under.

**Make strategic withdrawals from your RRSP or RRIF.** RRSP income can create clawbacks on your federal income-tested benefits programs. A large RRSP or Registered Retirement Income Fund (RRIF) may be taxed at the highest rate as part of your estate. You may decrease the potential tax liability by withdrawing an amount by December 31 that raises your taxable income to the limit of your current tax bracket.

**Invest in tax-efficient mutual funds.** Your distributions from corporate class mutual funds will be in the form of Canadian dividends and capital-gain dividends, which are currently taxed more favorably than regular income. Corporate mutual funds cannot distribute interest or foreign capital, so such income is retained within the corporation. This results in an ongoing tax deferral for this income, as long as there are sufficient expenses within the corporation to offset their taxation.

You may find corporate class mutual funds especially advantageous if you are an investor with a non-registered account, as well as if you have reached the limit in your RRSP and TFSA accounts. Pensioners may find corporate class funds helpful in reducing or eliminating Old Age Security (OAS) clawback.

Talk to me about end-of-year financial tasks with which we can start helping you. Contact *Per Homer* at **905-277-7924**, **1-833-ASSANTE**, or **phomer@assante.com** to set-up a no-obligation meeting now.