



# ARE YOU PREPARED FOR RETIREMENT?

SUBMITTED BY FILOMENA MAY | SENIOR WEALTH ADVISOR, CIM

## WHAT TO CONSIDER AS WE APPROACH TAX SEASON & THE RRSP CONTRIBUTION DEADLINE

How can you work smarter and not harder with your money, so you can make sound decisions, plan for, and enjoy a life of financial freedom?

**March 1<sup>st</sup>** is the deadline for making an RRSP contribution towards your 2022 taxes. Are you aware of your income tax situation and whether it makes sense to contribute?

Whether you earn a lot of money or not, you can apply the same methodologies, and develop goals and habits to set yourself up for success. If you continue on the same trajectory, does that align with your goals and vision? Do you have a clear picture as to whether you are saving enough for retirement?

Here are some tips to help you plan for your 2022 tax year and set yourself up for 2023:

### 1. Retirement Planning:

In the first 60 days of 2023, you can contribute to an RRSP and choose whether you designate the tax deduction towards 2022, 2023 or a combination of both years, depending on your marginal tax rate. The contribution room for 2022 is 18% of earned income to a maximum of \$29,210. Review your Income Tax Notice of Assessment. You may have room from previous years that can be applied to reduce future taxes. The tax savings can be used to pay down debt, or used towards additional investments and take advantage of compound growth over time with money that would have otherwise been paid in taxes.

A tax-free savings account (TFSA) is another great way to save for the future, whether it's for a major expense or for retirement. The growth that builds within the account is tax-free at the time of withdrawal. The contribution room for 2023 is \$6,500, and if you have never contributed, and were over the age of 18 in 2009, you can contribute \$88,000 (exceptions apply).

Whether to contribute to an RRSP, TFSA or both depends on your tax and financial situation. You can be strategic with the types of investments that are used, dependent on your risk tolerance and time horizon.

*The information above is from sources believed to be reliable, however, we cannot represent that it is accurate or complete and it should not be considered personal tax advice. We are not tax advisors and we recommend that clients seek independent advice from a professional advisor on tax-related matters.*

### 2. Pay down debt and reduce the accumulation of debt

Is it better to pay down your mortgage or contribute to your RRSP or TFSA? Considerations are the interest rate on your mortgage vs. your investments, whether you qualify for tax deductions on your mortgage interest, and your marginal tax rate.

### 3. Additional tax planning reminders:

- If you had sold non-registered investments in a loss position, remember to claim the capital loss to offset capital gains paid in the last three years or carry it forward to be used in the future.
- Charitable donations that were made by December 31, may be a win-win if you had donated to a great cause and in turn will be receiving a tax credit. You can also donate non-registered shares to receive a donation tax slip based on the market value of the shares donated.
- You may have the ability to claim a minor child as an equivalent to a spouse if you are in a single-parent scenario or have an adult dependent
- If you are self-employed, there are potential tax deductions to take into consideration.
- Multi-generation home renovation credit of up to \$7,500 when the reno is for the purpose of establishing a secondary suite for a senior or an adult with a disability
- New Tax-Free First Home Savings Account that blends the benefits of both RRSPs and tax-free savings accounts. The maximum amount is \$40,000 which can be accumulated for up to 15 years with the annual contribution limit of \$8000.

### 4. Get Advice!

What are the tax implications when you withdraw money in retirement? All pension and registered plans are taxable for example, so you need to accumulate with a balanced approach and in suitable accounts.

## Do you know your retirement number?

Working with an experienced wealth advisor can help you achieve your goal.

### Filomena May

Senior Wealth Advisor, CIM, Insurance Agent

Suite 803 – 2303 4th Street SW Calgary AB, T2S 2S7

T: 403.457.9270 C: 403.861.7760 Filomena.May@raymondjames.ca

**Filo** Financial Solutions

**RAYMOND JAMES®**

Raymond James Ltd. Is a Member Canadian Investor Protector Fund

