



Wealth
Management

the Navigator

INVESTMENT, TAX AND LIFESTYLE PERSPECTIVES FROM RBC WEALTH MANAGEMENT SERVICES



Arif Devji

Vice President, Portfolio Manager &
Wealth Advisor
arif.devji@rbc.com
604-981-2303



Majay Raniga, FMA

Wealth Associate
majay.raniga@rbc.com
604-981-2312

250 15th Street, Suite 201
West Vancouver, BC V7T 2X4

www.arifdevji.com
1-800-375-0585

2020 handy financial planning facts

TFSA¹

Maximum annual contribution limits	\$5,000 each year 2009 – 2012 \$5,500 each year 2013 – 2014 \$10,000 for 2015 \$5,500 for 2016 – 2018 \$6,000 for 2019 – 2020
Maximum contribution limit since inception	\$69,500 from 2009 – 2020, if born in 1991 or earlier and resident of Canada during those years

1) You automatically accumulate contribution room each year (starting in 2009) if you were a tax resident of Canada at any time during the year and you were at least 18 years of age at any time during the year.

RRSP / RRIF

RRSP maximum annual deduction limit	18% of the prior year's earned income to a maximum of: \$27,230 for 2020 – deadline March 1, 2021 \$26,500 for 2019 – deadline March 2, 2020		
Withholding tax on RRSP withdrawals or payments over the annual minimum for a RRIF	Amount	All provinces except Quebec	Quebec
	\$0 – \$5,000	10%	20%
	\$5,001 – \$15,000	20%	25%
	Over \$15,000	30%	30%

SPOUSAL RRSP / RRIF

Spousal RRSP/RRIF attribution	<ul style="list-style-type: none"> Attribution of a withdrawal from a spousal RRSP/RRIF to the plan annuitant's spouse (the "contributor") will apply if the contributor made a contribution in the year of withdrawal or in the two previous tax years. An exception applies to RRIF minimum payments, which are not subject to attribution. The amount attributed is limited to the total amount of the spousal RRSP contributions made by the contributor during the three-year period.
--------------------------------------	---

IPP	
Employment earnings required to contribute the maximum	\$154,611 for 2020; \$151,278 for 2019

PENSION AMOUNTS	
YMPE – yearly maximum pensionable earnings	\$58,700
CANSIM rate	1.57%

U.S. THRESHOLDS	
Lifetime U.S. estate and gift tax exemption ²	US \$11,580,000
Annual U.S. gift tax exemption – non U.S. married spouse	US \$157,000
Annual U.S. gift exemption – children / others	US \$15,000

2) A Canadian resident (non U.S. person) with U.S. situs property > US \$60,000 and a worldwide estate > US \$11.58 million may have exposure to U.S. estate tax. A Canadian resident with U.S. situs property > US \$60,000 must file a U.S. estate tax return.

RESP – per beneficiary:				
Maximum contributions	Lifetime limit of \$50,000. No annual limit.			
Maximum lifetime CESG limit	\$7,200			
Contribution deadline	December 31st			
	Income level from 2018	CESG%	Max contribution to attract CESG	Max CESG
Maximum annual <u>basic</u> CESG	Any	20%	\$2,500	\$500
Maximum annual <u>basic</u> CESG if unused carry-fwds	Any	20%	\$5,000	\$1,000
Maximum annual <u>additional</u> CESG	\$48,535 or less	20%	\$500	\$100
	\$48,535 to \$97,069	10%	\$500	\$50

RDSP – per beneficiary:			
Maximum contributions	Lifetime limit of \$200,000. No annual limit.		
Maximum lifetime CDSG and CDSB limit	\$70,000 for CDSG and \$20,000 for CDSB		
Maximum annual CDSG and CDSB if unused carry-fwds	\$10,500 for CDSG and \$11,000 for CDSB		
Contribution deadline	December 31st		
	Income level from 2018	Max contribution to attract CESG	Max CDSG/CDSB
Annual CDSG limit	\$97,069 or less	\$1,500	\$3,500
	Above \$97,069	\$1,000	\$1,000
Annual CDSB limit	\$31,711 or less	N/A	\$1,000
	Between \$31,711 and \$48,535	N/A	\$1,000 prorated
	Over \$48,535	N/A	\$0

MARGINAL vs AVERAGE TAX RATE

Marginal tax rate	Tax rate applicable to the last dollar of income earned. It does not consider deductions and credits.
Average (or effective) tax rate	Actual tax rate paid. It considers deductions, credits and graduated tax brackets.

FEDERAL TAX CREDITS	BASE AMOUNT	TAX CREDIT
Basic personal amount	\$12,298	\$1,845
Spouse or common-law partner amount	\$12,298	\$1,845
Age amount	\$7,637	\$1,146
Net income threshold for age amount	\$0.15 for every \$1 of net income above \$38,508; the full age amount is eliminated at a net income of \$89,421	
Disability amount	\$8,576	\$1,286
Disability supplement amount (for minors)	\$5,003	\$750
Pension income amount	\$2,000	\$300
Medical expense tax credit	Lesser of 3% of net income or \$2,397	

FEDERAL TAX BRACKETS and RATES

Taxable income	Tax rate
Up to \$48,535	15%
Over \$48,535 up to \$97,069	20.50%
Over \$97,069 up to \$150,473	26%
Over \$150,473 up to \$214,368	29%
Over \$214,368	33%

LIFETIME CAPITAL GAINS EXEMPTION (LCGE)

For qualified small business corporation shares	\$883,384
For qualified farm or fishing property	\$1,000,000

FEDERAL DIVIDEND TAX RATES

	GROSS-UP
Eligible dividends	38%
Non-eligible dividends	15%

FEDERAL CHARITABLE DONATIONS

Donation amount	For individuals not taxed at the highest federal rate of 33%³	For individuals taxed at the highest federal rate of 33%³
First \$200	15%	15%
Excess over \$200	29%	33% or 29% ⁴

3) Highest federal rate begins when income is over \$214,368.

4) A 33% donation tax credit is available for donations to the extent an individual has income that is subject to the 33% top marginal tax rate. A 29% donation tax credit is available on the remaining amount of the donation.

IMPORTANT PERSONAL TAX DEADLINES

Personal income tax instalments	March 16, 2020 ⁵ June 15, 2020 September 15, 2020 December 15, 2020
Personal income tax return filing	April 30, 2020
Self-employed income tax return filing	June 15, 2020
Balance owing for taxes payable	April 30, 2020

5) When the due date falls on a Saturday, a Sunday, or a public holiday recognized by the CRA, your payment or return is considered on time if the CRA receives it or it is postmarked on the next business day.

OTHER DEADLINES

Prescribed rate loan interest payment due by	Jan. 30, 2020 for 2019 interest; Jan. 30, 2021 for 2020 interest
Last trade date for Canadian and U.S. stocks	December 29, 2020, assuming a 2-day settlement

CANADA PENSION PLAN and QUEBEC PENSION PLAN		
Maximum amounts:	CPP	QPP
Retirement benefit at age 65	\$1,175.83/mo	\$1,177.30/mo
Post-retirement benefit at age 65	\$29.40/mo	N/A
Retirement benefit supplement	N/A	\$22.46/mo
Early retirement benefit at age 60 (36% max reduction or 0.6% per month)	\$752.53/mo	\$753.47/mo
Deferred retirement benefit at age 70 (42% max increase or 0.7% per month)	\$1,669.68/mo	\$1,671.77/mo
Disability benefit	\$1,387.66/mo	\$1,388.46/mo
Survivor's benefit – younger than 65	\$638.28/mo	See chart below
Survivor's benefit – 65 and older	\$705.50/mo	\$706.65/mo
Children of disabled CPP/QPP contributors	\$255.03/mo	\$80.97/mo
Children of deceased CPP/QPP contributors	\$255.03/mo	\$255.03/mo
Combined survivor's and retirement benefit at age 65	\$1,175.83/mo	\$1,177.30/mo
Combined survivor's and disability benefit	\$1,387.66/mo	Undisclosed
Death benefit (one time payment)	\$2,500.00	\$2,500.00
Employee and employer contributions	\$2,898.00/yr	\$3,146.40/yr
Self-employed contributions	\$5,796.00/yr	\$6,292.80/yr

CHART – QPP SURVIVOR'S BENEFIT – younger than 65		
Age	Situation	QPP
Under 45	Without any dependant children	\$571.48/mo
Under 45	With one or more dependant children	\$911.55/mo
Under 45	Disabled, with or without dependant children	\$947.70/mo
Between 45 and 64	All situations	\$947.70/mo

OLD AGE SECURITY	
Maximum benefits as of Q1:	OAS
Benefit at age 65	\$613.53/mo
Deferred benefit at age 70 (36% max increase or 0.6% per month)	\$834.40/mo
Clawback rate	\$0.15 for every \$1 of net income above \$79,054; the full OAS is eliminated at a net income of \$128,137 as of Q1

GOVERNMENT CONTACT INFORMATION	
CRA general help line for individuals	EN: 1-800-959-8281; FR: 1-800-959-7383
Phone number for CPP and OAS queries	EN: 1-800-277-9914; FR: 1-800-277-9915
Phone number for QPP queries	1-800-463-5185

GUARANTEED INCOME SUPPLEMENT as of Q1		
For those receiving a full OAS pension:	GIS ⁶	Income cut-off
Single, widowed or divorced	\$916.38/mo	\$18,600/yr (individual)
If your spouse receives the full OAS pension	\$551.63/mo	\$24,576/yr (combined)
If your spouse does not receive an OAS pension	\$916.38/mo	\$44,592/yr (combined)
If your spouse receives the Allowance ⁷	\$551.63/mo	\$44,592/yr (combined)
Allowance ⁷ : If your spouse receives GIS and the full OAS pension	\$1,165.16/mo	\$34,416/yr (combined)
Allowance for the survivor ⁸ : If you are a surviving spouse	\$1,388.92/mo	\$25,056/yr (individual)

Any reference to a spouse in this section also includes a common-law partner.

6) The GIS is a monthly non-taxable benefit to OAS recipients who have a low income. It is added to OAS.

7) The Allowance is available to low-income individuals aged 60 to 64 who are the spouse of a GIS recipient.

8) The Allowance for the Survivor is available to people aged 60 to 64 who have a low income, and whose spouse has died.



**Wealth
Management**

This document is compiled based on a number of federal and provincial government sources including the Government of Canada, the Canada Revenue Agency, and Retraite Québec as at January 2020.

This document has been prepared for use by the RBC Wealth Management member companies, RBC Dominion Securities Inc. (RBC DS)*, RBC Phillips, Hager & North Investment Counsel Inc. (RBC PH&N IC), RBC Global Asset Management Inc. (RBC GAM), Royal Trust Corporation of Canada and The Royal Trust Company (collectively, the "Companies") and their affiliates, RBC Direct Investing Inc. (RBC DI) *, RBC Wealth Management Financial Services Inc. (RBC WMFS) and Royal Mutual Funds Inc. (RMFI). *Member-Canadian Investor Protection Fund. Each of the Companies, their affiliates and the Royal Bank of Canada are separate corporate entities which are affiliated. "RBC advisor" refers to Private Bankers who are employees of Royal Bank of Canada and mutual fund representatives of RMFI, Investment Counsellors who are employees of RBC PH&N IC, Senior Trust Advisors and Trust Officers who are employees of The Royal Trust Company or Royal Trust Corporation of Canada, or Investment Advisors who are employees of RBC DS. In Quebec, financial planning services are provided by RMFI or RBC WMFS and each is licensed as a financial services firm in that province. In the rest of Canada, financial planning services are available through RMFI, Royal Trust Corporation of Canada, The Royal Trust Company, or RBC DS. Estate and trust services are provided by Royal Trust Corporation of Canada and The Royal Trust Company. If specific products or services are not offered by one of the Companies or RMFI, clients may request a referral to another RBC partner. Insurance products are offered through RBC Wealth Management Financial Services Inc., a subsidiary of RBC Dominion Securities Inc. When providing life insurance products in all provinces except Quebec, Investment Advisors are acting as Insurance Representatives of RBC Wealth Management Financial Services Inc. In Quebec, Investment Advisors are acting as Financial Security Advisors of RBC Wealth Management Financial Services Inc. RBC Wealth Management Financial Services Inc. is licensed as a financial services firm in the province of Quebec. The strategies, advice and technical content in this publication are provided for the general guidance and benefit of our clients, based on information believed to be accurate and complete, but we cannot guarantee its accuracy or completeness. This publication is not intended as nor does it constitute tax or legal advice. Readers should consult a qualified legal, tax or other professional advisor when planning to implement a strategy. This will ensure that their individual circumstances have been considered properly and that action is taken on the latest available information. Interest rates, market conditions, tax rules, and other investment factors are subject to change. This information is not investment advice and should only be used in conjunction with a discussion with your RBC advisor. None of the Companies, RMFI, RBC WMFS, RBC DI, Royal Bank of Canada or any of its affiliates or any other person accepts any liability whatsoever for any direct or consequential loss arising from any use of this report or the information contained herein. ®/™ Registered trademarks of Royal Bank of Canada. Used under licence. © 2020 Royal Bank of Canada. All rights reserved. NAV0003 (01/20)