

THE BROXTERMAN BULLETIN

YOUR QUARTERLY FINANCIAL PLANNING NEWSLETTER

WINTER
2014



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WELCOME & THANK YOU

A warm welcome to the clients who have recently joined us and thank you to the clients who mentioned us.

We also want to thank our existing clients for their continued loyalty to us.



ARE YOU A SNOWBIRD? KNOW YOUR CANADIAN TAX OBLIGATIONS

DID YOU KNOW?

If you spend part of the year in the United States (U.S.), for example, for health reasons or on vacation, and you maintain residential ties in Canada (that is, a home, a spouse or common-law partner, a property), the Canada Revenue Agency (CRA) usually considers you to be a factual resident of Canada.

IMPORTANT FACTS

As a factual resident, your income is taxed as if you never left Canada. You should continue to:

- report all income you receive from sources inside and outside Canada for the year, and claim all deductions that apply to you;
- claim the federal and provincial or territorial non-refundable and refundable tax credits that apply to you;
- pay federal tax and provincial or territorial tax where you keep your residential ties in Canada; and
- be eligible to apply for the goods and services tax/harmonized sales tax (GST/HST) credit and any related provincial credits.

These do not apply to you if you are a U.S. citizen, or if you have been granted permanent resident status by the United States Citizenship and Immigration Services.

For more information on how Canadian taxes apply to you when you go down south, go to the CRA's Vacationing Outside of Canada webpage at www.cra-arc.gc.ca/tx/nnrstdnts/sth-eng.html.



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2014 HANDY FINANCIAL PLANNING FACTS

The following is a summary of some common financial planning-related information that you can use as a handy reference. Any values noted below are for 2014.

Retirement											
Maximum CPP/QPP benefit at age 65	\$1,038.33 per month										
Maximum CPP/QPP benefit at age 60 if born before 1954	CPP \$689.45 per month (33.6% max reduction) QPP \$726.83 per month (30% max reduction)										
Maximum CPP/QPP benefit at age 60 if born after 1953	CPP \$689.45 per month (33.6% max reduction) QPP \$708.14 per month (31.8% max reduction)										
Maximum CPP/QPP at age 70	\$1,474.43 per month (42% max increase)										
Maximum CPP contribution – employer and employee	\$2,425.50 each annually										
Maximum CPP contribution for self-employed	\$4,851.00 annually										
YMPE – Yearly Maximum Pensionable Earnings	\$52,500										
Maximum OAS benefit for Q1	\$551.54 per month										
OAS clawback rate	\$0.15 for every \$1 of net income above \$71,592; the full OAS is eliminated at a net income of \$115,716 or higher										
CANSIM rate	3.01% (minimum rate for provinces is still 6%)										
RRSP – maximum annual deduction limit	\$23,820 for 2013 \$24,270 for 2014										
RRSP – withholding tax on withdrawals by a resident of Quebec/rest of Canada respectively	21%/10% for amounts up to \$5,000 26%/20% for amounts \$5,000 – \$15,000 31%/30% for amounts over \$15,000										
TFSA contribution room created on Jan. 1st	\$5,000 each year 2009-2012 \$5,500 each year 2013-2014										
Education											
Maximum annual RESP contribution	Unlimited annual up to lifetime maximum of \$50,000 per beneficiary										
Annual RESP contribution for maximum CESG	20% of first \$2,500 per beneficiary = CESG up to \$500. Plus 20% of next \$2,500 per beneficiary if carryforward room is available = additional CESG up to \$500. Maximum annual CESG = \$1,000/year/beneficiary										
Tax											
EI – maximum annual premium	\$937.38 (\$767.88 in Quebec due to separate maternity and parental benefits)										
EI – insured earnings	\$48,600										
Basic personal tax exemption	\$11,138 (base) \$1,671 (credit)										
Federal tax brackets and rates based on taxable income	<table> <tr> <th>Taxable income</th><th>Federal rate</th></tr> <tr> <td>\$0 – \$43,953</td><td>15%</td></tr> <tr> <td>\$43,954 – \$87,907</td><td>22%</td></tr> <tr> <td>\$87,908 – \$136,270</td><td>26%</td></tr> <tr> <td>\$136,271 – and over</td><td>29%</td></tr> </table>	Taxable income	Federal rate	\$0 – \$43,953	15%	\$43,954 – \$87,907	22%	\$87,908 – \$136,270	26%	\$136,271 – and over	29%
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Eligible dividends (most public companies)	Gross up is 38%; taxable amount is 138% Federal tax credit is 15.0198% of taxable amount
Other than eligible dividends	Gross up is 18%; taxable amount is 118% Federal tax credit is 11.0% of taxable amount
Personal tax calculator website	http://www.ey.com/ca/en/services/tax/tax-calculators
Government links	
Canada Revenue Agency website	www.cra-arc.gc.ca/menu-e.html
Canada Revenue Agency General Help Line	1-800-959-8281
Phone number for CPP/OAS queries	1-800-277-9914 http://www.servicecanada.gc.ca/eng/common/contactus/index.shtml#cpp
Phone number for QPP queries	Régie des rentes: 1-800-463-5185 http://www.rrq.gouv.qc.ca/en/services/nous_joinre/Pages/nous_joinre.aspx

RRSP CONTRIBUTION INFORMATION

The Canada Revenue Agency (CRA) has announced that the last day to contribute to get a deduction in 2013 will be Monday March 3rd 2014. The actual day is March 1st but since it is a Saturday, it gets moved to the next business day.

- The Annual maximum contribution for 2013 is \$23,820
- The Annual maximum contribution for 2014 is \$24,270

FINANCIAL POST: WHAT HAPPENS WHEN YOUR SPOUSE'S CARE IS DRAINING YOUR SAVINGS!

"It's an all too common scenario among retirees, but there are ways to prepare now for the expenses of long term care in a facility or at home."

I think this article really highlights how important it is to plan ahead and to thoroughly consider putting in place long term care insurance while one is healthy and thinking about retirement down the road.

<http://business.financialpost.com/2014/01/11/what-happens-when-your-spouses-care-is-draining-your-savings/>

PERSONAL TOUCH



Mike's ice rink in his backyard



Our team at Christmas



Carolyn's driveway after the ice storm in December



Shelley's mom and all her joy after selling her home.

Thank you for your ongoing loyalty to the Broxterman Team of RBC Dominion Securities. We would be pleased to provide a complimentary wealth management assessment or financial plan to any friend, family member or colleague you refer to us.

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