



Wealth Insights

TD Wealth Private Investment Advice

Monthly Perspectives From The Daley Group Wealth Management

Final Months of the Year: A Year-End Financial Checklist for 2021

It's only autumn, but this may be a great time to be thinking about your financial affairs in preparation for the year end. December 31 is the deadline for many tax and pension-related activities. Consider the opportunities to best position yourself.

Here are some tax-planning suggestions to start your thinking:

- **Capital Gains/Losses:** If appropriate to your investment objectives, the realizing of certain capital losses prior to year end could be used to offset capital gains realized in 2021, or used to take advantage of the carry-back rules to recover taxes paid on taxable capital gains realized in any of the three preceding taxation years. There also may be opportunities to transfer capital losses between spouses. In order to determine whether this is appropriate to your circumstances, please get in touch well before the end of the year.
- **Income Splitting:** There are a variety of ways to split income. For example, you may pay reasonable salaries to spouses* for services provided to your self-employed business or private company or elect to split eligible pension income with your spouse on your tax return. With interest rates at low levels, income splitting with a spouse may also be achieved by way of a prescribed rate loan. A tax advisor can provide greater detail.
- **RSP Contributions:** Consider not waiting until the last moment if you are planning to make contributions for the 2021 year to your registered Retirement Savings Plan (RSP). Remember, you will still be able to contribute until 60 days after the calendar year to impact your 2021 taxes.
- **RESP Contributions:** If you have a Registered Education Savings Plan (RESP), consider making a contribution before year end. While this won't impact your 2021 taxes, the plan may benefit from the Canada Education Savings Grant (CESG) for 2021 (or potentially on a grant from a previous year).



- **Business Owners — Capital Assets:** Business owners planning on purchasing capital assets in the near future should consider doing so before the end of the year to take advantage of the capital cost allowance deductions that may be available.
- **Pension Income Tax Credit:** If you're 65 years of age or older and don't have eligible pension income, consider purchasing an annuity or opening a small registered Retirement Income Fund before year end to enable you to claim the federal pension income tax credit. Eligible pension income may also be split with a spouse on a tax return.
- **Charitable Donations:** Consider making eligible charitable donations before December 31 to benefit your 2021 taxes. Remember that gifting publicly-traded securities with accrued capital gains to a registered charity not only entitles you to a tax receipt for its fair market value, but also eliminates the associated capital gains tax.
- **RSP Conversion:** If you turned 71 this year, make sure to transfer your RSP and choose one or more of the various options available. If you have contribution room, consider making a final RSP contribution, as this must be done by December 31, 2021 and not the usual March 1, 2022 deadline.

Many of these actions require planning, so don't wait until it's too late. For further assistance, please contact us and, as always, seek advice from a tax professional.

*Including common-law partners.

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