

# *Your Financial Update from Paul Polyviou*

*Manulife Securities Incorporated*

*Spring 2018*



Happy Spring to you.... thankfully spring has finally sprung; and summer will be here before we know it. I am sure we are ready to welcome it with open arms after the winter we have just had. I thought in this issue I would discuss some ideas on how you can put your tax refund to good use or alternatively, if you did not get one I can provide some ideas to help rectify that. We also wanted to briefly discuss; How to avoid legacy tax and How not to outlive your retirement savings.

**How to trim your tax bill:** Tax sheltering your money is an easy way to boost tax savings. An Registered Retirement Savings Plan (RRSP) lets you defer tax on a portion of your income until retirement, when your taxation rate will likely be lower. The RRSP's other big benefit is that contributions grow tax free until you make withdrawals, meaning you don't have to pay capital gains taxes when you sell stock or funds at a profit, nor do you have to pay tax on dividends or interest. Tax Free Savings Accounts (TFSA) are another great way to grow your investments while minimizing taxes. Unlike RRSP's, money out into a TFSA earns no upfront tax refund but the government doesn't get a single dime of your money when contributions are later withdrawn. As a general rule of thumb, I like to use \$46,000/ yr. as the point in which if you earn less than that contributing to a TFSA make more sense and over that then contributing to an RRSP make more sense.

**Now what to do with your tax refund:** If you have not already ear marked it for a vacation, because I know I cannot compete with that, then please consider the following. You can supercharge your savings by investing them immediately into an RRSP. If you contribute \$5,000 to an RRSP each year and reinvest the \$1,500 refund it generates at an approximate 33% tax rate, after a decade your savings will rise by approximately \$23,000. Another option is if you have children or grandchildren maybe consider investing your tax refund into a Registered Education Savings Plan (RESP). The government will give you 20% on the deposit and the money grows tax free. One last idea is to pay down your mortgage but before all that, if you have any debt accruing at higher interest tackle that first.

As always, I am happy to discuss all of these points or any other concerns you, your family or colleagues have so please do not hesitate to contact me or anyone on my team to assist you.

Kind Regards,

*Paul Polyviou*

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**Turn over for some valuable information.....**

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## Avoid a Legacy of Taxes

American inventor and politician Benjamin Franklin wrote, "in this world nothing can be said to be certain, except death and taxes." While the thought of death can be unpleasant, so can leaving your family with a large tax bill. With a little planning you can help minimize the taxes on your estate once you have passed on. Here are a few tax saving strategies to consider:

### Leave Assets to Your Spouse

Assets left to a spouse or spousal trust are considered disposed of at the deceased's adjusted cost base (the ACB is the amount of your investment that has already been taxed). The tax is deferred until the surviving spouse (or trust) sells the assets, or until your spouse's death.

### Give Assets Away

If you know that you won't need certain assets in your lifetime and have already designated heirs, you may want to consider making those gifts while you are still living. Giving those assets away can help your estate avoid a potential tax bill. But, giving certain assets away can create a disposition so please be careful.

### Buy Life Insurance

Life insurance can assist your heirs in funding your eventual tax liability. Therefore, leaving your estate and all your assets to your heirs.

Planning now can save a lot of money and difficulty for your loved ones. Talk to me or my team to see if any of these or any other tax strategies will work for you.



## How to Avoid Outliving your Retirement Savings

Outliving retirement savings is an uncomfortable scenario that nobody wants to contemplate, but after spending much of their working lives saving for retirement, many Canadians may end up needing a larger nest egg than anticipated. Thanks to modern medicine, life expectancy is getting longer. Today a 55yr old can expect to live to the age of 84! (That's 9 years longer than a 55yr old alive in 1925. Despite this good news, one of the realities figuring out how to pay those extra years of retirement.

It's not all doom and gloom, investment options such as annuities and proper planning can mitigate some of that risk and help ensure retirement savings last as long as needed. Speak with me to learn about how proper planning can assist with your burden and we can make the right choices for you and your goals together.



## Looking for a Little More Calm?

Have you ever walking into a room and suddenly felt happier? Was it the lighting, the furniture, or the colours? According to Feng Shui, its all of these and how they work together! Here are some tips to get you started on Feng Shui (ing) your home.

- 1. Make your bed an island.** Keep screens, phones, laptops and t.v's out of the room. Keep lighting as soft as possible. The right décor can make your bedroom a soothing respite from the day's activities.
- 2. Out the window.** A window directly facing a front door can drain energy from a room. Drapes or blinds can fix that. You can also put a plant or reflective bowl on the sill to draw attention.
- 3. Reclaim the table.** Because the dining room is where nutrients are processed, feng shui consider it to be integral to healthy functioning. If you rarely use this room try using it for a meal once a week, or game night or even as a home office.

Feng shui doesn't have to be complicated or expensive. Its about using what you already have – just arranging it in a new way. Take it one change at a time as just see what happens.

## High Interest Savings and GIC Corner

Sometimes our clients ask if we offer GIC's or Savings Accounts and the answer is **YES WE DO!** Here are some rates to consider.

Savings Account.....	1.25%
Cashable GIC.....	1.35%
1 yr GIC.....	2.25%
2 yr GIC.....	2.52%
3 yr GIC.....	2.75%
4 yr GIC.....	2.83%
5 yr GIC.....	3.05%

\*Rates are subject to change without notice and are effective as of April 28, 2018\*\*

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