



## UPPER CANADA CAPITAL

PRIVATE WEALTH MANAGEMENT

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# 2022 December Team Newsletter

**From the desk of Jordan Campbell, CFA**

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## End of Year Planning

As we head towards the end of the year, there are some important financial strategies to consider:

### RESPs

You have until December 31<sup>st</sup> to make a contribution up to \$2,500 to your RESP to collect the matching 20% grant from the government.

If you have children in post-secondary education who will earn more than \$20,000 in 2023 because they are graduating with a new career or will have a summer job that pays well, it might make sense to do an RESP withdrawal for them before the end of 2022. Any taxable income from the RESP withdrawal (government grant, growth of investments), will be taxed in 2022 at a lower tax bracket instead of 2023.

### Charitable Donations

Donations made before December 31<sup>st</sup> can be applied against your 2022 taxable income. However, if you plan on making an “in-kind” donation (donating shares you own instead of cash), please contact us by at least December 14<sup>th</sup> as it can take several weeks for in-kind donations to be processed.

### Fourth Quarter Tax Installments

If you received a letter from the CRA about paying quarterly tax installments, the next due date is December 15<sup>th</sup>. It is important to make your full installment payments on time (unless otherwise advised by an accountant) because if you don't, there is the possibility that you may be charged penalties and fees when you file your taxes in April 2023.

### RRSP Contributions

You have until March 1<sup>st</sup>, 2023 to make a contribution to your RRSP that will be tax deductible against your 2022 income.

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## Indexation Adjustments for Personal Income Tax and Benefit Amounts

Each year the Canadian government examines the annual inflation rate to gauge how much it should increase annual limits on many financial items.

Annual TFSA contributions, income-tested benefits like the goods and services tax credit, the Canada child benefit and personal income tax brackets can be regularly adjusted based on inflation in Canada.

Below is a summary of key items you can expect to change starting on January 1<sup>st</sup>, 2023.

The link below shares all of these changes:

[Indexation adjustment for personal income tax and benefit amounts - Canada.ca](#)

### Tax-Free Savings Account Contribution Limits

- **2023:** \$6,500.
- **2022:** \$6,000.
- **2021:** \$6,000.

### Old Age Security Clawback Thresholds

- **2023:** \$86,912.
- **2022:** \$81,761.
- **2021:** \$79,845.

### Lifetime Capital Gain Exemption for Small Business

- **2023:** \$971,190.
- **2022:** \$913,630
- **2021:** \$892,218

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### Tax Free Saving Accounts (TFSA) Tips

You can make your TFSA contribution for 2023 starting January 1st. The annual contribution limit for 2023 is \$6,500. Here are some tips for your Tax-Free Saving Accounts:

- If you have never contributed to a TFSA, it might be a good moment to start one. Including the 2023 contribution limit, you can contribute up to \$88,000 in your TFSA, assuming you were above age 18 in 2009 when the TFSAs were first introduced.
- You can make a lump sum deposit in your TFSA or set up a monthly automatic contribution if that fits better with your cash flow.
- You can have more than one TFSA (often held with different financial institutions) but be aware of overcontributing.
- Before making the contributions for 2023, you can check in your CRA online profile to see what your accumulated contribution room is. Share this number with us and we can better plan your future TFSA contributions.
- If you are planning to make a withdrawal from your TFSA in the short-term, it is better to make it in December. Any amount withdrawn in 2022 is added to your available contribution room in the following year.
- You can also transfer assets from your taxable (non-registered) accounts to your TFSA if you do not have cash to make a new contribution.
- TFSAs can be an important part of your retirement savings. They provide tax shelter for investments and withdrawals from the TFSA are not taxable (unlike RRSPs). They can be useful in retirement to fund big purchases (cars, renovations, trips) and to avoid withdrawing large taxable amounts from your RRSPs.

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### From the desk of Frank Valicek, CFP, CIM

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### Long-Term Disability Insurance

Disability insurance is too expensive! Is it though? Imagine you had two offers of employment presented to you. One offers a salary of \$150,000 with no group benefits. The other offers a salary of \$145,500 *with* group long term disability insurance (LTD) coverage. Which employment offer would you accept? When presented in this manner, most people opt for the second offer that included group LTD coverage. Yet when one is self-employed earning a net income of \$150,000, somehow the idea of setting aside 3% of their income (i.e. \$4,500) towards private LTD insurance premiums is “too expensive”. When you’re self-employed, you’re the CEO, CFO, COO & head of HR all wrapped in one, so you owe it to yourself to protect what’s likely your #1 asset – your ability to earn an income – through private long term disability insurance coverage. If you’ve been rolling the dice hoping the unexpected never happens to you and want to close this risk now, we can help you apply to secure this financially vital coverage.

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