



UPPER CANADA CAPITAL
PRIVATE WEALTH MANAGEMENT

Greetings!

With fewer than 60 days until the end of the year, I want to pass along some key tax planning points for you to consider.

Tax planning has to happen in the calendar year that you pay taxes (2020). The tax filing deadline in April is merely when your 2020 taxes are due. We all need to act now to implement strategies if you want to have an impact in 2020 and reduce your taxes this year.

So with the end of the year approaching, I want to get a few ideas in front of you to evaluate if they apply to you. Best to talk to your accountant first (if you have one) and keep us in mind if you have a question. Some of the strategies below will require the involvement of our team.

Low Income

If your or your partner's total income will be low for 2020 (low is below \$20,000) then consider making a taxable withdrawal from an RRSP or RRIF now. It is a myth that you need to wait until age 71 to withdrawal from your RRSP – in fact it may be bad tax planning to do so. Drawing out some taxable income from an RRSP or converting it early to a RRIF in your 60s can mean withdrawals at low tax rates. Talk to us if we manage your RRSPs or RRIFs and you fit this description for 2020.

Tax Loss Selling

If you have taxable investments in your name, a corporation or a trust (not RRSP, RRIF or TFSA) and you sold some stocks or ETFs, real estate

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or funds in the last three years and realized capital gains, you now need to examine this tax strategy. You can recover income tax paid on capital gains realized in the current year (2020) and the prior three years if you realize a capital loss now. Specifically, we would want to sell any stock market losers (or real estate losers) you have right now in 2020 (or before late December for sure) so that you can “carry back” the losses on your tax return and recover taxes paid in the past.

Investment Fees as a Tax Deduction

We have helped most clients with taxable savings to structure their investment fees with us so they can write them off as a tax deduction. And, if you are still paying your fees with us in a commission based account, you can never directly write off any fees against your taxes. If you have taxable savings, please consider switching to asset-based annual fees for a better tax result.

Charitable Donations

If you are in the habit of donating to charitable causes and you have taxable savings with us, please ensure you donate stock market products or real estate with gains on them and do not donate cash! By donating stock market products with gains, you can avoid the taxation on the gains.

Home Office

If you have been working from home all year get your employer to provide a signed T2200 form that approves of a formal home office. The T2200 form will permit you to write off a variety of costs related to working from home. Getting a tax write off for your mortgage interest and the cost of your hydro is pretty nice!

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RRSP (Registered Retirement Savings Plan)

An RRSP is often the largest, single yearly tax deduction for working Canadians. If you earn more than \$60,000/year make sure, sure, sure you try to maximize the contribution each year. Coordinate what your employer may contribute in your company plan with what you should top up own your own. Reflect on how much you have contributed so far this year so you know your positioning going into the end of the year. Send us your tax notice of assessment from last year and your employer contribution statement for 2020 and we will help you figure it out.

RESP (Registered Educational Savings Plan)

Late December is the annual informal deadline to contribute up to \$2,500 per child per year to a tax sheltered educational savings plan. Know where you are at for the year, know what you can catch up from passed missed years and borrow money if you have to in order to make these contributions – the free money you get is that good!

RRIF (Registered Retirement Income Fund)

If you are turning 71 this year, rest assured we are sending you paperwork to convert your RRSPs to RRIFs before year end. If you are already 72 or older, we will also be contacting you before the holidays to pay out any remaining minimum RRIF payment for the year.

Home Renovations

If you did any home renovations this year for you or for family that involved helping someone medically challenged have an improved quality of life (e.g. wheel chair ramp installed, grips around the tub or toilet, etc.) note that these costs are often tax deductible so save your receipts!

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Reminder

If you like personalized tax strategies from me (Kurt) and the team then make sure you send us your tax returns (personal, corporate, kids, spouse) every year along with your tax notice of assessment. We cannot help you to save taxes if we cannot see the situation. While you are at it, send us your Wills, Powers of Attorney, T4 from your employer, corporate tax returns, travel insurance details, all private insurance policies and mortgage. We can give you more advice the more we see. Plus, if something happens to you, tell your family “go see Kurt” and we will always help them sort it all out.

We hope you will stay in touch over the coming holiday season. The team has been in the office working since March when the pandemic started and we will continue to be in the office. If you have questions, comments or just want to talk, please feel welcome to reach out any day of the week. We are listening even on the weekends!

Know that we will also continue to keep you informed on investment portfolio positioning through the pandemic and into 2021.

Take care,

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

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“Kurt Rosentreter is the author of “Wealth Building, Lifelong Financial Strategies for Success with Your Money (Revised Edition)” (2009); Wealth Building (2005); Rosentreter’s Rules 100 Financial Strategies to Achieve High Net Worth (2001); 50 Tax-Smart Investing Strategies (1998); 50 Tax-Smart Investing Strategies (Updated 1999); 50 Tax-Smart Investing Strategies (2002); 50 Tax-

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