Hello!

Kurt, Mathew, Jordan, Gerdi, Monika, Frank, Jeton and Laura are back to share RRSP season tips and more in our second team newsletter of the year.

Click on the following links to read the stories you prefer in our new, simplified team newsletter format!

Tired of GICs at Low Rates? Read about "Fixed Income Choices" by Kurt Rosentreter
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RRSP Deadline by Jordan Campbell
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Things to consider before completing your RRSP contribution by Mathew Cain
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Individual and group RRSPs by Gerdi Lito
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When to Expect Tax Slips by Monika Kucinskaite
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RRSP & Home Buyer's Plan by Jeton Spahiu
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Definition of Speculative Investment by Laura Collins
Click Here to Read the Article

As your tax slips arrive in the mail in the days ahead know that many tax slips are now also available directly in your online profile with CRA so check there first if you are missing any!

We will follow up with investment plans for any new RRSP or TFSA contributions made in the last few weeks. Thanks for your patience as the team mostly continues to work from home and rotate everyday.

Warm regards,

Kurt Rosentreter, CPA, CA, CFP, CLU, FCSI, CIMA, CIM, FMA, TEP

Senior Financial Advisor & Portfolio Manager, Manulife Securities Incorporated

President, Upper Canada Capital Inc.

Life Insurance Advisor, Manulife Securities Insurance Inc.

http://www.kurtismycfo.com

Follow me on social media:

Kurt Rosentreter, CPA, CA, CFP, CLU, TEP, FMA CIMA, FCSI is a national best-selling author seven books on personal finance in Canada and the past co-founder of the national wealth management practice at one of Canada's "Big Four" public accounting firms. For the last fifteen years Kurt has been a core financial course instructor for the Ontario Chartered Public Accountant Association and also appears regularly in the national press as an expert on matters of money. Kurt is the owner of a national wealth management practice in Toronto working with professionals and business owners on all topics of personal finance. Learn more about Kurt at www.kurtismycfo.com.

From the desk of Kurt Rosentreter, CPA, CA, CFP, CLU, FCSI, CIMA, CIM, FMA, TEP Senior Financial Advisor & Portfolio Manager, Manulife Securities Incorporated, President, Upper Canada Capital Inc., Life Insurance Advisor, Manulife Securities Insurance Inc., kurt.rosentreter@manulifesecurities.ca

Fixed Income Choices

Click Here to Read the Article

From the desk of Jordan Campbell CFA, Associate Portfolio Manager, Manulife Securities Incorporated, Jordan.campbell@manulifesecurities.ca

RRSP Deadline

This year, the RRSP deadline is March 1st to make a contribution towards the 2020 tax year. If you don't know how much you can contribute or if it is worthwhile contributing, you can forward us a copy of your Notice of Assessment (NOA) that Canada Revenue Agency (CRA) sent you after you filed your taxes. This form will tell us how much you can contribute and, based on your income, whether an RRSP contribution will be beneficial for you.

While most clients send RRSP contributions to us via online banking, some still like to send cheques. However, we have been noticing that mail that use to take three business days to arrive at our office is now taking three weeks due to slowdowns at Canada Post. In order to get your contribution in by the deadline, we can help walk you through the steps to send it online, through your bank branch or through your bank's telephone banking. If none of those options work for you, we would recommend sending a cheque through Canada Post Express post which has a tracking number and a guaranteed delivery date.

From the desk of Mathew Cain, CIM, Financial Advisor Associate, Manulife Securities Incorporated mathew.cain@manulifesecurities.ca

Things to consider before completing your RRSP contribution

We are now in the midst of RRSP season and you may be wondering "should I be completing an RRSP contribution, and how much?"

Some investors may argue that the answer is always "yes, make an RRSP contribution, get the tax deduction, and save for the future." But the reality is there may be circumstances when an RRSP contribution may not make sense.

Outlined below are a few things to consider before you complete your RRSP contribution.

1. Your RRSPs are already very big. While every individual is different, it may not make sense to make another RRSP contribution if they are too large. When you turn 71, the Canadian government forces you to convert your RRSP to a RRIF and makes you withdrawal at least 5.40% per year at the age of 72. This rate increases annually until it eventually reaches 20% by the time you are 95 years old. Why is this bad? You may not need that much money each year, it could unnecessarily increase your tax bill, and even claw back your Old Age Security pension. Talk to us about a plan first.

2. Your income wasn't high enough. With many people out of work due to COVID-19, maybe your income wasn't high enough in 2020 for an RRSP contribution to be effective. For example, if your income was under $45,000 in 2020, you would roughly be in a 20% marginal tax bracket while a marginal rate for income on $49,000 is about 30%. The RRSP contribution would be more effective and your tax refund would be marginally larger on the bigger income.

3. Your income will be much higher in the future. If your income was low this year but may be higher in the future, consider building the RRSP contribution room and maximizing your contributions when it is more beneficial.

4. Group matching plans. If your employer has a group RRSP that matches some or all of your contributions with them, this is a huge win. Consider maximizing these contributions first and then completing a top-up RRSP contribution with us if needed. Yes, your group plan will be limited in terms of product choice, but the additional cash flow to the RRSP far surpasses the downside of the product choice.

So, maybe the RRSP contribution this year doesn't make sense, but you have savings that are simply sitting in your bank earning nothing. There are other solutions:

- Top-up your TFSA to the maximum.
- Complete an RESP contribution to get the lucrative government grant.
- Pay down your mortgage, line of credit, and/or credit cards with high rates.

In the end, it is always best to contact us and have a financial plan in place that takes all of these discussion points and ties them into a single roadmap that outlines your future in a tax-efficient manner. We are happy to help.

Source: Ernst & Young 2020 tax calculator.
https://www.ey.com/en_ca/tax/tax-calculators

From the desk of Gerdi Lito, CFA, Financial Advisor Associate, Manulife Securities Incorporated, gerdi.lito@manulifesecurities.ca

Individual and group RRSPs

Often employers offer enrollment to group RRSP plans to their employees as part of their benefits package. The most generous packages include also the matching of RRSP contributions from the employer for every dollar of contributions made by the employee.

Generally, group RRSPs offer two main advantages for you:

- Matching of contributions from the employer (not always the case).
- Easy to manage as contributions are withheld each month from your paycheque and are invested automatically. All you need to do is decide once where the contributions should be invested from a list that your employer gives to you. You may revisit your choice anytime but typically most employees make an initial choice and stick with it.

With that said, group RRSPs have also two main disadvantages compared to an RRSP held individually with a brokerage:

- The investment options are limited, usually consisting of mutual funds from the financial institution that administers the group RRSP.
- Fees are higher.

So unless the employer offers to match your contributions, you will likely be better off to contribute to an individual RRSP held in a brokerage firm instead of the group RRSP.

Some group RRSP plans offer you the possibility to transfer all or part of your group RRSP assets to your individual RRSP. Consider doing this periodically to broaden your investment options and likely get a fee reduction.

Send us your group RRSP statements and employer benefits booklet and we might be able to consolidate your RRSP assets.

From the desk of Frank Valicek, CFP, Financial Advisor, Manulife Securities Incorporated, Life Insurance Advisor, Manulife Securities Insurance Inc. frank.valicek@manulifesecurities.ca

RRSP Contribution Receipts

So you've made your RRSP contribution(s) for the 2020 tax year and you're all set to file your personal tax return! Not so fast.

Be sure to cross reference what you have contributed with the RRSP contribution receipts you receive from your respective financial institutions. Administrative errors can happen whereby funds are deposited in your RRSP account but not coded correctly and no RRSP contribution receipt is generated. Better to double check your records to ensure you receive the full tax-deductible benefit of ALL of your RRSP contributions.

Remember as well, if you are in a lower tax bracket and anticipate higher income in the future, it can be to your advantage to report but not claim all of your RRSP contributions as the higher one's income, the higher the tax refund. Should you need any assistance with determining your best course of action, we are here to help!

From the desk of Monika Kucinskaite, M.Com, Financial Advisor Associate, Manulife Securities Incorporated, m.kucinskaite@manulifesecurities.ca

When to Expect Tax Slips

For most investors income tax returns are due by April 30, 2021 and no announcements have been made thus far if the government will extend the deadline as it did last year.

Tracking down tax slips can get stressful. Thankfully now there are a couple of easy ways to ensure that you include information that the Canada Revenue Agency (CRA) has on your account.

When you are issued a tax slip, a copy is sent to the CRA and it is accessible on My Account. Copies of your contribution receipts and tax slips are also stored on the Manulife portal.

Most tax slips and other tax-related information for the tax year will be produced by **mid-March**. If you are registered for paperless deliveries, you will receive an email alert when a new tax document is available. Regardless, you can find the full schedule ahead of time in the Income Tax Reporting Guide below.

Manulife Securities

Your Income Tax Reporting Guide

This guide is intended to help you understand the different types of tax reporting documentation you may receive and provide you with expected mailing dates for each form.

Your Income Tax Reporting Guide

You may wish to keep this brochure with your tax files for future reference.
Depending on the types of investments you have, you may receive individual tax slips from Manulife Securities and directly from other issuers. While it's best to make sure you've received all your tax slips in time for filing your tax return in accordance with CRA's April tax filing deadline, sometimes tax slips need to be amended or arrive after you've already filed your tax return. If that's the case, you need to file a T1-ADJ form with the Canada Revenue Agency (CRA).
For detailed, personalized information on completing your tax return, we recommend you contact your personal tax advisor.

RRSP contribution receipts

Tax receipts for contributions made during a given tax reporting year are issued separately from receipts for contributions made during the first 60 days of the next year. Registered plan income receipts are also issued separately.

Trust Units, Limited Partnerships and Mutual Fund Shares

Tax information for trust units and limited partnerships are provided by each issuer to Manulife Securities for reporting purposes on a staggered schedule. As a result, there are times when we'll need to mail you a separate tax slip for each investment. It's important to ensure you've received all the slips you're expecting before you file your tax return.

Our reporting requirements

Manulife Securities is required to file information on the various tax slips with the Canada Revenue Agency (CRA), Revenu Quebec (RQ) for Quebec residents and the Internal Revenue Service (IRS) for U.S. Persons, as detailed on the reverse of this brochure.

Quebec Residents

Revenue Quebec uses supplementary forms to process tax returns for Quebec residents. These (RL or Releve) forms are listed on the reverse side of this guide along with their CRA equivalents.

Estate Tax receipts

Deceased Registered Accounts - T4RSP/T4RIF/ NR4/ T4A/60L receipts (qualified beneficiary), can be issued in the name of the deceased, estate, or beneficiary as appropriate to report transactions that occurred while settling or transferring such an account.

U.S. Persons

U.S. residents and U.S. citizens (resident in Canada or countries other than the U.S.) may receive various IRS 1099 tax slips as indicated on the reverse of this brochure. If you have questions or need more information, please speak with your advisor.

From the desk of Jeton Spahiu, CIM Client Services Assistant, Manulife Securities Incorporated
jeton.spahiu@manulifesecurities.ca

RRSP & Home Buyers' Plan

The Home Buyers' Plan (HBP) is a CRA program that permits eligible first-time homebuyers to withdraw up to $35,000 tax-free from their RRSP account. The amount withdrawn must be repaid (contributed back) to the RRSP within 15 years. The repayments need to start in the second year after the withdrawal was completed.
In order to be eligible and participate in this program, you must be:

1) A Canadian resident.
2) A first-time homebuyer. (If you currently own a home, then you are not eligible for the plan).

If you meet the above-mentioned criteria, then you can take advantage of this initiative. Besides benefiting from the tax deductions when you make the RRSP contributions, the Home Buyer's Plan allows you to take advantage of withdrawing the funds tax-free and utilizing them towards purchasing a home. However, please keep in mind that by making an early withdrawal from your RRSP account, you will be giving up on the opportunity for your money to grow tax deferred. Kurt and our team are here to help you decide whether withdrawing under this program is something that you should capitalize on.

In addition, for the withdrawal to be considered as part of the Home Buyers' Plan (HBP), you will need to fill out form T1036. Please note that you can make multiple withdrawals under the program in the same year as long as you do not exceed the $35,000 limit. Kurt and our team are happy to assist you with completing the withdrawal form as well as with any other questions that you may have regarding the Home Buyers' Plan (HBP).

From the desk of Laura Collins, Executive Assistant to Kurt Rosentreter, Manulife Securities Incorporated, laura.collins@manulifesecurities.ca:

Financial Dictionary and Glossary

Speculation

In the world of finance, speculation, or speculative trading, refers to the act of conducting a financial transaction that has substantial risk of losing value but also holds the expectation of a significant gain or other major value. With speculation, the risk of loss is more than offset by the possibility of a substantial gain or other recompense.

An investor who purchases a speculative investment is likely focused on price fluctuations. While the risk associated with the investment is high, the investor is typically more concerned about generating a profit based on market value changes for that investment than on long-term investing.
Source: www.investopedia.com/terms/s/speculation.asp