

FROM THE DESK OF:

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Spring has arrived, and Summer is quickly approaching. As you conquer your Spring cleaning tasks, why not book a planning meeting to clean up your financial plan. Have there been any changes, how will those summer renovations or vacation affect your well being.

As always, call our office with any questions you may have, to review your plan, update your goals, or schedule a meeting.

TAX RETURN FILING TIPS 2014

Filing a tax return isn't always an easy task. Taxpayers want to ensure they claim every deduction and credit to which they are entitled. This means spending time understanding the opportunities. Reporting income is simplified for many types of income because T-slips are issued to the taxpayer. The Canada Revenue Agency (CRA) is quick to note missing income because the Agency matches the T-slips reported on tax returns to the copies of the slip

Upcoming Events:

**Spring Client Education Event –
Cyber Crime - April 30th, 2014**

Business Owners Luncheon – May 20th

information filed with the CRA by the reporting employer or financial institution. The following notes are designed to highlight federal deductions and credits that might be of interest.

Updated for 2014 is the **children's fitness amount** which has increased to \$1,000 up from \$500. The tax credit is available for parents who enroll their children, under the age of 18, in prescribed programs of physical activity.

New for 2014 is the **search and rescue volunteer credit**. Certain search and rescue volunteers are entitled to a tax credit based on a \$3,000 amount. A search and rescue volunteer must perform at least 200 hours of eligible services in the year for an eligible search and rescue organization. A similar credit has been in effect for a few years for volunteer firefighters. Taxpayers can claim one or the other, but not both of these credits.

New for 2014 is a \$1,000 **exemption for emergency service volunteers**. If a taxpayer has received a payment from a government, a municipality, or another public authority for work as a volunteer ambulance technician, a firefighter, or a search, rescue, or other type of emergency worker, the first \$1,000 is exempt from tax. The T4 slips issued by this authority will show the taxable and exempt parts of the payment. It

is important to note that if a taxpayer qualifies for this exemption and either of the search and rescue or firefighters' credit, a choice must be made as only one of the three options may be claimed.

New for 2014 is the **family tax cut** which provides a tax credit of up to \$2,000 for eligible couples with minor children based on the net reduction of federal tax that would be realized if up to \$50,000 of an individual's taxable income was transferred to the individual's eligible spouse or common-law partner. This is not simply a non-refundable tax credit – the calculation will require completion of new Schedule 1-A (Family Tax Cut) when filing the 2014 federal income tax return.

Increasing for 2014 is the **adoption expense tax credit** for costs unique to adopting a child, now of up to a maximum of \$15,000. In addition, the type of adoption-related expenses that will qualify for the credit has been expanded.

Watch for the following changes in a taxpayer's situation:

If the **taxpayer turned age 65** in 2014, he or she:

- becomes entitled to the age credit, which is calculated based on a \$6,916 amount. Reductions of the amount occur for incomes in excess of \$34,873.
- may become entitled to the pension income credit, because at age 65 the definition of qualifying income is expanded.
- may be able to split his or her pension income with a spouse, because at age 65 the definition of qualifying income is expanded.

If the **taxpayer turned age 71** in 2014:

- check for unused RRSP contribution room. A spousal RRSP contribution can be made until the end of the year in which the spouse turns age 71 and the deduction taken immediately or over time depending on the circumstances.

If a **taxpayer's children turn 18** many deductions and credits are no longer available to the parent.

Some may continue if the child is financially dependent by reason of mental or physical disability.

Locate those receipts

Keeping track of receipts ensures taxpayers have the information they need to make appropriate claims. While electronic filing means taxpayers no longer submit receipts with the tax return, retaining receipts is essential because the CRA commonly requests proof to substantiate a claim. Examples where receipts are required include:

- The transit credit
- Charitable donations
- Political donations
- Medical expenses
- Childcare costs

Locate last year's notice of assessment

- Tuition, education and book credits must be claimed by the student before being transferred to a parent or spouse. Any carry-forward amounts can only be claimed by the student. The carry forward amounts are shown on the student's notice of assessment.
- RRSP contribution room is tracked on the notice of assessment. This is very important because an over-contribution penalty of 1% per month can apply.

Odds and Ends

For 2014 the **universal child care benefit (UCCB)** is a monthly payment of \$100 per eligible child under the age of 6 years, and is made to a parent regardless of income level. The universal child care benefit is being increased in 2015 to \$160 per month.

Tax planning should be a year-round exercise; however, when it comes time to file your tax return, care should be taken to ensure that all opportunities are identified and maximized.

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In the past couple of years, I have watched friend after friend and client after client, deal with watching their parents become ill, and then having to make the difficult decision on how they are going to care for them.

Many have had their parents move in, many stay in their own homes with family help and health care aids, and others have been placed in homes. Most are still struggling with balancing the care, the finances, their jobs, and in some cases their own children.

Why not have the conversation with your family while your parents are still able to discuss their wishes. Should they be considering long term care insurance, if they can't afford it, should you and your siblings consider it. What are their wishes, and what can they afford, have they updated their wills, power of attorneys and medical directives?

Having a plan in place will help reduce stress, will allow siblings to work together, and will help provide your parents with the dignity they deserve.

We are happy to book a family planning meeting, to help you create a long term care plan.

HOLIDAYS & BUSINESS TRAVEL

David & Juana Business Travel

- BC Professional Development & Client Meetings– June 21st -24th, 2015
- Alberta trip – Client meetings– June 25th-28th, 2015

Office Closed:

- Good Friday – April 3rd, 2015
- Victoria Day - May 18th, 2015

David Out of Office:

- May 22-28th, 2015

Juana Out of Office:

- May 21st -27th, 2015



Many of my meetings over the past few months have focussed on planning for retirement and how to structure one's income during retirement. There are many factors that need to be considered, such as taxation, sequence of returns, volatility, guarantees etc. This planning is an integral part of the ongoing interactive work that we do with our clients.

At the end of the day, perhaps the most important factor in financial success lies not so much in what your income (or savings for that matter) is, but rather in what you do with it.

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