TSECHU & ASSOCIATES INC
Insurance & Financial Services

Resources

Tax planning strategies:

Here are several tax-saving strategies and ideas that will help in your discussions with your financial advisor, and to get the most from your return in April.

- **Capital gains and losses**
  Reviewing your non-registered investments can provide some future tax-saving opportunities. Take a close look at your portfolio. If you expect to come out ahead on some of your investments this year, be prepared to pay taxes on those gains – unless you can offset them in some way. One way to do that is to realize capital losses. Remember, capital losses don’t have to be used in the year they were incurred.

- **RRIF strategies**
  If you turned 71 this year, and earned income in 2006, hopefully you considered making an overcontribution to your RRSP before December 31st. Yes, you will incur a 1% penalty on the amount of the overcontribution for the month of December, but with your new contribution room available for 2007, you'll be able to deduct this contribution from your 2007 income. Also, if your spouse is still under the age of 71, you can continue making contributions to a spousal RRSP long after you reach age 71 another good way to save.

- **Charitable donations**
  Charitable donations can be another great way to reduce taxes. All registered charities, from amateur athletic teams to the provincial government, can issue a tax receipt in return for a contribution (be aware, however, that receipts will typically only be made for donations over a small minimum). If you decide that you don’t need the credit for your current taxation year, no problem. Save the receipt and you can carry forward your tax credit for up to five years.

- **Education credits**
  Do you have a child attending university, college, or another post-secondary school? Are they not earning an income? Don’t let their education and tuition credits go to waste. As a parent, you are eligible to claim up to $5,000 in federal tax credits for each child. You can also claim application and admission fees, library and athletic fees, as well as laboratory privileges. A Form T2202, processed by your child’s school, will be issued as your tax receipt.

- **Health care expenses**
  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.

- **Investment fees and interest expenses**
  A number of financial fees and other expenses are tax deductible. For example, interest on loans taken out to earn investment income is generally deductible. Fees for renting a safety deposit box, safe custody and related accounting costs are tax deductible as well. Fees for investment counsel may also fall into this category.

Tax planning can become complicated fairly quickly. Make sure to speak to a qualified tax professional who understands your personal financial circumstances before you commit to any of the above strategies.