Wealth Management
Dominion Securities

FALL 2023 | ISSUE 13
RBC Dominion Securities Inc.

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FARMERS WANTED

FEATURE ON PAGE 6

RBC Dominion Securities Inc.

FOR CANADA'S FARMERS, SOIL COULD BE THE NEW GOLD

Instead of rewarding farmers only for what they produce, we also reward them for what they preserve...

For Janet Heathcoat, supporting the banking needs of RBC's agriculture clients has been a big part of her life for over 20 years. It's also personal. Her family has been farming Canada's lands to grow cereals for our breakfast tables and grass for livestock to graze for more than 100 years. So, she's acutely familiar with the challenges that come with managing nearly 30,000 acres of farmland.

But the one challenge that's keeping farmers like herself up at night? Costs.

"Costs are the biggest factor farmers have to consider today because we are at the mercy of the world's demand for food," Janet said in a recent interview. "Not in 40 years have I seen it such that managing cost is actually more work than farming itself."

Canadians everywhere are feeling the pinch of rising prices due, in part, to the disruptions in supply chains and international security challenges. Farmers and their families bear the burden of these costs as much as the next person. Many parts of the world rely on food supply from Ukraine, one of the world's key agricultural regions. Due to the war, its ability to supply global markets has been severely limited. That's had a big impact on supply, already constrained from the pandemic. In just one example, fertilizer, prices rose by as much as 300% in 2022.

While large industrial farms can better absorb this volatility, small and mid-sized farms have much less control over the cost of an input. With commodity prices rising fast, and input costs going up just as much, farmers have to rely more on shopping around or timing the market to buy at the right price. For farmers whose love is working their land, the added burden of finding the right price is an unwelcome one.

Meantime, persistent supply disruptions caused by COVID are stalling farmers' plans to upgrade or replace equipment and machinery. Across the board, machinery and equipment is more expensive and harder to find than ever and suppliers are often unable to commit to delivery dates or a final price because of constrained supply. That makes budget planning a lot harder for many farmers.

"In some cases, rising rates are doubling the cost of a loan payment for clients," continued Janet. "Interest payments used to be a non-event for clients. Now, they're making conversations about cash flow are more in-depth and more frequent as clients need our help adapting to this environment."

Listening to Janet tell it, you almost feel bad asking farmers to take on more. But a climate conscious world is doing just that.

Climate disruption, global population growth, economic volatility and geopolitical stability are all putting enormous pressure on Canada's farms to feed the world, sustainably.

That's the basis for a recent report from RBC Economics & Thought Leadership – Fertile ground: How soil carbon can be a cash crop for the climate age, which examines three ways to mobilize the capital needed to reduce emissions from Canada's agriculture sector.

"Canada's farms manage one of the world's largest inventories of agricultural land and sustainable practices can give farmers unparalleled power to cut emissions, and improve air and water quality, soil health, and biodiversity," said Mohamad Yaghi, Ag Policy Lead, RBC Thought Leadership, and author of the report. "And while the credit market could be enormous – as much as $2 billion to $4 billion more by 2050 – there remain significant economic obstacles to farmers adopting these practices."

The report finds that, to scale the transition to sustainable agriculture practices, while also de-risking the endeavor for farmers, we need capital. Three financial instruments could help provide it: carbon offsets, carbon insets and government funding. Of these, insetting and government funding hold the greatest potential to make an immediate impact.

To make the money work, and to build a foundation of market integrity and trust, we also need reliable measurement, reporting and verification systems (MRVs). The more we invest in improving measurement, the better our benchmarks for driving improvement will be. Further, a national MRV protocol, and cross-industry partnership, can be the foundation of a world-leading sustainable agriculture strategy.

To Janet and her clients, the idea of being rewarded for what they preserve is a welcome one.

"You preserve your land and soil so that the next generation can farm," continued Janet. "But soil is your moneymaker and whatever you can do to upgrade its ability to preserve and produce, is in your best interests."

Janet recognizes the challenge ahead and knows a lot needs to change for farmers to remain competitive during the transition. But she still believes there is no better profession to be in.

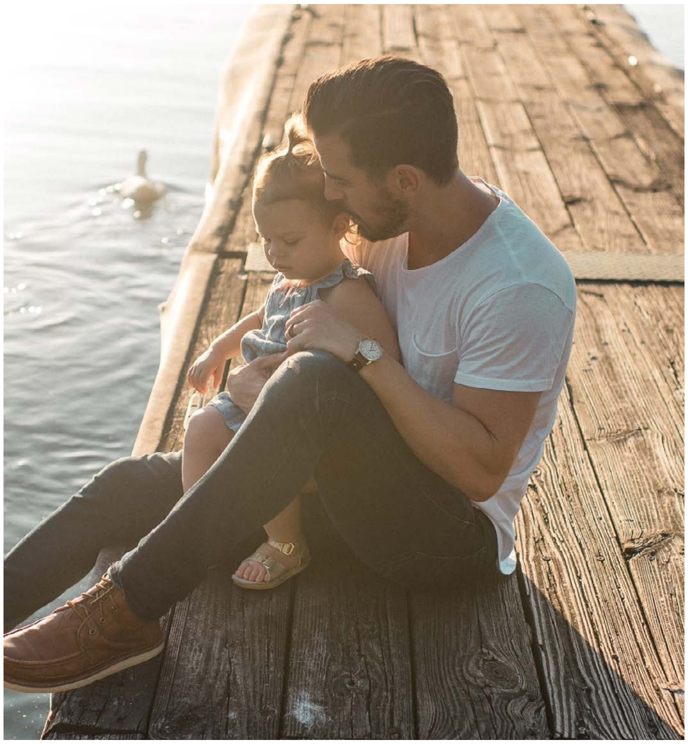
"Producing food is truly a noble profession. I've lived my whole life in such a beautiful industry and, save for the financial barriers, I don't know how anybody wouldn't want to farm."

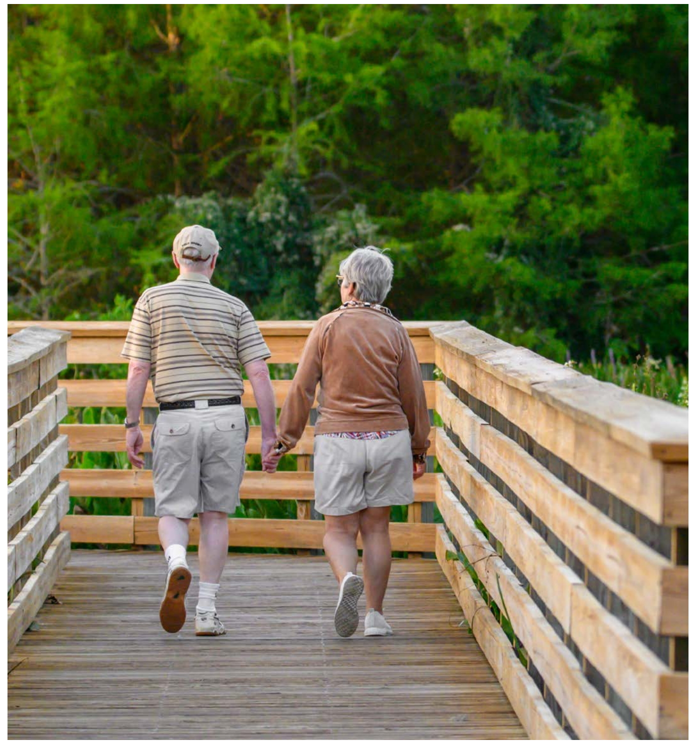
You can access the report on the Next Green Revolution Project website: thoughtleadership.rbc.com/the-next-green-revolution-project/

NO ASSET IN YOUR ESTATE CAN BE AS EMOTIONALLY CHARGED AS THE FAMILY COTTAGE

Cherished tradition is deeply steeped in every aspect of our family cottage, largely because my children are the fifth generation making the annual trek north. Up to this point, both our island and the original family cottage (now owned by cousins) have remained in the hands of descendants. But in many instances, rising ownership costs, geographic inconvenience, and general practicality mean not every family member can or wants to own property generation after generation.

Anyone who currently owns a cottage has undoubtedly given careful consideration to if, when and how to pass it on to the next generation. Ideally, conversations should begin early and be held frequently with both family members and professional advisors. But if you haven't started yet, here are some considerations to help with future conversations.





Managing family relationships

Cottages are often one of the most emotionally charged assets in any estate. While affordability can become a major point of stress, normal family dynamics and grievances can also become a factor in co-owner conflicts. In instances where all members of the next generation want to continue as owners, governance should be put in place to ensure a common agreement around things like allocation of expenses, shared versus exclusive use, and avoiding sale of an interest to someone outside of the family.

Several structures can be used to establish governance with co-ownership agreements, trusts and corporations being the most common. But even with best efforts to ensure equality and governance around ownership, things can go awry. I recently heard a story about a fifth-generation group of family cottage owners who had thoughtfully structured a corporate entity with share ownership, a board of directors that met regularly, and carefully defined share ownership rights. Even with all of the vigilant planning and careful consideration, family conflicts ended with them cross-examining each other in court and the legacy land being put up for sale.

Ensuring affordability

If you've considered passing your cottage on, then you've likely thought not only of who wants it, but also of who can afford it. The truth is that property values continue to skyrocket, impacting carrying and tax/capital gains costs for you and your spouse, and for your estate after you pass away. Future expenses, such as major capital repairs (a new roof or dock, for example) and escalating property taxes and utility bills, make cottage ownership a financial stretch for many.

One way to help ease this burden is to establish an estate-funded maintenance trust, or other fund, from your estate, assuming it is sufficiently large for this purpose. There may also be planning opportunities, such as use of the Principle Residence Exemption, setting up a structure that gifts any future growth in the value of the property to the next generation or changing the ownership of the cottage generally. But, note, there are complex rules associated with this kind of tax and probate planning that require the knowledge and advice of a competent legal and tax professional.

The consequences of doing nothing

If you do absolutely nothing with respect to your cottage in your estate planning, then it falls into the general assets of your estate and may leave your executor with more discretion to deal with it than you intend. It may become the executor's job to have the conversations about which beneficiaries want or can afford to keep the cottage, or to make the decision to sell – which may place your executor in an awkward position.

You should also think about your future plans should you lose mental capacity (due to age-related dementia, as an example). Without proper planning, your named power of attorney (or court-appointed decision maker) may be in a position of having to sell your family's beloved cottage in order to fund your long-term care needs. These considerations should also be part of your broader planning conversations with your professionals.

No matter your circumstances, as a cottage owner, open dialogue with your next generation is critical, otherwise, it may be a recipe for conflict for those you leave behind. As a colleague recently advised me, despite the best of intentions, "be careful because you may end up having to choose between the cottage and your family relationships."

FARMERS WANTED: THE LABOUR RENEWAL CANADA NEEDS TO BUILD THE NEXT GREEN REVOLUTION

Key Findings

By 2033, 40% of Canadian farm operators will retire, placing agriculture on the cusp of one of the biggest labour and leadership transitions in the country's history.

-24K Over the same period, a shortfall of 24,000 general farm, nursery and greenhouse workers is expected to emerge.[i]

66% 66% of producers do not have a succession plan in place, leaving the future of farmland in doubt.[ii]

These gaps loom at a time when Canada's agricultural workforce needs to evolve to include skills like data analytics and climate-smart practices that enable us to grow more food with fewer emissions.

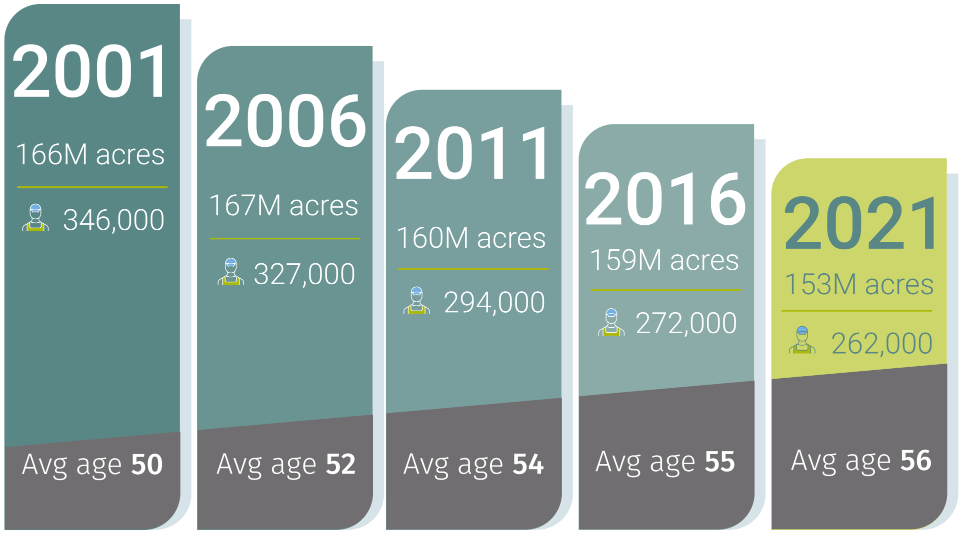
Through short-, medium-, and long-term policies, Canada can establish the digitally-savvy agricultural workforce needed to make our country a global leader in low carbon, sustainable food production.

+30K To offset a short-term skills crisis, we'll need to accept 30,000 permanent immigrants over the next decade to establish their own farms and greenhouses or take over existing ones.

To meet our medium and long-term goals, we'll need to build a new pipeline of domestic operators and workers by bolstering education and increasing the R&D spending behind productivity-enhancing automation.

Other nations, like Japan and New Zealand are rapidly deploying national strategies to tackle similar challenges. They are offering incentives to farm operators who become more autonomous or unlocking pathways for foreign skilled workers and new farmers to enter their industries. Canada needs to act fast.

Canadian farmers are getting older and fewer



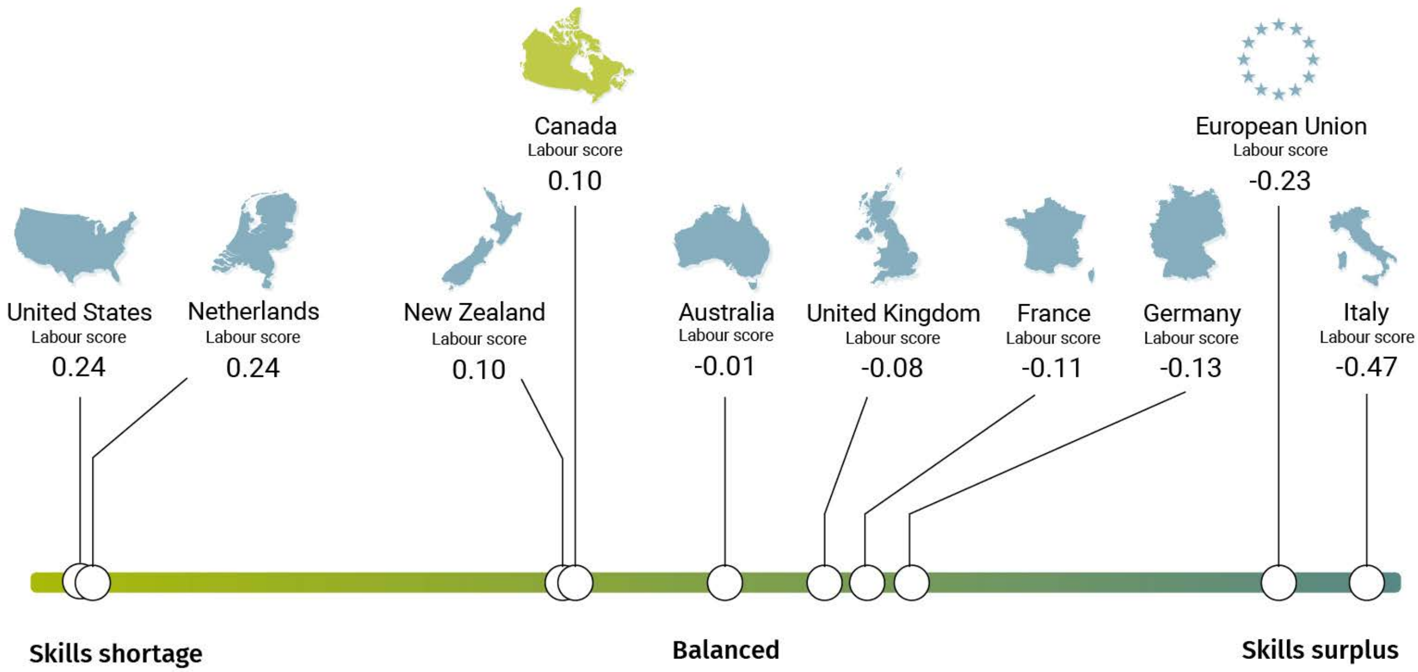
*all bars are illustrative
Source: RBC Economics and Statistics Canada[iii]

A 3-point plan for growth

Increase immigration of farm operators by 30,000 over the next decade.

Promote agricultural education across colleges and universities to attract new students.

Accelerate the adoption of autonomous and mechanized solutions on farms.



Sources: OECD Skills for Jobs Databaseiv

Short Term:

Opening the border to new producers

Canada's agricultural skills crisis is already one of the world's worst. The country has one of the highest skills shortages in food production compared to other major food exporting nations-trailing only the U.S. and the Netherlands.

A rapidly approaching demographics crisis is set to make the problem worse. In 10 years, 60% of today's farm operators will be over the age of 65. Never have so many Canadian farmers been so close to retirement. In addition, the number of operators below the age of 55 has declined by 54% since 2001.v The most immediate solution to this challenge rests at our borders. Providing permanent immigration status to over 24,000 general farm workers and 30,000 operators can assist in bridging retirement and staffing gaps, help the sector fulfill its productivity potential and meet domestic and foreign food demands.

Many farms and greenhouses are already looking to other countries to address the need for low-skilled labour. Indeed, Canada's agricultural sector is among the most diverse in the world though the degree of demand for foreign workers differs significantly by province and operation.

The Temporary Foreign Workers program remains a critical source of low-skilled labour. But it has its disadvantages. First, it's a provisional solution to a chronic issue. Second, many of these temporary foreign workers (TFWs) who develop skills essential to Canadian seeding and harvests, must return to their home countries for short periods. If they are unable to return to Canada (for reasons that can include their government barring the shift due to its own food security fears) then Canada's on-farm workforce is dramatically reduced. Better policies are needed to enable the immigration of low-skilled labourers. For instance, a pathway to permanent residency for experienced TFWs will immediately address this type of shortage.

When it comes to more highly-skilled farm operators, Canada has always welcomed these types of immigrants from the Netherlands, China, United States, United Kingdom and India. But there are now valuable untapped opportunities to attract operators who have lost their farms because of regulatory policies in other nations.

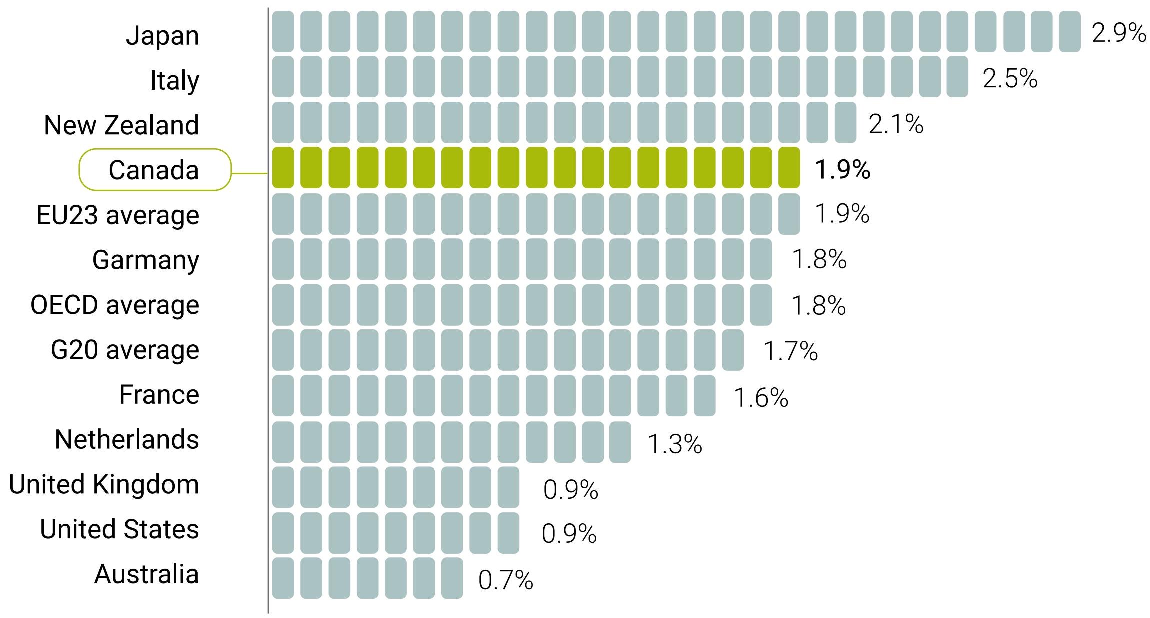
In the Netherlands for instance, the government set aside €24.3 billion to buy out the 3,000 Dutch farms with the biggest emissions. Producers that do not accept the offer will be forced to close. And farms permitted to stay in operation will need to significantly reduce their nitrogen application. The country will also have to reduce its livestock population to a third of its current size over eight years. In New Zealand, a 2019 law that requires producers to reduce their emissions by 10% in the next three years is already forcing farms to scale back.

Hundreds of thousands of skilled farmers worldwide are being forced to downsize or are facing closures. In the EU alone there has been a loss of over four million farms since 2005. This is creating a labour pool of qualified farmers around the world that can help Canada grow its food exports while also adapting to stringent sustainability regulations.

The immigration of scientists, data engineers, and entrepreneurs has been recognized as critical to Canada's growth. A similar approach needs to be adopted to attract farmers.

Canadian enrolment in agricultural education is strong

Percentage of total enrolment



Source: OECD Education at a Glance Database and RBC Economics[viii]

Medium Term:

Agricultural schools must evolve to meet today's demands

There has been a fundamental shift in agricultural schools across Canada. As enrolment declined in the 1990s, many schools reassessed their curricula. To boost enrolment, they began to offer cross-disciplinary courses that might attract urban students less interested in working on a farm. This meant focusing on topics outside agricultural science, from food security to international development.

The approach worked. Since bottoming out in 2003, admissions have grown by more than 40%—a sign of shifting attitudes toward agricultural studies.[vi] Currently, Canada's rate of post-secondary education enrolment in agricultural, forestry, fishing, and veterinary education is among the highest in the OECD, EU, and G20. Despite this, demand for graduates continues to exceed supply.[vii]

To boost enrolment further, more needs to be done to integrate agriculture into mainstream programs. For instance, no full-time MBA program among Canada's top 10 business schools currently offers elective courses in agribusiness. Similarly, agricultural schools don't do enough to promote a cross-disciplinary approach that integrates students in fields ranging from engineering to social science. These innovations will be critical to increasing enrolment and developing a stronger, better-resourced agriculture ecosystem.

On the other hand, some agricultural schools and colleges are transforming into the most cross-disciplinary centres in the country as they take on topics ranging from the financial incentives to promote carbon sequestration in soil to clean energy. The Controlled Environment Systems Research Facility at the University of Guelph even works with NASA and the Canadian Space Agency to research methods of growing food on Mars.

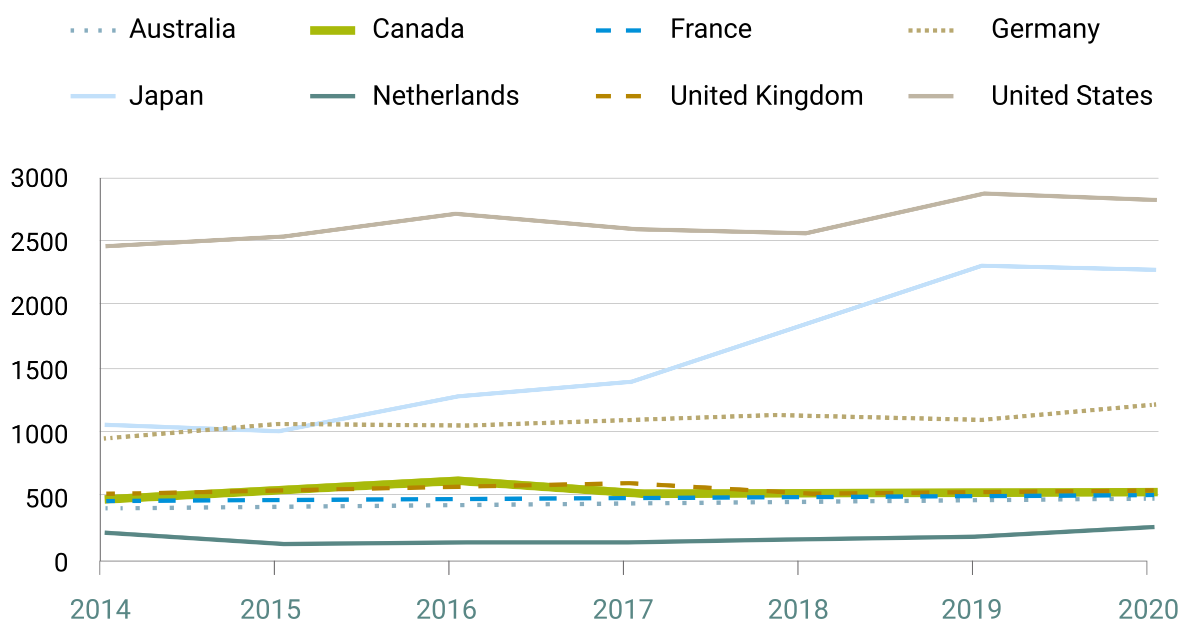
While raising enrolment numbers, agricultural schools must also keep an eye on equipping students with the tools to put their skills to work. For example, engineering, business and computer science schools could develop more ag-related coops, case studies, and special project courses that would provide experiential education opportunities focused on food production.

Advisory services for producers

Education doesn't stop at the school gate. Producers have historically been among the first adopters of new technology. To put even more digital skills to work they'll need access to advisory services that can educate them on the best solutions, the most effective production practices, and the best ways to reduce costs and promote sustainability on their farms. Just as the challenges facing each farm are unique, so too are the solutions for them. Advisory services help farmers design those bespoke solutions. They also offer formal and informal workshops to farm operators and their employees. Advisory services, similar to those provided to farmers in the United States, ought to be made more publicly available to new Canadian farmers.

Canadian public funding for agricultural R&D lags global peers

Millions $USD



RBC Economics, OECD, and Stats Canada

Long Term:

Introducing more mechanized and autonomous solutions on the farm

Automation has been a core theme in agriculture for centuries. Most machinery and tools today are equipped with technologies that increase efficiencies on every acre. And producers that invest in technology tend to be more profitable. In 2020, over 50% of farms investing in new technology noted a decrease in costs. And while automation reduces the need for on-farm labour it also creates new jobs for highly skilled workers. The introduction of the tractor, self-propelled combine, and auto-steer are among the milestones in on-farm innovation and productivity.

Smart agriculture technology and practices will promote higher levels of efficiency, increase productivity, limit environmental impact, and promote sustainability. Just as important, these innovative solutions can reduce the need for low-skilled labour.

A lot of this innovative technology is already being developed in Canada. But more ambitious research and development is critical to cutting staffing needs and improving production rates and sustainability. This begins with funding. In Canada, agricultural R&D dollars predominantly originate from public sources. We should strive to be more ambitious with funding as every dollar invested in R&D generates $10 to $20 in GDP.ix As production intensifies on farms, more tools to decrease emissions autonomously will be needed.

Public investments represent the largest source of funding for Canada's agriculture R&D at CAD $ 450 million in 2020, but private in-house R&D lags by comparison at CAD $108 million.xxi And Canadian firms invest less on average in R&D than foreign firms. Corporations have contributed significantly to past innovations that ease labour shortages while making agricultural production more resilient to extreme weather events and improving quality and sustainability. However, for Canada to become the world's most reliable and sustainable food exporter, further investments will be needed.

R&D can spur growth in the sector, but distribution among producers will be critical. Though capital expenditure in agriculture has risen faster than in other Canadian industries over the last 15 years the largest investments have been among crop producers.

World Comparison

Canada is not the only nation facing a labour and skills gap in its agriculture sector. These countries have already taken action to address shortages through unique policy programs:

Japan

The average age of a Japanese farmer is 68, making it the country with the biggest agricultural leadership challenge in the OECD. To ensure young farm operators enter the sector, the government provides them with income support for five years upon establishing their own farms. In addition, the launch of the Smart Agriculture program provides free advisory services for how to implement autonomous and mechanized solutions. The country has also established "pilot villages" that can demonstrate the effectiveness of new technologies.[xiii]

Canadian agricultural firms trail global competitors in R&D spending

Expenditures as a percentage of revenues

	2018	2019	2020
Canada	1.2%	1.0%	1.4%
Foreign	5.2%	3.8%	4.6%

RBC Economics, Statistics Canada[xii]

New Zealand

New Zealand is struggling to get young people and new producers to enter the sector. In 2014, the Primary Industry Alliance was formed among producers, universities, colleges, and public officials.[xiiv] The agriculture component of the program focuses on attracting new farmers through education and immigration. In addition, the government has engaged with the Māori community to increase its participation in the industry.

The Netherlands

Over 530,000 migrant workers are employed across the Dutch agriculture sector.xv While the Netherlands is increasingly reliant on these migrant labourers, it wants to increase its share of highly-skilled workers. To confront this challenge, the government established the Strategy for Green Education to attract students to the industry and coordinate education institutes to meet the labour needs of the sector.

The United States

Like Canada, the U.S. relies heavily on temporary labourers. However, as the rate of farm operators has declined, the demand for labour has only grown. There is funding for agricultural education programs in secondary schools and support for land-grant universities that offer advisory services to farmers. But the labour crunch is nevertheless forcing the average wage higher and has prompted many producers to invest in autonomous solutions.

Conclusion

The agriculture sector is facing a transformational skills and labour crisis. However, with the right approach, this acute disadvantage can become a generational advantage. By increasing the immigration of skilled farmers, encouraging colleges and universities to bring students of all backgrounds into the sector, and investing in innovative solutions to automate and reduce on-farm labour, Canada can lead the world into a new era of low carbon farming.

Budget 2023 was an opportunity to set ambitious goals that capitalize on Canada's natural advantages in agriculture. While many of the measures unveiled provide temporary relief to various issues, the budget lacked a comprehensive vision for the sector's future and the climate challenges it is encountering. The opportunity is there for farmers, governments and the broader agricultural supply chain to work together on this issue.

Meeting these challenges will demand a whole new approach that includes the participation of all of these stakeholders.

For acknowledgements and references visit:

thoughtleadership.rbc.com/farmers-wanted-the-labour-renewal-canada-needs-to-build-the-next-green-revolution

INTERGENERATIONAL FARM ROLLOVERS

Bud Arnold,
Baker Tilly

(519) 822-7670
barnold@bakertilly.ca

Family business succession planning involves many components, including family dynamics, leadership training, financial planning, management transition, legal agreements and – you guessed it – taxes.

Farm businesses are no different, as these common questions and answers illustrate:

Do you want to pay tax? Of course not!

How much tax do you want to pay? Less!

When do you want to pay the necessary tax? Later!

The intergenerational farm rollover rules allow eligible farmers to transfer eligible assets to eligible children without tax, with less tax and/or with tax payable later. Farming businesses can be prohibitively expensive to start, requiring significant capital, so the government provides farmers with tax planning tools to encourage farm transfers to the next generation. In general terms, these rules are applicable to four kinds of transfers.

1. Eligible property

This is land or depreciable property (e.g., buildings, equipment, tractors, quotas) in Canada that belonged to the parent. However, not all farm assets are eligible, with inventory and financial assets notably absent. Family farm or fishing corporations and partnerships can also qualify, if substantially all the asset value is used in an eligible farm or fishing business.

2. Eligible children

This includes grandchildren, great-grandchildren, spouses of eligible children (even if the eligible child has passed away) and eligible children of a spouse. The child in question must be resident in Canada and receive the property as an individual, not through a corporation or, technically, a partnership.

3. Used principally

Land used greater than 50 per cent for a farm business meets the "used principally" test. This is done on an asset-by-asset and year-by-year basis. For example, a parcel of land that was used 60 per cent in farming by an eligible family member (principally farming) in seven out of 13 years of ownership (principal use) should meet this test.

4. An eligible farm or fishing business

This involves the raising and harvesting of animals or plants or their byproducts, but it excludes renting out land, providing custom services to a farmer, trucking, manufacturing, generating solar energy and other non-farming activities that could take place in a farm context.

Normally, transactions between related persons are deemed to be completed at fair market value for income tax purposes. For example, if a mother gives the family cottage to her child as a gift, she owes tax on the inherent capital gain on the cottage. However, she could give eligible farm property to her child with a deemed transfer price of her cost of the property. In this way, she would pay no income tax when making the gift!

Alternatively, the mother could sell the farm to her child at any price between cost and fair market value. A common example would be to choose a sale price equal to her cost of the property plus her available capital gains deduction and any capital loss balances. In this way, she still pays no permanent income tax on the transfer, but her child inherits a higher cost base on the farm property, which reduces the future capital gain.

These rules are nuanced, and careful planning is required. It may be prudent for a mother to sell the farm property to her child at a price higher than the cash that she wishes to receive, so her child's tax position can be optimized. Forgiving the unpaid balance of the loan upon the mother's death may also be beneficial. In other situations, it may be best for her to hold the property until the end of her life, allowing her estate executors to elect a transfer price in the best interest of the family.

The mother should weigh her tax position, her cash needs and her child's tax position in evaluating her options. A sale of the property by her child within three years could negate this planning, increasing the need for family agreement. There are also HST and land transfer tax implications to consider. Whatever your situation, recommend you consult a qualified advisor.

SOYBEANS, CORN & WHEAT UPDATE

As we approach the end of 2023, trade is left with many questions with regards to the outlook for grain and oilseeds going forward.

The growing season alone posed its own challenge as a mostly favorable spring and quick planting window was followed by one of the driest Junes on record and a near ideal flip to wet and cooler weather in July. The debate over crop sizes will likely remain heated as we await harvest data. But looming in the background, and something we need to keep an eye on, is the possibility of shrinking demand prospects for US grains and oilseeds.

On the soybean side of things, US stockpiles are expected to expand year over year but are still on the tighter side of historical averages. This amplifies the importance of final yield data as a two or more bushel miss can make a big difference in the optics of how tight we are going into the new year in the US. While world supply is estimated to be record high for the 2023/24 season, this relies heavily on another large crop out of Brazil. As we head into fall and trade has more confidence in the size of the US crop, focus will quickly shift towards the Brazilian and Argentinian weather and planting pace. For the most part, Brazilian soil moisture levels look good at this time, and now that we have transitioned out of La Nina, the odds of a favorable growing season should improve. On the demand side of things, US continues to see its export share shrink as this year's large Brazilian crop has continued to steal Chinese demand. Unfortunately, this trend looks to continue, barring a wreck in Brazilian or Argentinian growing seasons this year. This is why it is so important once again to watch South American weather as it will continue to determine the extent of US exports going forward.

As for corn, there is likely a stronger case for yield damage than there is for soybeans, given the initial dryness in June. This will likely keep debates around crop size highly contested until final yield data is in. Unlike the beans however, the supply side for corn in the US looks quite a bit different. Although we are coming off relatively tight old crop stocks, barring a massive drop in final yield from current estimates, carry-out looks to swell into the two billion bushel plus range. The demand picture for corn has disappointed as of late, with US corn still non-competitive in the export market due to the large Brazilian second crop. Key to watch going forward will be if China returns as a buyer of US corn or not. The odds of this may unfortunately be low due to the new trade deal signed between China and Brazil last year and could result in further cuts to US export forecast in the months to come. The planting pace of Brazilian beans will be the next thing to watch after US yield data and export pace. Both will give an indication of the risk of a late planted second crop corn pollinating in the Brazilian dry season.

The absence of La Nina should support better growing conditions for Brazil and Argentina corn, but a large crop is never a guarantee and the growing season will likely provide its own set of risks and shocks in the months to come.

The wheat market remains volatile as we are well into the second year of the Russia/Ukraine war. For the most part, the market has become a bit more muted to the back-and-forth news coming out of the Black Sea. The Black Sea grain corridor ended in July, but cheap Russian wheat has remained abundant in the market since then. Going forward, we must continue to keep an eye on new developments out of the Black Sea.

One of the biggest risks could be if Ukraine is able to interrupt the flow of Russian grain to the market. As of writing, it is unknown what capacity Ukraine may have to do this, but comments about treating ships entering Russia ports as "potential carriers of military cargo" and therefore potential military targets is not something to take lightly. On the supply side of things, both the US and the rest of the world remain relatively tight. Winter wheat harvest in the US was disappointing once again and all eyes will be on the spring wheat harvest in both US and Canada going forward. As well, Australian weather needs to be monitored closely in the months to come as the last three years of La Nina have provided bumper crops. However, in non-La Nina years, Australian crops are much more susceptible to drought.

The Simpson/Caputo Group
of RBC Dominion Securities

519-747-1013

2023 HANDY FINANCIAL PLANNING FACTS

TFSA[1]	
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 – 2022 $6,500 for 2023
Maximum contribution limit since inception	$88,000 from 2009 – 2023, 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: $30,780 for 2023 – deadline February 29, 2024 $29,210 for 2022 – deadline March 1, 2023		
Withholding tax on RRSP withdrawals or payments over the annual minimum for a RRIF	Amount	All provinces except Quebec	Quebec
	$0 – $5,000 $5,001 – $15,000 Over $15,000	10% 20% 30%	20% 25% 30%

SPOUSAL RRSP / RRIF	
Spousal RRSP/RRIF attribution	• 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.

IMPORTANT PERSONAL TAX DEADLINES[2]	
Personal income tax instalments	March 15, 2023 June 15, 2023 September 15, 2023 December 15, 2023
Personal income tax return filing	May 1, 2023
Self-employed income tax return filing	June 15, 2023
Balance owing for taxes payable	May 1, 2023

2) 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, 2023 for 2022 interest; Jan. 30, 2024 for 2023 interest
Last trade date for Canadian and U.S. stocks	December 27, 2023, assuming a 2-day settlement

IPP	
Employment earnings required to contribute the maximum	$175,333 for 2023; $171,000 for 2022

PENSION AMOUNTS	
YMPE – yearly maximum pensionable earnings	$66,600
CANSIM rate	3.02%

U.S. THRESHOLDS	
Lifetime U.S. estate and gift tax exemption[3]	US $12,920,000
Annual U.S. gift tax exemption – non-U.S. married spouse	US $175,000
Annual U.S. gift exemption – children / others	US $17,000

3) A Canadian resident (non U.S. person) with > U.S. situs property US $60,000, and a worldwide estate US $12.92 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 31			
	Income level from 2020	CESG%	Max contribution to attract CESG	Max CESG
Maximum annual basic CESG	Any	20%	$2,500	$500
Maximum annual basic CESG if unused carry-fwds	Any	20%	$5,000	$1,000
Maximum annual additional CESG	$53,359 or less	20%	$500	$100
	$53,359 to $106,717	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 2021	Max contribution to attract CESG	Max CDSG/ CDSB
Annual CDSG limit	$106,717 or less	$1,500	$3,500
	Above $106,717	$1,000	$1,000
Annual CDSB limit	$34,863 or less	N/A	$1,000
	Between $34,863 and $53,359	N/A	$1,000 prorated
	Over $53,359	N/A	$0

CANADA PENSION PLAN and QUEBEC PENSION PLAN

Maximum amounts:	CPP	QPP
Retirement benefit at age 65	$1,306.57/mo	$1,306.57/mo
Post-retirement benefit at age 65	$40.25	N/A
Retirement benefit supplement	N/A	$31.72
Early retirement benefit at age 60 (36% max reduction or 0.6% per month)	$836.20/mo	$836.20/mo
Deferred retirement benefit at age 70 (42% max increase or 0.7% per month)	1,855.33/mo	$1,855.33/mo
Disability benefit	$1,538.67/mo	$1,537.13/mo
Survivor's benefit – younger than 65	$707.95/mo	See chart below
Survivor's benefit – 65 and older	$783.94/mo	$804.13/mo
Children of disabled CPP/QPP contributors	$281.72/mo	$89.45/mo
Children of deceased CPP/QPP contributors	$281.72/mo	$281.72/mo
Combined survivor's and retirement benefit at age 65	$1,313.13/mo	$1,315.95/mo
Combined survivor's and disability benefit	$1,542.77/mo	N/A
Death benefit (one-time payment)	$2,500.00	$2,500.00
Employee and employer contributions	$3,754.45/yr	$4,038.40/yr
Self-employed contributions	$7,508.90/yr	$8,076.80/yr

CHART – QPP SURVIVOR'S BENEFIT – younger than 65

Age	Situation	QPP
Under 45	Without any dependent children	$649.20/mo
Under 45	With one or more dependent children	$1,024.88/mo
Under 45	Disabled, with or without dependent children	$1,064.81/mo
Between 45 and 64	All situations	$1,064.81/mo

OLD AGE SECURITY

Maximum benefits as of Q1:	OAS[4]
Benefit at age 65	$687.56/mo
Deferred benefit at age 70 (36% max increase or 0.6% per month)	$935.08/mo
Clawback rate	$0.15 for every $1 of net income above $86,912; the full OAS is eliminated at a net income of $141,917, as of Q1

4) Seniors age 75 and over will receive an automatic 10% increase to their OAS pension.

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[5]	Income cut-off
Single, widowed or divorced	$1,026.96/mo	$20,832/yr (individual)
If your spouse receives the full OAS pension	$618.15/mo	$27,552/yr (combined)
If your spouse does not receive an OAS pension	$1,026.96/mo	$49,920/yr (combined)
If your spouse receives the Allowance[6]	$618.85/mo	$38,592/yr (combined)
Allowance[7]: If your spouse receives GIS and the full OAS pension	$1,305.71/mo	$38,592/yr (combined)
Allowance for the survivor[7]: If you are a surviving spouse	$1,556.51/mo	$28,080/yr (individual)

Any reference to a spouse in this section also includes a common-law partner.
5) The GIS is a monthly non-taxable benefit to OAS recipients who have a low income. It is added to OAS.
6) The Allowance is available to low-income individuals aged 60 to 64 who are the spouse of a GIS recipient.
7) The Allowance for the Survivor is available to people aged 60 to 64 who have a low income, and whose spouse has died.

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[8]	$13,521 to $15,000	$2,028 to $2,250
Spouse or common-law partner amount[8]	$13,521 to $15,000	$2,028 to $2,250
Age amount	$8,396	$1,259
Net income threshold for age amount	$0.15 for every $1 of net income above $42,335; the full age amount is eliminated at a net income of $98,308	
Disability amount	$9,428	$1,414
Disability supplement amount (for minors)	$5,500	$825
Pension income amount	$2,000	$300
Medical expense tax credit	Lesser of 3% of net income or $2,635	

8) The federal basic/spouse/common-law partner amounts range from $13,521 to $15,000 for taxpayers with taxable income below $165,430. The benefit of the increased amounts gradually declines until it is eliminated when taxable income reaches $235,675.

LIFETIME CAPITAL GAINS EXEMPTION (LCGE)

For qualified small business corporation shares	$971,190
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%[9]	For individuals taxed at the highest federal rate of 33%[10]
First $200	15%	15%
Excess over $200	29%	33% or 29%[9]

9) Highest federal rate begins when income is over $235,675.
10) 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.

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MEET THE TEAM

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Your comfort is our priority. We're happy to meet virtually for your convenience.

Farrah Amikons
Associate
farrah.amikons@rbc.com

Brent DeKoning, CIM
Investment Advisor
brent.dekoning@rbc.com

Frank Lorkovic, FCSI, PFP
Senior Portfolio Manager
& Wealth Advisor
frank.lorkovic@rbc.com

Sophia Cieplucha
Associate
sophia.cieplucha@rbc.com

Ryan Humphrey
Associate
ryan.humphrey@rbc.com

Wealth Management
Dominion Securities