



## Resources

### Six Important Tax Tips:

Finding ways to save taxes has become a priority for many Canadians. Here are six simple ideas to get you started saving taxes today.

- 1. Take advantage of dividends and capital gains**  
Both dividends and capital gains enjoy preferential tax treatment. You can defer tax on capital gains until you sell the underlying investment. And even then, you'll enjoy a reduced tax rate. Dividends also offer preferential tax treatment, particularly for those with lower incomes.
- 2. Use your RRSP**  
Your RRSP is one of the most effective tools you have to reduce the tax you pay, so make sure to make the maximum contribution. Catch up on unused contribution room as quickly as you can consider taking out a loan to do so. And be mindful of where you place your investments. Since RRSPs shelter taxes until they are withdrawn, it often makes sense to place bonds and other interest-earning securities inside your RRSP, while keeping equities outside of your RRSP. That way, you'll be able to take advantage of the preferential tax treatment for capital gains and dividends (see tip #1).
- 3. Be a philanthropist**  
Donate shares or life insurance policies to charitable organizations instead of cash to enjoy some tax incentives. By donating shares instead of money, you enjoy a special rate on any capital gains taxes you pay. And if you donate a life insurance policy to an organization, you can usually deduct the premiums or deduct the death benefit through the estate.
- 4. Consider Universal Life insurance**  
UL policies offer many benefits, such as tax-sheltered compounding, flexible options, access to cash, a wide variety of investment choices, and probate-free succession. And if you are self-employed or own your own business, you'll be pleased to know that UL policies provide potential creditor protection.
- 5. Explore Corporate Class shares**  
This investment vehicle offers high tax efficiency through tax deferral of capital gains. It's a great way to consider investing outside of your RRSP.
- 6. Consider borrowing to invest**  
Borrowing to invest (or leveraging) gives you the ability to deduct interest on your loan. Just make sure to consult a professional before you do specific rules and regulations govern the deduction of interest on investment loans, so you'll want to know the rules before you take action.

The above tax tips are just the beginning. Give Tsechu & Associates a call at (604) 669-9083 to find how you can take advantage of these strategies.