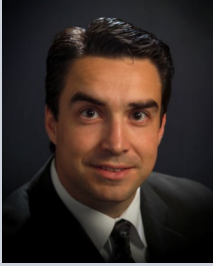


# Jason Baba Wealth Management Group

## Newsletter



Views and opinions  
for the clients and friends of

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### Income Splitting with the DS Family Trust

Family Income splitting is an effective way to reduce your family's overall tax burden. By shifting income from a high-income parent or grandparent, a family can realize significant tax savings. One way to accomplish family income splitting is through the RBC DS Family Trust.

If you have low-income children or grandchildren, there are three major benefits of setting up a RBC DS Family Trust:

#### 1. Tax Savings:

It allows investment income to be taxed in the hands of lower income family members, subject to attribution rules. Therefore, investment income that would normally be taxed to a high income parent or grandparent can be shifted to a low or no income family member potentially earning this income tax-free due to their basic tax exemption.

#### 2. Access to Capital

The parent or grandparent is permitted to loan monies to the RBC DS Family Trust so they will never lose access to the loan capital. Additional loans to the trust are permitted without restrictions.

### 3. Funding Children's Expenses

Investment income earned in the trust must be used for and must unequivocally benefit the child. While there is no official list of approved expenses from the CRA they typically include amounts paid for the support, maintenance, care, education, enjoyment and advancement of the child.

Who is involved in a trust?

Settlor: – The person (typically a parent or grandparent) who establishes the trust by donating property to the trustees.

Trustee(s): The person(s) who legally owns the trust assets and makes decisions related to the trust assets.

Beneficiary – The person(s) (typically children and grandchildren) for whom a trust is established and who ultimately benefits from the income and/or capital of the trust.

This is a brief overview of the RBC DS Family Trust. If you would like more information on the RBC DS Family Trust, please go to Jason's website at: [www.jasonbaba.com](http://www.jasonbaba.com) and click on the RBC DS Family Trust article or give us a call.



We are able to offer you access to our in house RBC Wealth Management team of lawyers, accountants and financial planning professionals. If you are interested in reviewing your estate or financial plan, please call us to book an appointment.



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