CHOO'S FINANCIAL INSIGHTS

October 6, 2014 Volume 1, Issue 3

HollisWealth

Raymond Choo, B.Sc., CFP®, FMA, FCSI

Senior Investment Advisor

HollisWealth
3950 14th Ave, Suite 106
Markham, ON L3R 0A9
Tel: 416-410-4098 Fax: 416-848-0728
raymond.choo@holliswealth.com
www.raychoo.com

Opening Words

Summer is officially over and with the changing season it's also the time to review not only your portfolio but also your financial, estate and tax plans!

Although Taxes may be far from anyone's mind, for this issue of Choo's Insight, I want to remind everyone to look out for tax planning strategies which applies to them. That way when Tax Season comes, you will have done something to minimize your taxes or maximize your returns with the government.

Keep More Money for You & Your Family Through Tax Planning!

Tax season is over. But that doesn't mean you should forget about your taxes until next year.

You have to give a lot of thought to how you can reduce your taxes before tax season. If you don't, then tax saving opportunities may be lost.

It is important to note that it is the Tax Planning steps you take throughout each year that will save you the most money at tax time and in the future.

Tax planning is a legitimate planning activity. In essence, you implement strategies and execute certain actions, within the confines of the tax laws, so that you don't have to pay more than your fair share of taxes.

Tax planning should be an integral part of the overall financial planning process.

Since tax is usually one of the largest expenses in any household, that's a prime gap to close.

Here are SOME ways to do it:

1) Combine Your Family's Medical Expenses on One Return.

Why? Because of the threshold of 3% of net income. It is normally better for the lower income spouse to make the claim. Also, don't forget that you can choose your own 12 month period for these claims.

2) Child Care Expenses.

Eligible child care expenses include baby-sitting, day nursery services, day camps, boarding schools and overnight camps. Deducted by lower income spouse.

Part of good money management means knowing how to keep more of what you earn.

3) RRSP:

A. Contribute early in the year.
B. Contribute as much as you can within your contribution room.
C. Over-contribute by $2,000.
D. Contribute to your spouse's rrsp (if your spouse's projected retirement income will be low)

4) TFSA.

Contribute up to $5,500 annually. There are potential family income splitting benefits.

More Tax Saving Pointers:

5) RESP.

Contribute up to $2,500 annually to earn a 20% government grant.

6) RDSP.

Consider setting up a Registered Disability Savings Plan (RDSP); if you have a child with a disability.

7) Income Split:

A. Higher income spouse should pay household expenses.
B. Pay your spouse's tax bills with your own funds.
C. Give your spouse up to $5,500 annually for his or her TFSA.
D. If your spouse has an investment loan, you can make the interest payments on the loan.
E. Split pension income and CPP benefit payments.
F. Deposit universal child care benefit payments into your child's bank account

8) Charitable Donations.

Combine 2 or more years of charitable donations into one year and claim them on the higher income spouse's return.

9) If you are Employed.

Ask to have your source withholdings reduced where possible. Only do that if you expect to receive a refund after filing your return. Do note that it's not good tax planning if you receive a tax refund. That means, CRA has been holding your money and not paying you interest on it for many months. It is better to send a cheque to CRA at filing time, since it means that you have had the use of the funds in the meantime.

A lower tax bill means more money in your pocket!

HollisWealth

Raymond Choo

Senior Investment Advisor

3950 14th Ave, Suite 106

Markham, ON L3R 0A9

Tel: 416-410-4098

Fax: 416-848-0728

raymond.choo@holliswealth.com

Specialized in the Wealth Management of High Networth Individuals, Executives and Business Owners

Are You Receiving a Tax Refund Every Year?

If so, the Government has kept your Money for the Year without paying You!

These tips highlight just a few of the ways you can act now to benefit from tax savings when you file your return. But keep in mind that tax planning is a year round affair.

If you have any questions regarding this article, please kindly call or email me.

DISCLAIMER: HollisWealth is a trade name of Scotia Capital Inc. and HollisWealth Insurance Agency Ltd. HollisWealth is a division of Scotia Capital Inc., a member of the Canadian Investor Protection Fund and the Investment Industry Regulatory Organization of Canada. Brokerage services provided by HollisWealth are provided through Scotia Capital Inc. Insurance products provided by HollisWealth are provided through HollisWealth Insurance Agency Ltd. ™ Trademark of The Bank of Nova Scotia, used under license. This newsletter was prepared solely by Raymond Choo who is a registered representative of HollisWealth.

HollisWealth and the Scotiabank companies do not provide income tax preparation services nor do they supervise or review other persons who may provide such services.
™ Trademark of The Bank of Nova Scotia, used under licence.