

Tax Smart Strategies for Year End



Putting tax-smart strategies to work for you is almost as important as growing investments when it comes to wealth management. Review this checklist to make sure you're not overlooking any strategies that could help reduce your tax bill for 2005 and beyond.

Invest in your RSP. Making an RSP contribution can greatly reduce the amount of income tax you have to pay this year, especially if you're maximizing your contribution. And remember, the sooner you make an RSP contribution, the longer the savings may enjoy tax-deferred compound growth.

Make regular RSP contributions. If you commit to investing regularly in your RSP throughout the year, you can apply to the Canada Revenue Agency (CRA) to reduce the taxes deducted from your salary or other income.

Consider contributing to a spousal RSP. If your spouse is

expected to be in a lower tax bracket than you at retirement, it may be advantageous to contribute to a spousal plan. This way, withdrawals at retirement will be taxable in the hands of the lower income spouse.

Shelter interest in registered plans. Because interest is the least tax-efficient form of investment income, it's a good idea to shelter interest earnings from taxation through an RSP.

Consider selling losing investments. If you are planning to sell stock investments in order to realize capital losses, be sure to place orders for securities transactions at least three business days before the end of the year to ensure transactions settle before December 31.

Contribute to an RESP. In addition to giving you another tax-deferred savings option, when you contribute to a Registered Education Savings Plan before the end of the year, the

Beneficiary may qualify for the 2005 Canada Education Savings Grant (CESG)¹.

Make charitable donations and political contributions. To qualify for associated tax credits for 2005, donations and political contributions must be made before the end of the year. Tax credits are higher for total charitable donations and political contributions over \$200. Consider making additional contributions late this year rather than waiting until 2006 if it will push your contributions over the threshold or increase the amount that qualifies for the higher credit.

For advice particular to your unique situation, it's always best to consult with your financial advisor or a professional tax advisor. The less tax you have to pay, the more money you have to invest – for retirement, your children's education, or other financial goals. A little planning can make a big difference.

For more information, call your Financial Advisor today.

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¹ Terms and conditions of the CESG are subject to change at any time by the federal government.