



UPPER CANADA CAPITAL

PRIVATE WEALTH MANAGEMENT

2023 August Team Newsletter

August Grab Bag of Tips

Kurt Rosentreter, CPA, CA, CFP, CLU, TEP, FMA, CIMA, FCSI, CIM
Portfolio Manager, Manulife Securities Incorporated
President and Life Insurance Advisor, Upper Canada Capital Inc.

- Make sure to file a personal tax return for all children over age 18. If they have little or no income, they will qualify to receive the GST tax credit and could receive \$496 or more yearly.
- We strongly encourage you to enroll to receive our investment statements by email instead of mailed paper copies. Fees will soon be introduced by our investment dealer, Manulife Securities Incorporated, to continue to mail out paper statements. A sign of the times with much higher printing and postage costs.
- Claiming for CPP benefits before age 65 is rarely the right financial answer. Talk to us before making a claim.
- Still in the workforce at age 65? Make sure to defer receiving OAS (Old Age Security pension) before you turn 65 and defer until you retire to avoid claw-back.
- Sitting on short term cash? Did you know that our short-term savings products currently pay 5%¹ interest on cash balances? Products are CDIC insured and you have overnight access. Please contact us for more information.
- Tired of the stock market? Many annuities now offer guaranteed pension style income for life that can have cash yields over 7%/year². Pave the way through retirement with no stress using annuities for tax smart monthly income.

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- Simplify your finances by transferring investment accounts from banks & other brokerages to Manulife Securities Incorporated with us. You may qualify for a fee discount!
- Most of our clients have their investment accounts set up in a discretionary format. Discretionary investment accounts let us do more account cleanup, reinvestments and trading without having to call you for every little thing. Letting us act faster can improve results. And if you have a health issue, we can continue your investment strategy even if you can no longer interact with us.
- Send us a copy of your old life insurance policies and we will help you review each one and assess what to do with it.
- Let's get your fall and winter review meetings booked now. Contact the office to schedule an in-person meeting, video meeting or phone call review.
- Age 71 this year? Expect to get paperwork from us soon to convert your RRSP to a RRIF.

Enjoy the last few weeks of summer!

Sources: [Government of Canada, 2023](#)
[Cannex, 2023](#)

¹ These rates are applicable to Manulife Securities. Interest rates are as at July 21, 2023 and are applied to all funds in the respective account. Interest is calculated on the total daily closing balance and paid monthly. Rates are subject to change without notice.

² Using standard quote for life annuity of an age 70 single male with 10 year guarantee, as per the annuity rates obtained from Cannex, August 24, 2023

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RRSP & Home Buyers' Plan

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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).

Besides benefiting from the tax deductions when you make the RRSP contributions, the Home Buyers' 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. Our team is here to help you decide whether to withdraw under this program.

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 in the same year as long as you do not exceed the \$35,000 limit. Our team

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is 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).

Guaranteed Government Pension (CPP) is an Option for Business Owners

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For most Canadians there are two primary government programs that provide guaranteed retirement income: the Canada Pension Plan (CPP) and Old Age Security Pension (OAS). The maximum CPP pension you could receive if you were 65 today is \$1,306.57/month or \$15,679 annually. The CPP benefit is calculated based on contributions made between the ages of 18 and 65.

To qualify for OAS, specific residency criteria must be met. Currently, the highest monthly OAS pension is \$698.60, equivalent to \$8,383 annually*.

As an incorporated business owner, you can choose not to participate in the CPP program. All you need to do is to pay yourself dividend income from your corporation instead of a salary. However, many business owners who want an inflation adjusted stream of income in retirement opt for at least \$66,600* salary to ensure they qualify for a maximum CPP amount.

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If you are not sure if you contributed in the past, you can get a summary of your CPP retirement pension payments by signing in to your My Service Canada Account, CRA's online portal. You can also call Service Canada at 1-800-277-9914.

Talk to our team if you need guidance on how to navigate through retirement income alternatives.

Source: <https://www.canada.ca/>

Generational Wealth Transfer

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According to 2018 projections by Toronto-based research firm Strategic Insight, around \$1 trillion in personal wealth will transition from one generation to another in Canada from 2016 to 2026. Most of this transfer, about 70 percent, will be in the form of financial assets, which will cause the largest intergenerational wealth transfer in Canadian history. Still, many Canadians are scared to discuss the impact of giving or receiving an inheritance.

The conversation can be uneasy and complex, but getting ahead and discussing your wishes could significantly impact how the assets you leave behind are treated. The first

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step is choosing a time to discuss these critical issues. Everyone is busy, making time to discuss as a family group or individually should be prioritized.

We have compiled a short list of conversation ideas to help steer the discussion. We recommend prepping beforehand as the meeting might cause stress, and we want all your points to come across.

1. **Family values:** Share any specific family values or money-related principles you hope the inheritors will keep in mind when they receive their inheritance.
2. **Money management:** Stress the importance of responsible financial management and utilizing inherited money wisely to ensure long-term benefit.
3. **Potential pitfalls:** Openly discuss potential challenges to inheriting money, such as avoiding excessive debt or spending.
4. **Financial advice:** Consider seeking advice from our team to help make well-informed decisions.
5. **Acknowledge emotional impact:** Recognize that inheriting money can carry emotional implications, and it is entirely normal to have mixed feelings about this significant life event.

Source: [Advisor's Edge, 2018](#)

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ABCs of Financial Terms

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Cash Value

- The savings portion of a whole life, universal, or variable life insurance policy. This money builds up inside the policy from making extra premium contributions and can be invested inside the policy. The money grows tax-sheltered and pays out tax free on death.

Source:

[Glossary of Financial Terms | Consolidated Credit Canada, 2023](#)

[Investopedia, 2023](#)

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