



Wealth Management  
Dominion Securities

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RBC Dominion Securities Inc.

# INTELLIGENT FARMER™

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decisions.

## SOUTHWESTERN ONTARIO LAND VALUES

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# YOUR 3-POINT MENTAL HEALTH & RESILIENCE CHECKLIST

**For too long, farmers have struggled alone with mental health challenges. Today, the topic is more widely discussed and help is more readily available.**

From dealing with volatile markets and unpredictable weather, to financial worries and family challenges, farming has always been a stressful occupation. For decades, farmers have suffered in silence, for three main reasons:

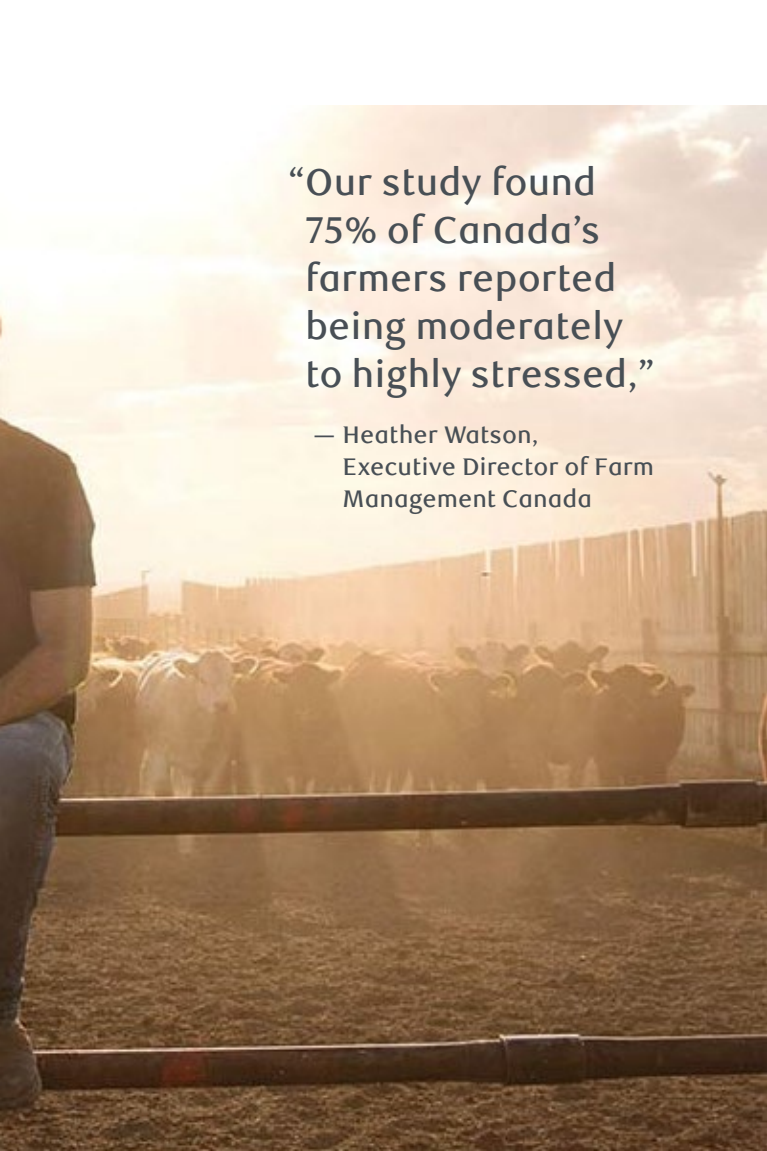
Many simply accepted that high stress came with the job & felt there was little that could be done.

Farmers who spoke out or sought help, feared being ostracized by their community.

There was little information available in terms of farm-specific mental health resources & support.

Today, to the benefit of farmers & producers everywhere, all three concerns have improved greatly. More farmers refuse to accept that debilitating stress just comes with the territory. The stigma regarding mental health issues is showing signs of easing. Ag-specific mental health resources & treatment are also becoming increasingly more available.

In 2020, Farm Management Canada released a landmark research study called Healthy Minds, Healthy Farms. Results showed that the majority of Canadian farmers incurred significant levels of stress. Beyond the personal impact on the farmers themselves, mental health was shown to be a serious risk for the prosperity and future of the agriculture industry.



**“Our study found 75% of Canada’s farmers reported being moderately to highly stressed,”**

— Heather Watson,  
Executive Director of Farm  
Management Canada

“Our study found 75% of Canada’s farmers reported being moderately to highly stressed,” says Heather Watson, Executive Director of Farm Management Canada. “Prolonged stress is proven to affect our capacity to think clearly and make timely, informed decisions and to prioritize effectively. It also affects our emotional stability. All these factors negatively affect our ability to run a farm business smoothly.”

**As identified by farmers in the study, the top three stressors are the unpredictability of the agricultural sector, workload pressures and financial pressures. These three won’t be disappearing any time soon. However, Watson believes Canadian farmers have the power to improve their mental health and resiliency.**

Here are 3 ideas:

## 1. Have a Farm Business Plan:

A business plan impacts both business success and the farmer’s mental health. In fact, in the Healthy Minds, Healthy Farms study, 88% of farmers who followed a written business plan say it has contributed to improved peace of mind. It’s easy to see why. For farmers, much of their stress comes from factors beyond their control. A business plan allows them to bring best practices to the factors they can control. It helps.

“These farmers are also more likely to adopt effective coping mechanisms such as crunching the numbers and creating contingency plans to remain resilient when times get tough, when decision-making becomes clouded,” says Watson. “They’re also more likely to reach out for support.”

## 2. Make Mental Health Part of Your Business:

It’s important to note that stress isn’t just felt by the farm’s owners. There is a trickle-down effect & employees are also affected. This makes mental health and personal resilience important themes for a farm’s business plan and daily work routine.

“I’ve heard of some farms mandating personal wellness days for their employees,” says Watson, “while others provide and support mental health training and counselling as part of their benefits program. It’s important to create a company culture that recognizes and supports positive mental health.”

## 3. Seek out community:

Something as simple as a phone call or text to a friend or fellow farmer can have a big impact. Organizations like Do More Ag host regular online sessions where farmers can talk, share or just listen in. Producer associations are making mental health awareness part of their mandate.

“Not so long ago, you would be hard-pressed to find mental health on meeting agendas and agricultural conference programs,” says Watson. “It’s now the norm. More farmers are speaking out through these events and social media, helping reduce the stigma by speaking openly about their mental health, encouraging and inspiring fellow farmers. We’re headed in the right direction and that’s encouraging.”





# TAX ISSUES AT HOME: FARMHOUSES

The simplest part of tax compliance and planning for a farm should be the family home. However, tax issues related to farmhouses abound! Let's unpack a few of the more common concerns.

## Farmhouse owned by an individual farmer

Consider an individual who purchases a 100 acre farm property consisting of 80 acres of workable land, a barn with 18 acres of bush and barnyard and a house with 2 acres of laneway and yard. This farmer moves into the farmhouse, using the farmland and buildings in a farm proprietorship business for several years.

Farmland is generally subject to GST/HST, so the farmer should register for GST/HST before the closing date. The farmer would then self-assess GST/HST on the commercial portion of the purchase price, which is often the entire non-residential portion of the value. Allocating the purchase price between taxable (commercial farm property) and exempt (residential property) can be challenging when no itemized appraisal is available. While it's generally the vendor's responsibility to determine the portion of the purchase price subject to GST/HST, it's wise to allocate the purchase price first, to the portion of the property that can be valued most reliably (such as a comparable house on a half hectare lot or a value per workable acre for comparable farmland). The farmer can then allocate the remaining purchase price between the remaining assets.

What is the tax impact when the farmer disposes of this farm by sale, intergenerational gift or on death? The sale price of the property would again need to be apportioned between farmland and farm buildings potentially eligible for the lifetime capital gains deduction and the residential portion eligible for the principal residence exemption. The land available for the principal residence exemption is generally limited to 1.24 acres (half a hectare). More land may be accepted, if necessary for the use of the residence, for example, where a municipality dictates a minimum lot size or a long laneway is required to access the residence.

Instead of apportioning the sale price between the principal residence and other property on the farm, a special rule permits a farmer to claim \$1,000 per year of ownership as the capital gain eligible for the principal residence exemption. Most houses in Canada increase in value by more than \$1,000 per year, so this election is rarely beneficial in this century, but it could still be of value in unusual circumstances.

## Farmhouse owned by a farm partnership

Consider the same fact pattern as above, except a farm couple purchases the property to operate a farm partnership business. The GST/HST issues remain the same: the couple would register for a partnership GST/HST account and self-assess the GST/HST.

However, the question then arises whether the farmhouse is an asset of the partnership or jointly owned by the individuals. Perhaps the couple excludes the house from any farm partnership financial statements and tax returns, suggesting that the house is not a partnership asset. However, the purchase of the property is typically all financed together, including the farmhouse with the farmland and farm buildings as collateral against the mortgage. Land title would not distinguish between the farm partnership portion and the personal farmhouse. A trust relationship would not likely be created where the couple holds legal title to the farmhouse for the benefit of the same couple. Therefore, the farmhouse is often considered a partnership asset when acquired in situations like this one.

On disposition, the partnership would realize a capital gain or loss on each component of the property. Since a partnership is not a taxpayer in Canada, these tax implications flow out to the partners and are reported on the individuals' T1 personal tax returns. While the Income Tax Act is unclear, the Canada Revenue Agency's position is to treat a partnership's disposition of a partner's principal residence as eligible for the principal residence exemption as though the property was owned personally. Therefore, each partner would claim the principal residence exemption on his or her portion of the residential part of the gain.

Meeting the definition of a family farm or fishing partnership eligible for the capital gains deduction or intergenerational farm rollover rules could also be impacted in this structure. To qualify for these tax-preferential rules on the farm partnership interest, the farm couple would need to show either that the farmhouse is provided to them primarily for the purpose of operating the farm business, or that the value of the farmhouse is no greater than approximately 10 per cent of the total value of the partnership assets.



Holding the farmhouse in the farm partnership raises an additional issue since Dec. 31, 2022. Each individual who owns a residential dwelling in their capacity as a partner of a partnership needs to file the new Underused Housing Tax Return and Election Form, UHT-2900. As a result, this couple would need to file two of these forms each year to report their farmhouse ownership and claim the specified Canadian partnership exemption from this tax.

### Farmhouse owned by a farm corporation

Consider the same fact pattern as above, except that the farmers incorporate a family farm or fishing corporation to purchase the property and operate a farm business.

The GST/HST issues remain the same: the corporation would register for a GST/HST account and self-assess the GST/HST.

Corporations are entitled to neither the principal residence exemption nor the capital gains deduction, so any capital gains on the future sale of the farm would be fully taxable. In addition, the farm couple would need to pay fair market value rent annually for the use of the farmhouse. The Canada Revenue Agency's general rule is to accept 5 per cent of the assessed value of the house as fair market value rent, so this rental charge can add up quickly.

Corporate-owned farmhouses can also impact access to the capital gains deduction and intergenerational farm transfer rules. The Canada Revenue Agency takes the position that a farmhouse may be considered an eligible farm asset of the corporation only where its primary use is "accommodation for persons who are actively employed in the farming business or their dependants. Furthermore, the residence must be provided to the persons in their capacity as employees, rather than as shareholders".

For these reasons, it is often desirable to hold the farmhouse personally. Where it is not practical or desirable to hold the entire farm property personally, the farm couple may be able to isolate the house from the farm property in one of the following ways:

1. The farm couple may be able to purchase the farmhouse from the corporation at fair market value, ideally supported by an independent appraisal. To support this ownership structure, the farm couple should enter into a properly drafted agreement of purchase and sale as well as a long-term land lease agreement with the corporation for the land adjacent and contiguous to the farmhouse, as well as the residential portion of the yard and laneway as described in the first scenario above. The land lease payments should be at fair market value and be exempt from GST/HST. On

future sale of the property, the corporation would sell the farmland, while the farm couple would sell the farmhouse personally to the buyer and claim the principal residence exemption directly.

2. The farm couple may be able to acquire beneficial ownership of the farmhouse and related land from the corporation at fair market value, ideally supported by an independent appraisal. By purchasing a beneficial interest in the land along with the house, a lease agreement should not be necessary. However, a trust agreement would be advisable to document that all rights of possession and alienation pass to the farm couple, although legal title remains with the corporation. The farm couple should then address their terminal wishes for the farmhouse in their wills and claim the principal residence exemption directly on any disposition. The Canada Revenue Agency has not published a positive opinion on this tax planning approach, but it has opined that scenarios lacking the right to sell or transfer the house would not be eligible for the principal residence exemption.

Holding the farmhouse in a corporation also requires annual filing of the new form UHT-2900 to report the farmhouse ownership and claim the specified Canadian corporation exemption from this tax. The first planning approach provided above to remove ownership of the farmhouse from the corporation under a long-term lease agreement for the land should exempt the corporation from filing form UHT-2900, but the second approach would create a bare trust arrangement and require annual filing of both form UHT-2900 and a T3 trust income tax and information return.

### How should you best structure your farmhouse ownership?

The best structure for your farm business depends on many considerations, as outlined in a recent Farm Alert. Fitting the ownership of the farmhouse into the desired business structure also requires careful planning. Your Baker Tilly advisors can help you determine the best option for you.



Thomas Blonde,  
Baker Tilly  
(519) 846-5315  
tblonde@bakertilly.ca



**SOUTHWESTERN  
ONTARIO LAND  
VALUES  
2023**



Ryan R. Parker,  
Partner at Valco  
Consultants Inc.  
(519) 709-3088

**Similar to the price of almost everything, farmland values continued to push higher in 2023 with the 11 Counties in Southwestern Ontario increasing by just over 10%. However, this increase is significantly lower than the past 2 years that saw increases of approximately 25% per year and is closer to the long-term rate of increase on farmland that is typically quoted in the 5%-10% range.**

This past year there were many areas in Southwestern Ontario that experienced new highs with a large swath of these 11 Counties having farms trade for over \$25,000 per acre and various pockets where expectations of over \$40,000 per acre became reality. These highs and overall increase in land values were despite a seemingly stiff headwind from interest rates and commodity prices. Interest rates available to farmers in 2023 were 2 to 3 times higher than the lows experienced during 2020-2022. However, the year ended on a good note with a fairly significant drop in mortgage rates.

On the commodity side of the ledger, the price of corn has dropped from \$6.54/bushel in the first week of 2023 to \$4.83/bushel in the last week of 2023 (source: OMAFRA new crop cash weekly prices). This 35% decrease, although better than the 60% drop experienced in 2013, is a major reason that the increase of farmland values has slowed. Following that 2013 drop, farmland values in these 11 Counties increased at rate of between 2.6%-9.7% until 2020-2021 when interest rates decreased and commodity prices increased. A logical theory would be that we will see lower farmland value increases for the foreseeable future if that future involves greater than 5% interest rates and less than \$5 corn.

Even though there was an overall increase in 2023 and overall prices remain very strong, there was a notable shift in demand in the last quarter of the year. There were fewer bidders for each farm than earlier in the year and this resulted in some surprising sales to end 2023. In multiple areas where values had been \$30,000-\$40,000 per acre for the year prior, there were a few farm sales that came in lower than \$30,000 per acre. Although I try to avoid the rumour-mill, it was notable for the first time that I can recall that the buzz in the countryside was about these lower sales and not about the new high sale. As a few months have passed since those sales, and a few additional farms have been sold in those areas at near new highs, it is apparent that the market is extremely variable and that the range of values is large.

It is this variability and expansive range that I believe will best describe our farmland market in 2024. For those farmers that have the means (think cash flow rather than equity), there will likely be several buying opportunities in 2024. The key for those producers will be picking their spot as there will be farms that garner big interest and result in big prices, as well as farms that have limited demand and will result in the potential for a 'deal'.

I wish everyone a prosperous 2024 and look forward to seeing many of you in my travels across farm country.

# SOUTHWESTERN ONTARIO LAND VALUES

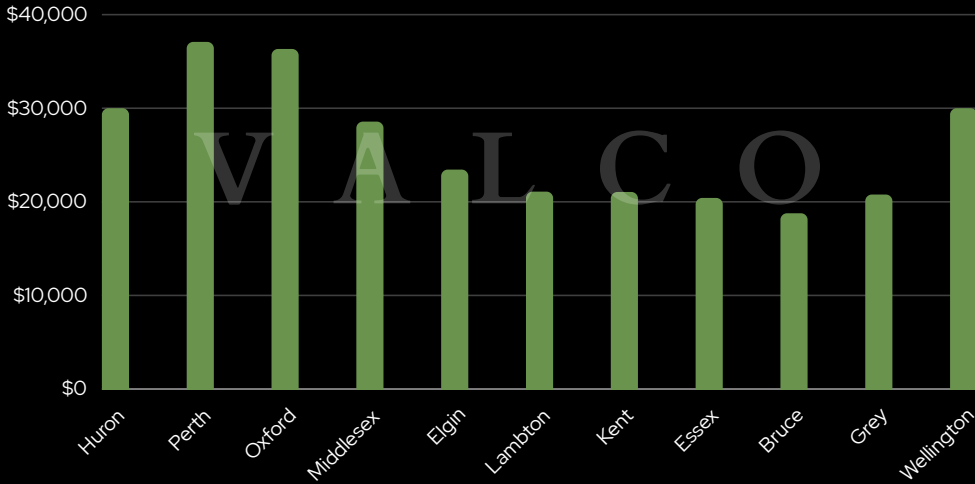


Figure 1: Median land values for 2023

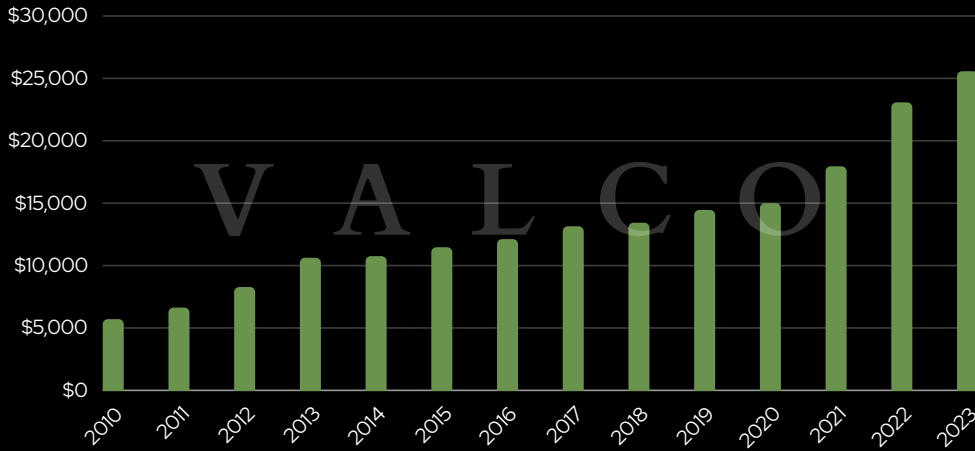
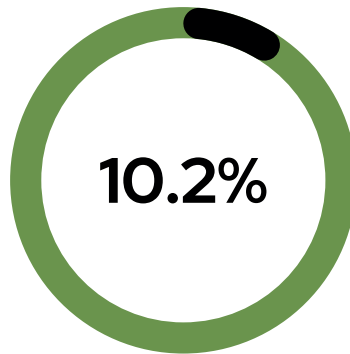


Figure 2: Median land values for all included counties

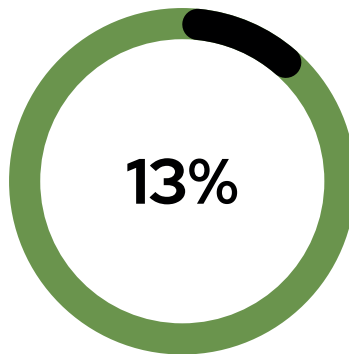


# CHANGE IN VALUES

2022 to 2023 Average Change  
Among All 11 Counties



2010 to 2023 Average Change  
Among All 11 Counties



Median 2023 Land Value



# HURON COUNTY

## 2022 Top Farm Cash Receipt

Hogs \$379,480,000

## 5 Year Average Crop Yields (bushels/acre)

Corn 171  
Soybeans 53  
Winter Wheat 94

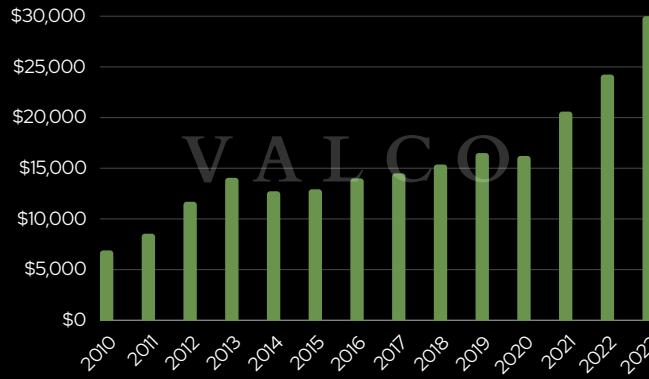


Figure 1: Median land values for Huron County

2022-2023

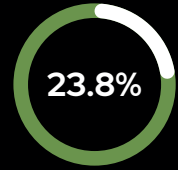


Figure 3: Average Change

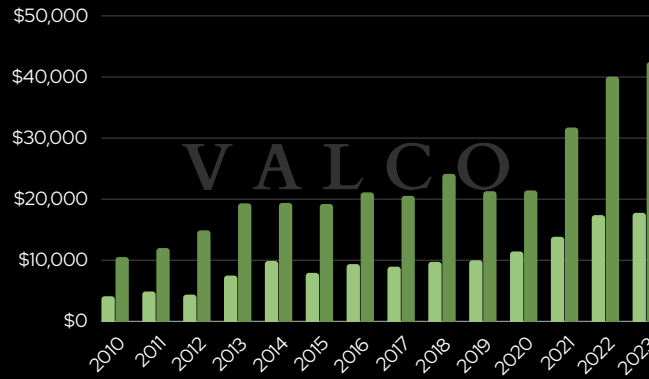


Figure 2: Low and High land values for Huron County

2010-2023

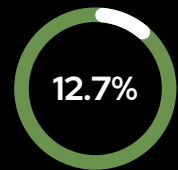


Figure 4: Average Change

# PERTH COUNTY

## 2022 Top Farm Cash Receipt

Hogs \$324,010,000

## 5 Year Average Crop Yields (bushels/acre)

Corn 177  
Soybeans 54  
Winter Wheat 96



Figure 1: Median land values for Perth County

2022-2023

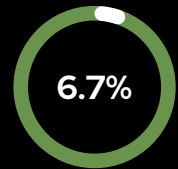


Figure 3: Average Change

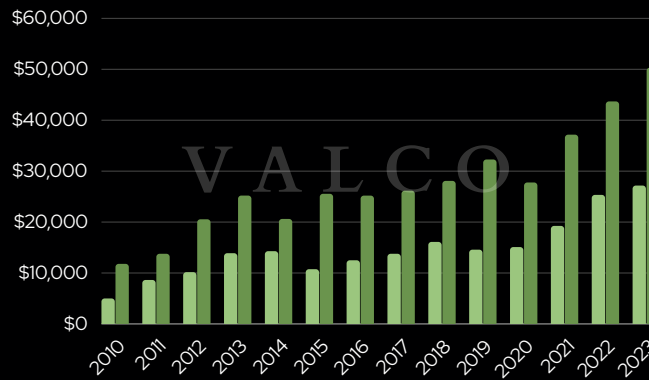


Figure 2: Low and High land values for Perth County

2010-2023



Figure 4: Average Change

# OXFORD COUNTY

## 2022 Top Farm Cash Receipt

Dairy \$337,200,000

## 5 Year Average Crop Yields (bushels/acre)

Corn 178  
Soybeans 54  
Winter Wheat 97



Figure 1: Median land values for Huron County

2022-2023



Figure 3: Average Change

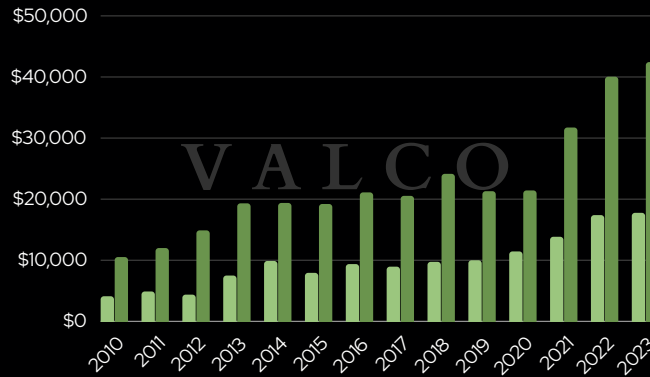


Figure 2: Low and High land values for Huron County

2010-2023



Figure 4: Average Change

# MIDDLESEX COUNTY

## 2022 Top Farm Cash Receipt

Corn \$250,780,000

## 5 Year Average Crop Yields (bushels/acre)

Corn 177  
Soybeans 53  
Winter Wheat 90

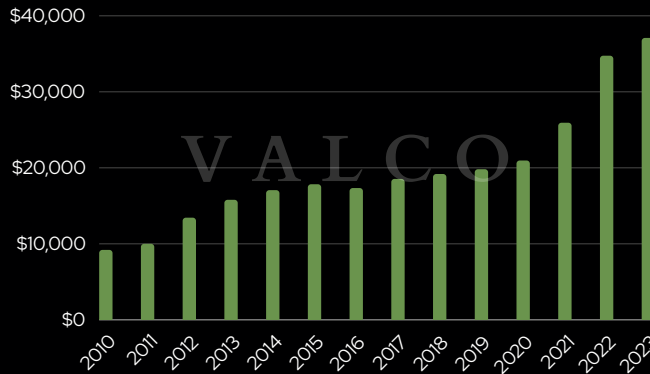


Figure 1: Median land values for Perth County

2022-2023

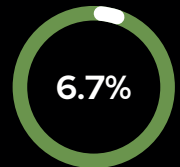


Figure 3: Average Change

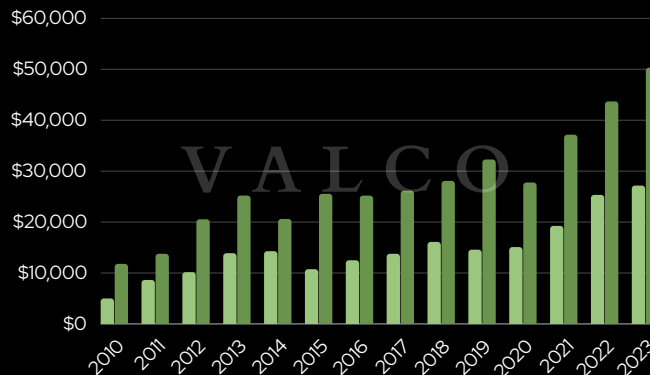


Figure 2: Low and High land values for Perth County

2010-2023



Figure 4: Average Change

# ELGIN COUNTY

## 2022 Top Farm Cash Receipt

Corn \$203,320,000

## 5 Year Average Crop Yields (bushels/acre)

Corn 177  
Soybeans 53  
Winter Wheat 88

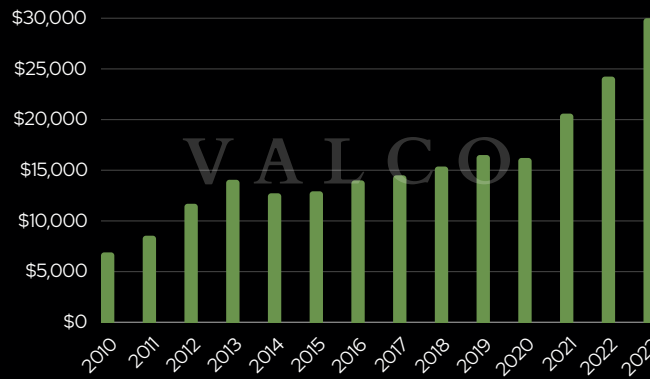


Figure 1: Median land values for Huron County

2022-2023



Figure 3: Average Change

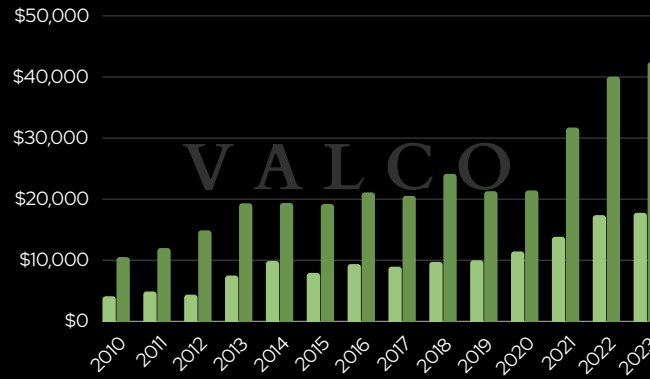


Figure 2: Low and High land values for Huron County

2010-2023

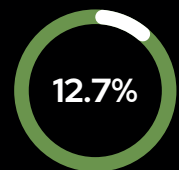


Figure 4: Average Change

# LAMBTON COUNTY

## 2022 Top Farm Cash Receipt

Soybeans \$278,660,000

## 5 Year Average Crop Yields (bushels/acre)

Corn 172  
Soybeans 49  
Winter Wheat 80

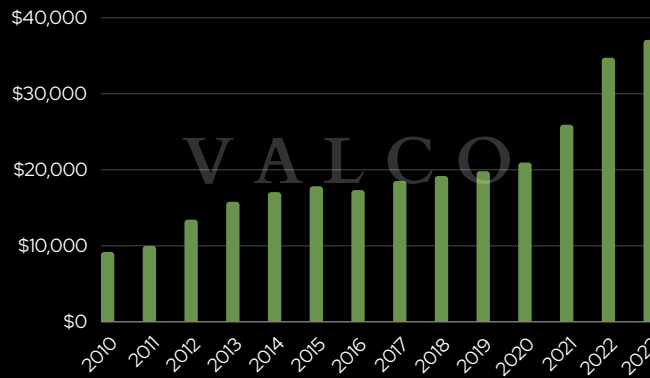


Figure 1: Median land values for Perth County

2022-2023

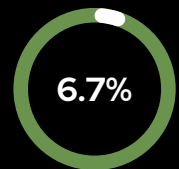


Figure 3: Average Change

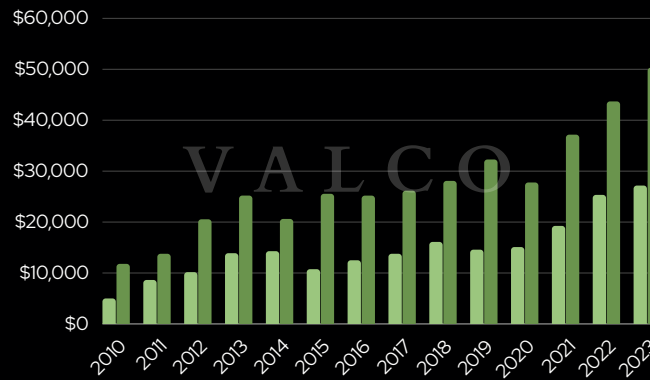


Figure 2: Low and High land values for Perth County

2010-2023



Figure 4: Average Change

# KENT COUNTY

## 2022 Top Farm Cash Receipt

Soybeans \$272,020,000

## 5 Year Average Crop Yields (bushels/acre)

Corn 183  
Soybeans 53  
Winter Wheat 92

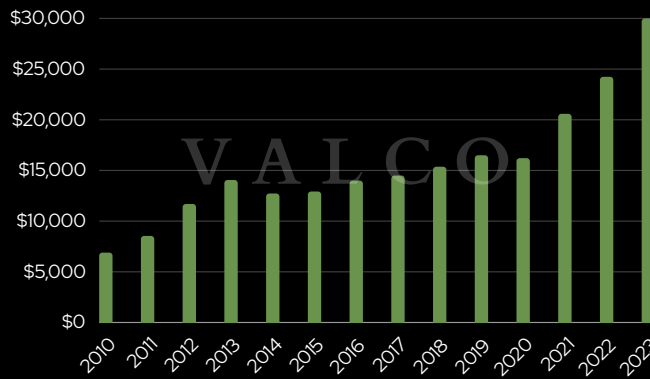


Figure 1: Median land values for Huron County

2022-2023



Figure 3: Average Change

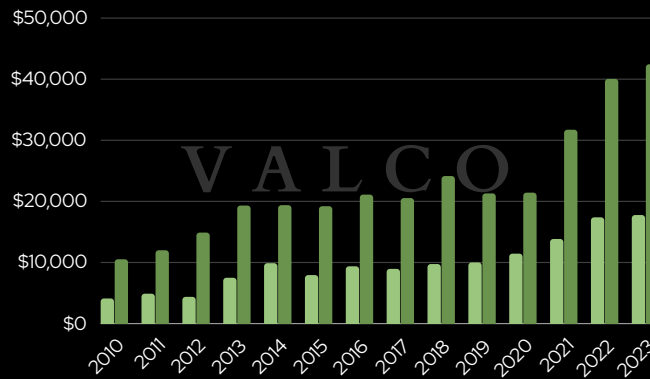


Figure 2: Low and High land values for Huron County

2010-2023



Figure 4: Average Change

# ESSEX COUNTY

## 2022 Top Farm Cash Receipt

Greenhouse Vegetables \$1,086,540,000

## 5 Year Average Crop Yields (bushels/acre)

Corn 171  
Soybeans 52  
Winter Wheat 77

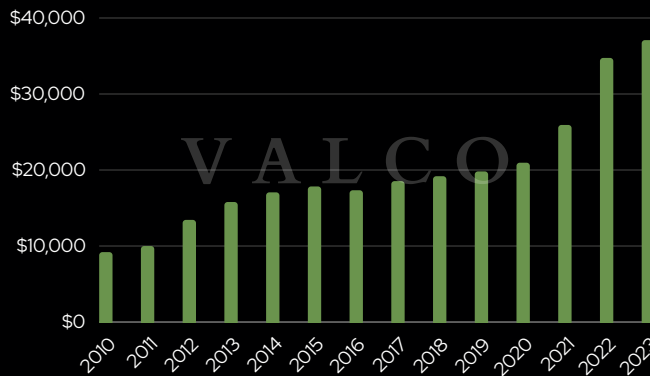


Figure 1: Median land values for Perth County

2022-2023

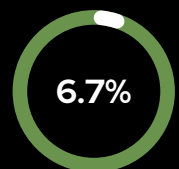


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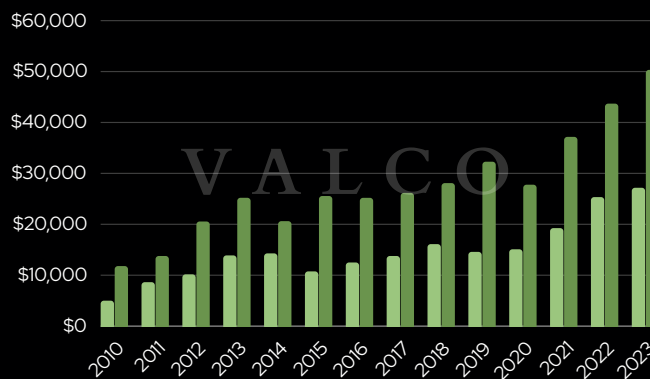


Figure 2: Low and High land values for Perth County

2010-2023



Figure 4: Average Change

# BRUCE COUNTY

## 2022 Top Farm Cash Receipt

Beef \$218,050,000

## 5 Year Average Crop Yields (bushels/acre)

Corn 163  
Soybeans 50  
Winter Wheat 91

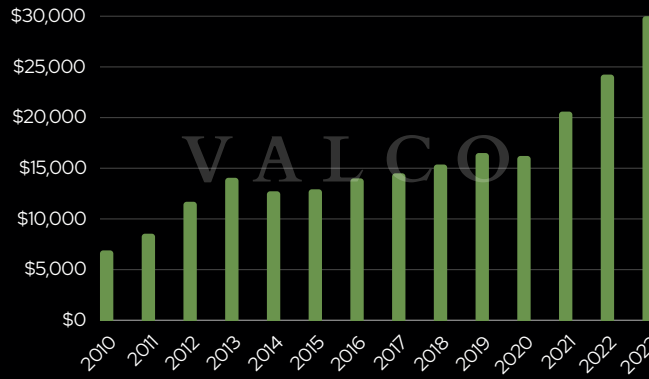


Figure 1: Median land values for Huron County

2022-2023

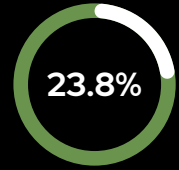


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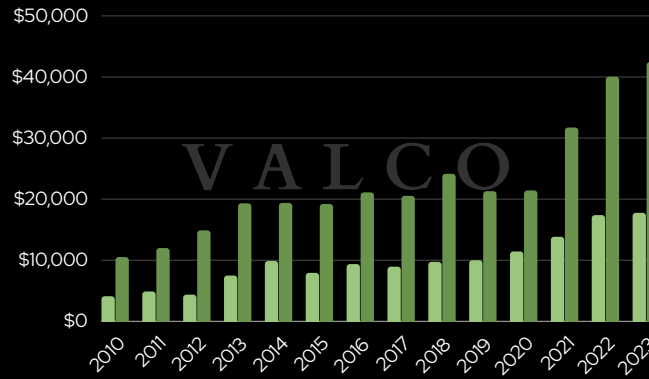


Figure 2: Low and High land values for Huron County

2010-2023

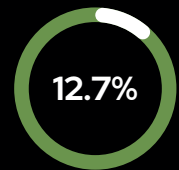


Figure 4: Average Change

# GREY COUNTY

## 2022 Top Farm Cash Receipt

Beef \$157,600,000

## 5 Year Average Crop Yields (bushels/acre)

Corn 154  
Soybeans 47  
Winter Wheat 87

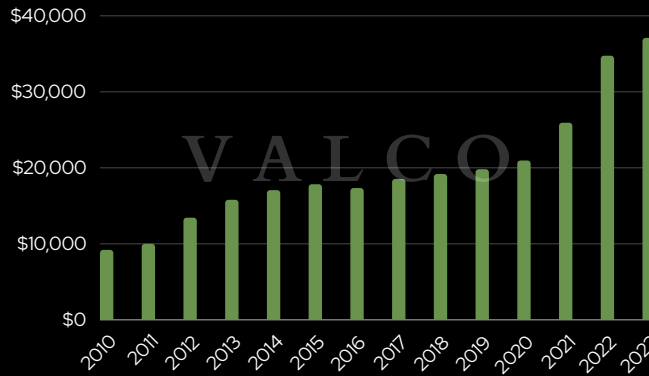


Figure 1: Median land values for Perth County

2022-2023

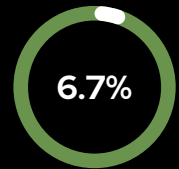


Figure 3: Average Change

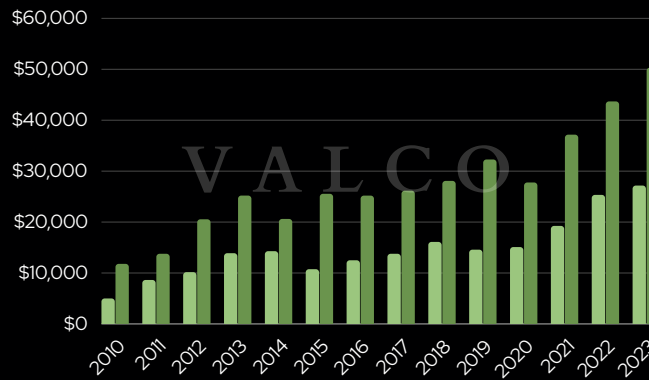


Figure 2: Low and High land values for Perth County

2010-2023



Figure 4: Average Change

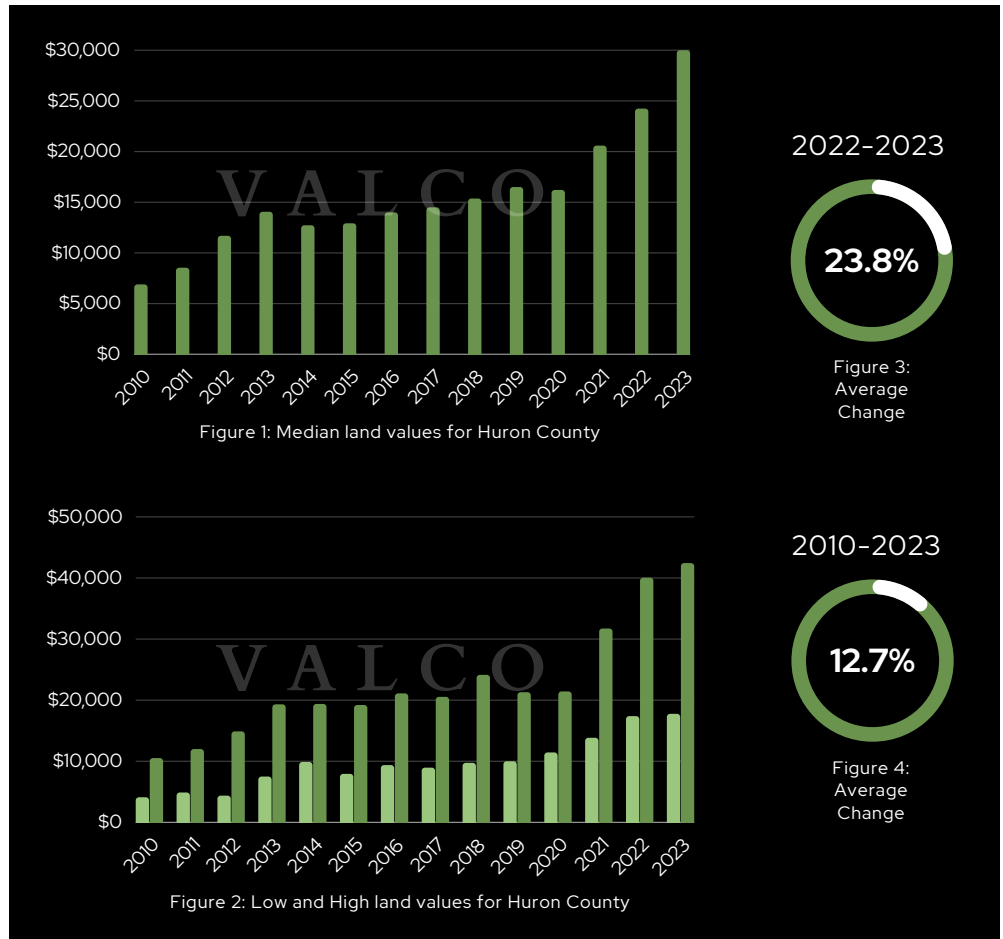
# WELLINGTON COUNTY

## 2022 Top Farm Cash Receipt

Dairy \$254,550,000

## 5 Year Average Crop Yields (bushels/acre)

Corn 165  
Soybeans 51  
Winter Wheat 90



## PARAMETERS

This study has been completed to provide information on agricultural land values in the general Southwestern Ontario region. The Counties of Huron, Perth, Oxford, Middlesex, Elgin, Lambton, Kent, Essex, Bruce, Grey and Wellington have all been analysed in this report.

Only sales that occurred in 2023 were selected for the 2023 study. The majority of the sales chosen had no building improvements (vacant land), with the exceptions being minimally improved properties (i.e. older house and shed) which have had the value of the improvements extrapolated. Also, the sales utilized were considered to be used solely for farming purposes. The sales have been analysed on a per tillable acre basis, as this rate is believed to be the most accurate reflection of the value of agricultural land.

In stating land values in this report, the median unit of measurement was used rather than the mean, as the median tends to better protect against outliers in the sales data. The same study was completed from 2010 to 2022, with those results also shown in this report.

## DISCLAIMER

The information contained in this report was obtained from sources believed to be reliable. Certain information in this report has been accepted at face value; especially if there is no reason to doubt its accuracy. Certain empirical data required interpretive analysis pursuant to the objective of this report. However, I have not verified its accuracy and make no guarantee, warranty or representation regarding it. The specific sales data provided is subject to the possibility of errors, omissions, mistakes in calculation of total and tillable acre sizes, as well as error in reported sale price and/or sale date. Although an attempt has been made to find every pertinent sale in the areas described, it is not possible to confirm that this is the case.

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# SAVING FOR RETIREMENT ON THE FARM



Bud Arnold,  
Baker Tilly

(519) 822-7670  
barnold@bakertilly.ca

Given the all-consuming complexity of any farm business, it's not uncommon for farmers to overlook the importance of retirement planning. The constant need to reinvest in these businesses means there's rarely a good time to think about saving for the future. With that in mind, you have to be proactive about planning for retirement throughout your career, so you have a clear sense of what will transpire when you leave your farm business behind. In this article, we will explore the challenges, risks and opportunities facing farm businesses planning for retirement. Considering all of this early is essential to eventually having the option to slow down, collect some passive income and take a well-deserved break from physical labour.

## Know your limitations

Clients often make the mistake of underestimating their future financial needs, which causes them to give their children a bigger financial break than they can afford when they transfer the farm. You really need to look at your current budget and consider what you'll need in retirement. You might think x dollars is enough, but you didn't consider the fact that you or your spouse might end up in an expensive long-term care facility, which would cause a sudden increase in your monthly expenses. By sacrificing too much to the next generation, some clients are forced into a hand-to-mouth retirement, rather than the more enjoyable one – full of travel and adventure – they worked for and always

imagined for themselves. This could also make it impossible to make comparable contributions to the well-being of your other kids, who aren't part of a farm operation.

## Budgeting for the future

When it comes to budgeting for the future, it may seem difficult to predict your own longevity, but family history tends to be a reliable indicator of how long you are likely to live. If your parents and grandparents lived into their 90s, there's a good chance you will also live to your 90s. However, if you had a heart attack or cancer in your 50s or 60s, that might lead you to be a little less cautious in your spending because your longevity potential may be diminished. Then again, with the quality of today's health care, you could still live a very long and healthy life after overcoming medical adversity, so there's no strict rule of thumb. Fortunately, there is help out there from the government through the CPP and other programs, but these will not offer the support necessary to maintain a more comfortable lifestyle in retirement. With that in mind, we always suggest saving a little more than you think you'll need.

## Asset value

Farm assets are quite valuable in relationship to the cash flow they generate, so these assets really pay off when it comes time to fund your retirement. However, the high cost of these assets is also an obstacle for family members who might be interested in taking over the business. As a result, parents often transfer these assets to the next generation at a significantly reduced price, making it easier for them to take over the business. Of course, this deprives the parents of a crucial source of funding for their retirement. In cases like

this when you opt not to sell your assets to the highest bidder on the open market, it always pays to have other strategies already in place.

## Strategies to consider

No matter where you are in the evolution of your farm business, the time is right to start saving for retirement, and there are three standout options available:

- 1. Establish an estate freeze** – In an estate freeze situation, the current value of a farm is locked-in (in the form of preferred shares) and future growth transfers to the next generation. Rather than pass the entirety of your business and its value on to your kids, you are simply giving them an opportunity to grow the business and generate additional profit while you live off the value that has already been established.
- 2. Feasible discounts** – Another option is to sell farmland to the next generation as an interest-free promissory note, which protects the parent's equity on farm assets. Under this strategy, a selling price is decided upon that meets the parent's retirement cash needs while also offering a discount to the buyer. In addition, the capital gains exemption can help reduce the income tax owing on the transfer.
- 3. Off-farm savings program** – If all your resources are tied up in the farm and you hope to make the farm available to the next generation at a discount, you should start saving off the farm. This will ensure you have additional resources available for retirement. Options include RRSPs, a tax-free savings account and other business investments.





## SOYBEANS, CORN & WHEAT UPDATE

**As planting approaches this year, Russia/Ukraine conflict headlines have taken a back seat to concerns over China's struggling economy and a continued lackluster demand profile for U.S. grains and oilseeds. The grains and oilseeds market as a whole has had to pivot – now trying to encourage demand versus the demand-rationing we have seen in the past two seasons.**

Let's focus first on the corn market. The U.S. corn export program has done a fine job keeping up with the U.S. Department of Agriculture's (USDA's) export estimate. Unfortunately, a competitive South American corn export program has kept U.S. corn prices suppressed in order to remain competitive in the world export market. Come spring, Brazil's export program is expected to ramp up as their larger second crop corn harvest enters the market with trade closely watching how the U.S. corn price may react. When looking at the balance sheet, U.S. corn ending stocks are estimated to be quite large and comparable to levels not seen since 2016 to 2018. Without either a large reduction in acres this spring or a

substantial adverse weather event, it may be tough to see ending stocks contract significantly. This could likely provide resistance on rallies throughout the year as the market switches to an environment in which we need to encourage demand versus rationing it, as we have seen the past two growing seasons.

Heading to planting, weather analysts are projecting a return to a La Niña weather pattern this spring into summer. This weather shift from a wet and cool U.S. growing season to the potential for hot, dry conditions may spark some volatility in the markets. While the corn market has ample margin for error on the balance sheet, the soybean complex remains tighter stateside. Currently, soybean ending stocks are projected to rise year-over-year, however, with less of a margin for error as compared with corn. This would indicate that worries of drought and production issues could be more impactful to the bean complex. Similar to the corn market, the U.S. soybean export program has faced stiff competition with South America. This has kept pressure on U.S. prices as ample world supplies have made the U.S. a follower of world prices. With a large and growing world ending stocks estimate for soybeans, U.S. soybeans will likely continue this trend of being a world price follower unless there is a substantial weather issue in the U.S. this growing season.

Unlike last year, headlines about the Russia/Ukraine conflict have faded in their market moving ability. Cheap supplies of world wheat – specifically from Russia – has kept a lid on U.S. prices. In Canada, exports and domestic disappearance have both run ahead of their five-year averages. Unfortunately, in the U.S., wheat has largely continued its trend of falling exports year-over-year, and remains uncompetitive for the most part in the world export market. Although world prices remain low, major exporting nations' stocks to use are still perched near record lows. This, on its own, is not a reason for the market to rally, but it does underscore the risk to trade if supply issues arise with the Northern Hemisphere crop.

Moving forward, focus will soon shift away from the South American crop and on to the U.S. Heading into the spring, trade will closely monitor how the U.S. wheat crop comes out of dormancy, as well as the prospect of a returning La Niña weather pattern in the summer. Increasing tensions between Russia and Ukraine is still a factor to watch for, however, trade has largely discounted any major supply disruption arising from the conflict as we come out of the winter.



**The Simpson/Caputo Group  
of RBC Dominion Securities**

519-747-1013

# 2024 HANDY FINANCIAL PLANNING FACTS

TFSA <sup>1</sup>	
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 \$7,000 for 2024
Maximum contribution limit since inception	\$95,000 from 2009 – 2024, if born in 1991 or earlier and resident of Canada during those years

<sup>1</sup>) 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: \$31,560 for 2024 – deadline March 3, 2025 \$30,780 for 2023 – deadline February 29, 2024		
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"> <li>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.</li> <li>An exception applies to RRIF minimum payments, which are not subject to attribution.</li> <li>The amount attributed is limited to the total amount of the spousal RRSP contributions made by the contributor during the three-year period.</li> </ul>

IMPORTANT PERSONAL TAX DEADLINES <sup>2</sup>	
Personal income tax instalments	March 15, 2024 June 17, 2024 September 16, 2024 December 16, 2024
Personal income tax return filing	April 30, 2024
Self-employed income tax return filing	June 17, 2024
Balance owing for taxes payable	April 30, 2024

<sup>2</sup>) 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, 2024 for 2023 interest; Jan. 30, 2025 for 2024 interest
Last trade date for Canadian and U.S. stocks	December 27, 2024, assuming a 2-day settlement

IPP	
Employment earnings required to contribute the maximum	\$180,500 for 2024; \$175,333 for 2023

PENSION AMOUNTS	
YMPE – yearly maximum pensionable earnings	\$68,500
YMPE – yearly additional pensionable earnings	\$73,200
CANSIM rate	3.39%

U.S. THRESHOLDS	
Lifetime U.S. estate and gift tax exemption <sup>3</sup>	US \$13,610,000
Annual U.S. gift tax exemption – non-U.S. married spouse	US \$185,000
Annual U.S. gift tax exemption – children / others	US \$18,000

<sup>3</sup>) A Canadian resident (non U.S. person) with > U.S. situs property US \$60,000, and a worldwide estate US \$13.61 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			
Maximum annual basic CESG	Income level from 2020	CESG%	Max contribution to attract CESG	Max CESG
	Any	20%	\$2,500	\$500
Maximum annual basic CESG if unused carry-fwds	Any	20%	\$5,000	\$1,000
	\$55,867 or less	20%	\$500	\$100
Maximum annual additional CESG	\$55,867 to \$111,733	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		
Annual CDSG limit	Income level from 2022	Max contribution to attract CESG	Max CDSG/ CDSB
	\$111,733 or less	\$1,500	\$3,500
	Above \$111,733	\$1,000	\$1,000
Annual CDSB limit	\$34,863 or less	N/A	\$1,000
	Between \$36,502 and \$55,867	N/A	\$1,000 prorated
	Over \$55,867	N/A	\$0

## CANADA PENSION PLAN and QUEBEC PENSION PLAN

Maximum amounts:	CPP	QPP
Retirement benefit at age 65	\$1,364.60/mo	\$1,364.60/mo
Post-retirement benefit at age 65	\$44.46	N/A
Retirement pension supplement	N/A	0.66% of the earnings contributed in 2023
Early retirement benefit at age 60 (36% max reduction or 0.6% per month)	\$872.34/mo	\$873.34/mo
Deferred retirement benefit	\$1,937.73/mo at age 70 (42% max increase or 0.7% per month)	\$2,166.98 at age 72 (58.8% max increase)
Disability benefit	\$1,606.78/mo	\$1,606.75/mo
Survivor's benefit – younger than 65	\$739.31/mo	See next chart
Survivor's benefit – 65 and older	\$818.76/mo	\$822.14/mo
Children of disabled CPP/QPP contributors	\$294.12/mo	\$93.39/mo
Children of deceased CPP/QPP contributors	\$294.12/mo	\$294.12/mo
Combined survivor's and retirement benefit at age 65	\$1,375.41/mo	~\$1,364.60/mo
Combined survivor's and disability benefit	\$1,613.54/mo	N/A
Death benefit (one-time payment)	\$2,500.00	\$2,500.00
Employee and employer contributions – base	\$3,867.50/yr	\$4,160/yr
Employee and employer contributions – enhanced <sup>4</sup>	\$188/yr	\$188/yr
Self-employed contributions – base	\$7,735/yr	\$8,320/yr

<sup>4</sup> Starting in 2024, a separate additional contribution rate applies to earnings above the YMPE up to the YAMPE.

## CHART – QPP SURVIVOR'S BENEFIT – younger than 65

Age	Situation	QPP
Under 45	Without any dependent children	\$668.91/mo
Under 45	With one or more dependent children	\$1,061.12/mo
Under 45	Disabled, with or without dependent children	\$1,102.80/mo
Between 45 and 64	All situations	\$1,102.80/mo

## OLD AGE SECURITY

Maximum benefits as of Q1:	OAS <sup>5</sup>
Benefit at age 65 TO 74	\$713.32/mo
Benefit at age 75 and over	\$784.67/mo
Deferred benefit at age 70 (36% max increase or 0.6% per month)	\$970.12/mo
Clawback rate	\$0.15 for every \$1 of net income above \$90,997. The full OAS is eliminated at a net income of \$148,065, as of Q1. The upper threshold is \$153,771 for those age 75 and over.

<sup>5</sup> 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 <sup>6</sup>	Income cut-off
Single, widowed or divorced	\$1,065.47/mo	\$21,624/yr (individual)
If your spouse receives the full OAS pension	\$641.35/mo	\$28,560/yr (combined)
If your spouse does not receive an OAS pension	\$1,065.47/mo	\$51,840/yr (combined)
If your spouse receives the Allowance <sup>7</sup>	\$641.35/mo	\$39,984/yr (combined)
Allowance <sup>7</sup> : If your spouse receives GIS and the full OAS pension	\$1,354.69/mo	\$39,984/yr (combined)
Allowance for the survivor <sup>8</sup> : If you are a surviving spouse	\$1,614.89/mo	\$29,112/yr (individual)

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

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

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

<sup>8</sup> 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 <sup>9</sup>	\$14,156 to \$15,705	\$2,123 to \$2,356
Spouse or common-law partner amount <sup>8</sup>	\$14,156 to \$15,705	\$2,123 to \$2,356
Age amount	\$8,790	\$1,319
Net income threshold for age amount	\$0.15 for every \$1 of net income above \$44,325; the full age amount is eliminated at a net income of \$102,925	
Disability amount	\$9,872	\$1,481
Disability supplement amount (for minors)	\$5,758	\$864
Pension income amount	\$2,000	\$300
Medical expense tax credit	Lesser of 3% of net income or \$2,759	

<sup>9</sup> The federal basic/spouse/common-law partner amounts range from \$14,156 to \$15,705 for taxpayers with taxable income below \$173,205. The benefit of the increased amounts gradually declines until it is eliminated when taxable income reaches \$246,752.

## LIFETIME CAPITAL GAINS EXEMPTION (LCGE)

For qualified small business corporation shares	\$1,016,836
For qualified farm or fishing property	\$1,016,836

## FEDERAL DIVIDEND TAX RATES

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% <sup>10</sup>	For individuals taxed at the highest federal rate of 33% <sup>11</sup>
First \$200	15%	15%
Excess over \$200	29%	33% or 29% <sup>9</sup>

<sup>10</sup> Highest federal rate begins when income is over \$246,752.

<sup>11</sup> 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.

# Farm succession planning services

Every farm tells a story, with each generation adding a chapter to the book.



## 1. Discovery

We listen and fully understand what is important to you and your family, as well as the future of your family's farm.



## 2. Deliverable

We create a highly personalized plan that incorporates the future of the farm, your personal wealth and most importantly, what you and your family want out of life.



## 3. Implementation

We work with your existing team of professionals to implement planning strategies, capturing every opportunity, so you and your family can enjoy greater financial peace of mind.



It starts with getting to know you, your *family* and your *business*.  
*Let's connect & chat.*

## MEET THE TEAM

Contact us today at 519-747-5541

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

**Ryan Humphrey**  
Associate Advisor  
ryan.humphrey@rbc.com



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