



Important Topic:

Helpful Tips to Maximize Tax Savings by Strategically Timing RRSP Deductions

Making the most of your RRSP tax deductions includes the strategic selection of when to use the deductions and when to carry them forward.

When you contribute to your RRSP, you're eligible to claim a tax deduction for the amount contributed, which can significantly reduce your taxable income for the year, especially if you're in a higher tax bracket.

However, what many people don't realize is that you don't have to use the RRSP deduction in the same year you make the contribution.

You have the option to carry forward unused deductions to future years, with no limit on amount or time.

This flexibility can be particularly valuable:

First, if you anticipate moving into a higher tax bracket in a future year. By carrying forward your RRSP deduction, you can maximize your tax savings by applying it in a year when your income, and therefore your tax rate, is higher.

An advantage of contributing and not claiming is that your money starts growing tax free within the RRSP account.

Second, if you anticipate an uneven deduction amount (lower RRSP contribution in the future, OR if you have a one-time deduction from flow through shares or First Home Savings Accounts) then you can use the ability to carry deductions forward to even out their use and maximize your tax savings.

For example, consider these tax brackets (source: Canadian Revenue Agency):

From	To	Tax Bracket
\$ 93,133	\$ 105,775	31.48%
\$ 105,776	\$ 109,727	33.89%
\$ 109,728	\$ 114,750	37.91%
\$ 114,751	\$ 150,000	43.41%

For Illustration Only

Consider someone who has \$40,000 of deductions and an income of \$144,751.

Using deductions of \$30,000 (lowers taxable income from 144,751 to 114,751) saves taxes of 43.41% on the entire \$30,000.

If they used the full \$40,000 deduction in one year, their income would drop to \$104,751 and deductions would save taxes at rates as low as 31.48%.

Instead, carrying forward the last \$10,000 to next year could save taxes at the higher 43.41% rate, especially if their income increases or if large deductions are less likely in the following year.

This strategy may be particularly important for anyone with little to no income at present, but who expects taxable income in the future.

This would include children, someone returning to work, or someone selling property one day that will trigger a one-time large capital gain.

For example, consider someone who has \$25,000 of deductions and an income of \$25,000.

If one uses \$25,000 of the deduction one will not pay any taxes. This may be tempting but consider that one only saves \$1,949.

Instead, if one carries the deduction forward until they earn \$100,000 (salaried, or taxable capital gains), they could use \$25,000 of deductions to save \$7,538.

Note: It would take 15 years, earning 10% each year, to have \$1,949 grow to reach \$7,538 in value! Strategically timing your RRSP deductions may help you maximize the value of your deductions.

Market Update – April 2026

April was a welcome reversal of March's downturn. Markets rose more in April than they fell in March bringing us strong year-to-date returns.

This rebound surprised many, especially given the unresolved conflict with Iran and the ripple effects of rising fuel costs throughout the economy. These rising costs and their effect on inflation have dominated headlines.

So why has the market rebounded? And to the point of setting new all-time highs?

In a word, and one our readers will immediately appreciate its significance, earnings.

The S&P 500 blended earnings growth rate for the first quarter stands at 27.1%. This is extraordinary, and well above the 13.2% expected at the end of the quarter (Factset, May 1st, 2026). Remember that markets react more to the gap between actual earnings and expected earnings, than they do to the absolute numbers themselves.

The impressive improvements in sales, productivity, and margins mean many companies are expected to absorb much if not all of the higher energy costs and still post attractive earnings.

Bank of America's Savita Subramanian and her team compiled estimates. And their work offers much-needed context for investors watching energy prices.

"Energy costs are not a significant cost component for most industries — labor costs are typically the biggest cost component. In aggregate, energy costs represent less than 5% of total S&P 500 (the US market) operating costs."

[Something to watch: OPEC. With the UAE exiting the organization, the UAE is now free to pump 5 million barrels per day instead of the previous OPEC cap of 3 million and can build new capacity as they see fit. This shift could prompt other countries to follow suit. This will be particularly noteworthy where the oil doesn't have to transit the Strait of Hormuz.]

Meanwhile the economy continues pushing forward.

Not knowing what the future holds, which is always the case, we and our managers are not tying future performance to forecasts and prophecies.

As always, the focus is on companies that can survive market surprises and even, in some cases, take advantage of them.

Our focus remains, and must remain, on the long term. One's focus should remain on investing in strong companies that have the opportunity and the potential, can weather the inevitable storms, and still prove profitable. One should invest for the long term and ignore short-term fluctuations which are random and out of one's control.

Mostly, however, one should focus on one's own life, plan, and goals. At the end of the day that is all that truly matters.

Looking forward we see the short term as volatile but positive and remain positive in the medium and long term. We continue to invest new funds (finding some good opportunities) and monitor our positions closely.

Index	Month	Year to date
Bonds FTSE Canada Universe Bond Index - CAD	0.20%	0.30%
Canadian Equity - S&P/TSX 60 Index - CAD	4.20%	7.40%
US Equity – S&P 500 - CAD	10.00%	4.60%
International – MSCI EAFE Index - USD	5.30%	6.60%
Global Small Companies - CAD	6.40%	10.00%
Emerging Markets - MSCI Emerging Markets Index - CAD	9.90%	15.60%
Real Estate - Dow Jones® Global Real Estate Index - USD	8.00%	10.50%
S&P/TSX Preferred Share Index - CAD	2.10%	2.20%

Have a great month and let us know if there is anything we can do for you,

Meir & Adam



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