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Special Tax Issue - Something for Everyone

Regardless of events including the ongoing pandemic, taxation is something that cannot be ignored. We have provided in this issue current rates for taxation year 2021 and going forward. For questions please e-mail or call.

Tax numbers for those employed:

- **Maximum RRSP contribution:** The maximum contribution for 2021 is \$27,830 for 2022 is \$29,210 and the 2023 limit will be \$30,780.
- **TFSA limit:** In 2022, the annual limit is \$6,000, for a total of \$81,500 for someone who has never contributed and has been eligible for the TFSA since its introduction in 2009.
- **Maximum pensionable earnings:** For 2021 the maximum pensionable earnings amount is \$61,600 but will rise to \$64,900 in 2022. The basic exemption amount remains \$3,500 for 2021 and 2022.
- **Maximum EI insurable earnings:** The maximum annual insurable earnings (federal) is \$56,300 in 2021 and rises to \$60,300, in 2022.
- **Lifetime capital gains exemption:** The lifetime capital gains exemption is \$892,218 in 2021 and \$913,630 in 2022.
- **Low-interest loans:** The current family loan rate is 1% between spouses
- **Home buyers' amount:** May be able to claim up to \$5,000 of the purchase cost and get a non-refundable tax credit of up to \$750.
- **Medical expenses threshold:** For 2021, the max is 3% or \$2,421. For the 2022 tax year, the maximum is 3% of net income or \$2,479, whichever is less.
- **Basic personal amount:** The basic personal amount for 2021 ranges from \$12,421 to \$13,808. The basic personal amount for 2022 is \$14,398 for taxpayers with net income of \$155,625 or less. At income levels above \$155,625, the basic personal amount is gradually clawed back until it reaches \$12,719 for net income of \$221,708.

Tax numbers for those with children - dependants:

- **Canada caregiver credit:** If you have a dependent under the age of 18 who's physically or mentally impaired, you may be able to claim up to an additional 2,295 for 2021 and \$2,350 in 2022 in calculating certain non-refundable tax credits. For infirm dependents 18 or older, the amount for 2021 is \$7,348 and for 2022 is \$7,525.
- **Disability amount:** The non-refundable credit is \$8,662 in 2021 and for 2022 will be \$8,870 with a supplement up to \$5,174 for those under 18 (the amount is reduced if child care expenses are claimed; \$5,053 in 2021).
- **Child disability benefit:** The child disability benefit is a tax-free benefit of up to \$2,915 in 2021 for families who care for a child under 18 with a severe and prolonged impairment in physical or mental functions. For 2022 the amount will be \$2,985.
- **Canada child benefit:** For 2021-22 the maximum annual benefit is \$6,833 per child under six and up to \$5,765 per child aged six through 17.

See reverse for more taxation news and also please read the enclosed information on a new development that will benefit all investment clients.

Ready for Tax Returns

Like every year, it's that time again and we will begin to prepare tax returns for clients starting in **March**. Once you have **all** your tax information and various slips contact us to arrange a set time to drop off your papers and pick up last year's package, if you have not already done so.

Let us know if there are **any changes** in your situation from last year especially if related to the pandemic.

Below is a partial list you can use to check for most of the important items. We can also provide you with a **Tax-Pak envelope** which you can use to gather your receipts.

RECEIPTS and INFORMATION SLIPS:

- Notice of assessment from last years return
- All T4 Slips and others T3, T5 for interest income.
- Receipts for professional or union dues
- T2202A for tuition
- Medical Expense receipts
- Receipts for Charitable/Political donations
- RRSP and RRIF receipts
- Property Tax Statement

INCOME:

- Employment, Business and Rental income
- Old Age Security and CPP benefits
- EI, social assistance, WSIB payments
- Divorce support payments
- RRSP income or withdrawals
- Pension/RSP Split
- Interest and Dividends
- Sale of stocks, bonds, real estate
- Any other income from any source such as CERB

DEDUCTIONS and CREDITS:

- Child care expenses
- Moving expenses
- Charitable/Political Donations
- Vehicle Expenses (if applicable)
- Office in Home expenses

Most of the **information slips** and other information you require will be sent to you by mid March. It is **best to wait** until you have all the information before submitting to us to prepare your return. If in doubt about any information we may require it is wise to include it rather than have to submit it later and have your return adjusted.

We always **do our best** to make sure that your initial return is accurate and you receive any **refund or reduction in taxes owing** as quickly as possible.

Helpfull Hint:

You can go to your pharmacy to get a print out of all your prescriptions for the year so you don't miss any of your receipts when gathering your tax slips. You want to take advantage of any possible deductions.

Our office **will continue operating via phone, email and zoom** as the status quo for the foreseeable future and continuing to use the pick up/drop off bin in the front door to look after your needs. A sincere thank you.

Tax numbers for those older:

Age amount: Can claim amount if 65 years of age or older on Dec. 31 of the taxation year.

The maximum amount can be claimed in 2022 is \$7,898, up from \$7,713 in 2021.

OAS recovery threshold: If net world income exceeds \$81,761 in 2022 or \$79,845 in 2021, may have to repay part of or the entire OAS pension.

Tax Changes for Vehicles

As of Jan. 1, 2022 the deduction limits for capital cost allowances, leasing and mileage reimbursement have all increased

For vehicles acquired after Jan. 1, 2022, the ceiling for capital cost allowances (CCA) for zero-emission passenger vehicles will be increased to \$59,000 from \$55,000. The CCA ceiling for passenger vehicles acquired after Jan. 1 will be increased to \$34,000 from \$30,000, and deductible leasing costs will be increased to \$900 per month from \$800 for new leases. All CCA deductions are before sales tax.

The limit on the deduction of tax-exempt allowances paid to employees who use their personal vehicles for business purposes will increase by two cents to 61 cents per kilometre for the first 5,000 kilometres driven, and 55 cents for each additional kilometre. The general prescribed rate used to determine the taxable benefit of employees relating to the personal portion of automobile expenses paid by their employers will rise two cents to 29 cents per kilometre.

The maximum allowable interest deduction for new automobile loans will remain at \$300 per month for 2022 as it continues to be appropriate to prevailing interest rates

New COVID -19 Support

It is difficult to keep up with developments with respect to **support programs** for individuals and businesses. We have created a special website which provides links to the most recent updates. Simply go to www.lindacartier.ca. A link to this site is also provided on our website www.financialdecisions.ca.

Of interest to all of us is the recent provincial announcement with respect to hydro rates. Starting on **January 18th** electrify prices will be set 24 hours a day at the current off peak rate of **8.2 cents per kilowatt-hour** which is less than half of the current on-peak rate.



Good News from Linda and Melanie

Financial Decisions forms partnership with Croft Financial Group

On behalf of our clients, Financial Decisions has **always been committed** to providing the best financial planning advice and investment options.

For your benefit we have taken the opportunity to access an investment platform through an organization that historically has provided **higher returns with lower fees**.

What does this mean and what is involved?

In conjunction with Financial Decisions, management of your investments will be undertaken by the **Croft Financial Group** who have an over 25 year tradition of providing excellent service for investors offering a **wide variety** of product options. Clients will have access directly to highly skilled Portfolio Managers - true investment professionals.

Linda and Melanie **will continue** to provide financial planning advice and all other services such as insurance, tax preparation etc. and continue to monitor your investments through the Croft Financial Group.

How and When will this Take Place?

It is already underway. Over the next period of time, Linda will arrange for everyone to meet with a Portfolio Manager from the Croft Financial Group to discuss your investment situation and preferred options. **Linda will be involved in this process** which will take place preferably by phone or over the Internet or if necessary, and pandemic restrictions allow, in our office. Going forward for your investment decisions, you will have a continuing relationship with a dedicated Croft Portfolio Manager. Your relationship with Financial Decisions will continue unchanged for transactions such as requests for money from accounts or deposits and you will continue to speak with us as well for routine or specific financial planning and related lifestyle matters as in the past.

Other Questions....

We know this new arrangement involves change. The good news is that it will improve the level of service we can provide you. Please see the reverse for more detailed information on the benefits for you from this partnership. You are also invited to visit the Croft website **www.croftgroup.com** We can assure you that our work for you continues to be our priority with even more accessibility.

For any questions you might have e-mail lindac@financialdecisions.ca or give us a phone call - 705-525-7526 to speak with Linda or Melanie.

Summary of Benefits of Association with CROFT

	Croft Financial Group
Historical Portfolio Returns	Great record of long-term performance with lower volatility
Direct Access to a Portfolio Manager	Yes
Discretionary Management of Investments	Yes, within the funds, the account, and the household portfolio level.
Tactical Approach	Flexible asset allocation based on market and economic conditions are offered within the Croft funds or within some of the Croft model portfolios.
Investment mandate	Treats cash as a position, increased or decreased based on market conditions.
Income Generation	Combines traditional and sophisticated option strategies to provide enhanced tax efficient yield.
Hedging Strategies	Yes, for all clients regardless of size within our Croft funds.
Fees	Competitive and adjusted downward based on household AUM.
Tax Deductibility of Fees	Yes – within non-registered accounts.
No Commission	All-inclusive fee for services charged directly to accounts.
Account and Trade Fees	No additional transaction or account fees means Croft can trade as actively as needed to manage risk and take advantage of opportunities.

Why Croft and Why Now?

The reason is simple - the opportunity for **better returns on your money invested and lower fees**. We did we not enter into this partnership earlier because it was not possible. Most firms like the Croft Financial Group require substantial amounts of individual investors' resources to manage, often over a million dollars. **With a change to their business model Croft** now allows some financial planners like ourselves to offer this service to our clients regardless of the amount of their portfolios.

We conducted extensive research on Croft over a long period of time including discussions with management and employees and also with other involved financial professionals like ourselves who all expressed a **high level of satisfaction and confidence** in the organization. It is our sincere belief that this is the best choice and at the right time.