Richard Rand's

Random Views

"Simplifying All The Financial Needs of Busy Families"

Wealth Management
Dominion Securities

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Rand Wealth Management – February 2019

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Happy New Year from Rand Wealth Management !!!!

25 years after Richard and two other RBC DS Investment Advisors came out to Richmond to open the first Richmond office, we are on the move again and our Richmond office will now be just across the north arm of the Fraser River at the intersection of Cambie Street and S.W. Marine Drive. The area is called the Marine Gateway and is home to the Canada Line Marine Drive station, the Cineplex Theaters and many other shops and restaurants. There is also lots of public parking on the P1 and P2 parking levels, along with several parking stalls with charging stations for electric vehicles.

We hope that you will come and visit our new location soon and the only change will be our address and postal code, as all our other contact information will stay the same.

Thank you again,

Richard and Pearl

http://marinegateway.com

Today's Chuckle:

Get Out Of The Box

"Behold the turtle. He makes progress only when he sticks his neck out."

James Bryant Conant
Chemist, Educator

On Monday, March 11, 2019, we will be relocating to:

450 S.W. Marine Dr., 16th Floor
Vancouver B.C. V5C 0C3

We look forward to seeing you there, where we will continue to offer:

- Personal investment advice
- All-encompassing financial planning
- Retirement income planning
- Will and estate consultation
- Wealth protection solutions
- Legacy creation

2019 tax tips

Beyond the end of the year, however, there are some areas of tax planning that often get neglected. For example, there are tax planning strategies that may only be available early in the new year. With that in mind, this article summarizes some of the strategies that have deadlines in early 2019.

2018 RRSP contribution deadline

The deadline for you to make a contribution to a Registered Retirement Savings Plan (RRSP) that can be claimed as a 2018 tax deduction is generally the 60th day after the year-end, which falls on March 1, 2019.

If you don't have sufficient cash on hand to make an RRSP contribution, you can consider making an in-kind contribution of eligible securities from your non-registered account to your RRSP or to a spousal RRSP. If the securities are in a gain position, you will realize a capital gain when you make the contribution. Also be aware that you may not want to contribute a security in-kind that's in a loss position, as your ability to claim that loss will be denied.

Alternatively, depending on your specific circumstances, you may want to consider borrowing funds to make an RRSP contribution. It's important to note that using borrowed money to finance a purchase of securities involves greater risk than a purchase using your existing resources. Your responsibility to repay the loan and pay interest as required by its terms remains the same even if the value of the securities you purchased declines. Further, the interest paid on money borrowed to make an RRSP contribution is not deductible for tax purposes.

2019 RRSP contribution room

It's generally a good idea to contribute to your RRSP as soon as possible to maximize the tax-deferred growth in your plan and to avoid the stress of trying to meet a last-minute deadline. Keep in mind that January 1 is the earliest day you can make a 2019 RRSP contribution using the new room that's created from your prior year's earned income without triggering an over-contribution penalty.

If you want to make an RRSP contribution early in the 2019 calendar year, you may need to estimate your 2019 RRSP deduction limit. This is because you may not have received your 2018 notice of assessment (NOA), which provides a statement of your 2019 RRSP deduction limit. To estimate your 2019 RRSP deduction limit, take 18% of your previous year's (2018) earned income up to the RRSP dollar limit of $26,500 for 2019, and subtract any 2018 pension adjustment.

If you're unsure of your earned income for 2018 or the results of your calculation, you should wait until you receive your 2018 NOA from the Canada Revenue Agency (CRA).

Please visit us at our website: http://ca.rbcwealthmanagement.com/richard.rand to view the full article on

"Early 2019 Tax tips"

Tax-Free Savings Account (TFSA)

Consider making a contribution to your TFSA early in the 2019 calendar year to maximize the tax-free growth in your plan. The TFSA contribution limit (per year) was $5,000 for the years 2009 to 2012; $5,500 for 2013 and 2014; $10,000 for 2015; $5,500 for 2016, 2017 and 2018; and $6,000 for 2019. If you've been eligible to open a TFSA since 2009 and have not yet contributed to one, your contribution limit would be $63,500 as of January 1, 2019.

If you didn't use your contribution room in a previous year, the unused room is carried forward indefinitely. In addition, if you withdrew an amount from your TFSA (that's not a withdrawal of excess TFSA contributions) in 2018, you can re-contribute this amount to your TFSA as of January 1, 2019. Any prior year withdrawal (that's not a withdrawal of excess TFSA contributions) is added back to your TFSA contribution room for the following year. Be extra careful when calculating your room when re-contributing to your TFSA, as the CRA can charge penalties for over-contributions.

If you don't have sufficient cash on hand to make a TFSA contribution, you can consider making an in-kind contribution of eligible securities from your non-registered account to your TFSA. As with RRSPs, if you contribute securities that are in a loss position, you won't be able to use the loss to offset your capital gains. If the securities are in a gain position, you will realize the gain for tax purposes in the year of contribution.

Locked-in plan conversion

If you have a locked-in plan such as a locked-in retirement account (LIRA) or a locked-in RRSP and are planning to convert it to a life income fund (LIF) or restricted life income fund (RLIF) in 2019, you may want to consider doing so in January 2019, rather than later in the year. This is because the maximum payment available in the first year of the plan may be prorated based on the months remaining in the current year, with any part month being equal to a full month, depending on which jurisdiction governs your locked-in plan. As such, converting to a LIF or an RLIF in the first month of the year may allow you to ultimately withdraw more funds for that first year.

Note that in the calendar year when the locked-in plan is converted to a LIF or an RLIF, there's no minimum payment that must be withdrawn.

Conclusion

This article covers some common tax planning strategies and reminders that you may want to consider early in the new year. For more information on any of these topics, please speak with your RBC advisor or a qualified tax advisor.

Updates to the 2019 tax reporting package: Improving the client experience

The days of long, printed tax documents are almost over. Effective this year, RBC Wealth Management clients can now receive their 2018 tax reporting documents online via eDelivery.

Please note that RIF evaluation letter, US tax packages (1099/1042S) impacting PC USA clients, and the slips issued by third parties are not available for eDelivery.

But there's more –

Client tax guides

Client tax guides will no longer be printed and distributed by mail, reducing the environmental impact of **printing over 400,000 guides yearly**. The guides will be available on Jan. 25 on our external site and on our website.

Updated fee summary letter

In the past, tax fees were presented as a lump sum on the fee summary page. Now, they'll be broken down to identify how much is allocated to GST, QST and HST.

A revamped T5/R3 tax package cover letter

Clients will receive one comprehensive checklist that lists the documents/ tax slips included in the T5/R3 tax package and another checklist for outstanding tax documents they may receive later during the tax season either from our firm or from third parties (one per account).

UPDATE* - T1135 forms:** Accounts who own foreign assets with a total of over ***$5,000 at any month-end during the year, will automatically receive a Foreign Securities Report in their tax package (by mail or online).

Please visit our site for the updated publications or contact Pearl to sign up for eDelivery

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