

Finance for Life™

Achieving Financial Success™



Finance for Life. Wealth for Living.™



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Investment Planning

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Mortgage Planning

Tax Planning

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Mutual Funds, GICs & Fee for Service Financial Planning provided through CANFIN Magellan Investments Inc.

Insurance products provided through CANFIN Capital Group Inc.

Please do not hesitate to contact your advisor for a Confidential Financial Review.

RRSP and TFSA differences while you invest

TFSA contributions are not tax-deductible, but the contributions and the investment earnings are exempt from tax upon withdrawal. The TFSA offers the benefit of allowing after-tax investments to accrue without taxation. Tax assistance provided by a TFSA complements that provided through RRSPs.

- Unlike an RRSP the money you put into your TFSA cannot be deducted from your income on your tax return.
- Canadian residents, age 18 and older, can contribute annually to a TFSA.
- Similar to the RRSP, after you file your tax return each year, the government will determine your remaining available TFSA contribution limit for the coming



year. Any unused contribution room gets carried over to the following year.

- You can have more than one TFSA insofar as you don't exceed your contribution limit.
- Those who expect taxation at a lower marginal tax rate in retirement may be better to contribute to an RRSP before a TFSA.
- There is no TFSA spousal plan as with RRSPs. Individuals can provide funds to their spouse or common-law partner to invest in their TFSA, up to the spouse's or common-law partner's available room, and the income earned on the contributed amount is generally not attributed back to the spouse or partner who provided the funds.
- The TFSA may also be a good investment if you are a member of a pension plan and have minimal if any, room to invest in your RRSP due to a high pension adjustment (PA) factor. More generous plans have a higher PA, leaving less room

Please read the funds' prospectus before investing. Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Mutual funds are not guaranteed; their values change frequently and past performance may not be repeated. Any indicated rate of return is for illustration purposes only and is not intended to reflect future values of returns on investment. Please seek professional advice prior to investing. Financium, the publisher does not guarantee accuracy of information, and will not be held liable in any way for any statements or statistics in this publication, though we seek to present reliable, precise and complete information. Written permission of Financium who retains all rights and trade names, must be obtained prior to any reproduction. ©Financium. email: editor@adviceon.com



for personal RRSP contributions. You can supplement your retirement savings through the TFSA.

RRSP and TFSA differences while drawing Retirement Income

- Unlike an RRSP, which converts to a retirement income vehicle at age 71, a TFSA does not have any minimum withdrawal requirement
- Neither income earned within a TFSA nor withdrawals from it affect eligibility for federal income-tested benefits and credits, such as Old Age Security and the Guaranteed Income Supplement.
- For retirees with low income, every dollar withdrawn from an RRSP or RRIF will reduce the Guaranteed Income Supplement (GIS).
- Money taken out of your Tax-Free Savings Account is taken out tax-free.
- You get your contribution room back in the following year. The full amount of withdrawals can be put back into the TFSA in future years.

Life insurance protects your estate plan

The entire spectrum of insurance: Life, disability, critical illness and long-term care insurance policies are essential components of a good estate plan to protect your family's financial security.

An estate plan may benefit from using life insurance with named beneficiaries which can also be solutions to transfer capital tax-free to heirs outside of probate/EAT or scrutiny of creditors or heirs. For an estate plan seeking to transfer significant capital assets to named heirs, it would be wise to discuss these capital-transfer techniques with a licensed life insurance agent, accountant or tax lawyer.

If you are a business owner or shareholder, a preplanned buy-sell agreement in the event of a death or disability of any owner has estate benefits. Life insurance can redeem shares, buying out an owner. Critical Illness insurance can do the same in the event one owner becomes incapacitated. Disability insurance can replace an owner's income.

Inflation and debt: The enemies of wealth creation

Statistics Canada releases inflation figures regularly to determine the health of the Canadian economy. Increasing inflation indicates that the economy's overall prices are rising. Good economic growth pushes these numbers higher. Some inflation is necessary to a vigorous economy. You do not want to over-control it by raising interest rates too swiftly, yet some management of inflation helps to keep the costs of goods and services in check.

Fast increases in the index percentile have sparked the Bank of Canada to raise our interest rates as in 2017-2018. Home prices skyrocketed spurred on by foreign investors using Canadian real estate for a piggy bank.

The cost of our basic retirement needs will increase

When you go to the pumps or the grocery store, ask yourself, "will my retirement investment portfolio create sufficient income to pay for all these rising expenses?" Only by accumulating assets in your pre-retirement years, will you be able to increase your net worth, which can lead you to financial independence.

Investing to beat Inflation is a constant battle

Over the years, inflation radically reduces our buying power. Interest rates when increasing as a policy to combat and reduce inflation also increases our debt and mortgage repayment load. This double-edged sword of inflation and interest on debt are the foremost enemies of wealth creation.

Saving on a month to month basis while purchasing investment fund units can help you realise your goals and objectives in life — such as acquiring a home, making major purchases, travelling, putting children through college or university, or going back to school yourself. Finally, your investments must outpace inflation—the rising cost of goods and services — the investor's worst future enemy.