THE IT PROFESSIONAL'S TAX-SMART GUIDE TO SAVE AND INVEST

KBB CONSULTING INC.

Swati Bassi
KBB Consulting Inc.
647.641.2000
swati.bassi@kbbconsulting.ca

Registered Retirement Savings Plan (RRSP)

An RRSP is a type of investment account that allows you to reduce your taxable income each year, while building up for future retirement income.

- The Money you invest in your RRSP is deductible and can be used to reduce your tax.
- Any income you earn in the RRSP is deferred until it is withdrawn, preferably in retirement when you are in a lower income bracket.

1. **Have a Comprehensive Written Financial Plan**

   What kind of lifestyle do you want to live in retirement? What are your goals? Start planning to ensure that you enjoy a long and rewarding retirement.

2. **Invest Early for Compound Growth**

   Invest in your RRSP long before retirement so your money has more time to benefit from tax-sheltered growth.

3. **Increase Your Tax Refund**

   The higher your income and the more money you put in your RRSP, the lower your taxes will be.

4. **Contribute Now, Deduct Later**

   You don't have to claim deductions on your RRSP contribution in the same year that you make them. If you anticipate an increase in taxable income that will push you into a higher tax bracket, you can defer claiming deductions until a later year to benefit from a higher tax refund.

5. **Carry Contribution Room Forward**

   Unused contribution room can be carried forward indefinitely for future use.

6. **Strategic RRSP Withdrawal Strategies**

   Once you reach age 71 years old the RRSP matures at which point it is converted to a Registered Retirement Income Fund (RRIF), or annuity, or lumpsum payout at the end of the calendar year in which you turn 71. RRIF minimum withdrawals start the year after the RRIF is established.

Depending on your goals, investing in a TFSA might be an even better option.

Tax Free Savings Account (TFSA)

Contributions to a TFSA are not deductible for income tax purposes. Any amount contributed, as well as any income (for example, investment income and capital gains) is tax free when it is withdrawn.

TFSA at a glance

1. TFSA can help you grow your savings faster than a savings or chequing account.
2. Investments grow tax-free in the account and withdrawals are also tax free
3. Contribution limit of $6000 per year (available 2021), with unused room carried forward indefinitely.
4. TFSAs can hold a range of investments and financial products
5. Withdrawals can be recontributed in future years.
6. Withdrawals are not considered taxable income and do not trigger government-benefit claw backs or effect tax credits.

How is a TFSA different from an RRSP?

Contributions to an RRSP are tax-deductible and investments inside an RRSP grows tax deferred. RRSP withdrawals are taxed at your marginal tax rate, and RRSP income can increase your tax rate and/or affect your eligibility for government benefits. TFSA contributions are not tax deductible, however they grow tax free and are completely tax free when withdrawn.

Non-Registered Account

Investment income and growth earned in a non-registered account are taxable. Take advantage of tax-deferred and tax-free savings.

For example: Invest $10,000 per year for 30 years at a 9% rate of return

Tax deferred = $1,495, 752

Taxable = $825,063

This example does not consider inflation or applicable fees/deferred sales charges into account and should not be considered to be representative of the performance of any specific investment or strategy. For purposes of comparison, the taxable account is using a 35% income tax bracket. Your actual annual rate of return can be more or less. The chart is used only to illustrate the effects of the compound growth rate and is not intended to reflect future values of a specific investment or returns on investment in a specific investment.

The information contained herein has been provided by FiduSure Financial Inc. and is for information purposes only. The information has been drawn from sources believed to be reliable. Where such statements are based in whole or in part on information provided by third parties, they are not guaranteed to be accurate or complete. The information does not provide financial, legal, tax, or investment advice. Investment, trading, or tax strategies should be evaluated relative to each individual's objectives and risk tolerance. Carte Risk Management Inc., Carte Financial Group and its affiliates and related entities are not liable for any errors or omissions in the information or for any loss or damage suffered.

Subject to any applicable death and maturity guarantee, any part of the premium or other amount that is allocated to a segregated fund is invested at the risk of the contract holder and may increase or decrease in value according to fluctuations in the market value of the assets in the segregated fund. A nominee account is one in which an investment is held in trust for an individual by a corporation or entity other than the individual. A segregated fund policy held within a self-directed plan is one example of investing in a nominee account. A segregated fund held in a nominee account may not offer creditor protection. Please read your Information Folder carefully and seek professional advice before investing. Commissions, trailing commissions, management fees and expenses may be associated with your insurance contract.

This material is intended for education and training purposes only and is not intended to be, nor should it be construed as, an offer or solicitation for the purchase or sales of any specific securities, financial services or other non-specified item. Securities products are sold by prospectuses that contain more information about the product's fees, charges and limitations, and can only be offered by a qualified registered representative.

This is a hypothetical scenario for illustration purposes only and does not present an actual investment for any specific product or service. There is no assurance that these results can or will be achieved.

All figures are for illustrative purposes only and do not reflect an actual investment in any product, nor do they reflect the performance risks, expenses or charges associated with any actual investment. Past performance is not an indication of future performance. Actual results may vary substantially from the figures in the example. All rates of return are hypothetical and are not a guarantee of future performance of any asset, including insurance or other financial products. Higher rates of return have been associated with higher volatility. All inflation rates and rates of return on current financial holdings are estimates provided by the client. Tax and/or legal advice is not offered by FiduSure Financial Inc. or its partners. Please consult with your personal tax professional or legal advisor for further guidance on tax or legal matters.

Mutual Funds Provided through Carte Wealth Management Inc.
Segregated funds and insurance provided through Carte Risk Management Inc.

KBB CONSULTING INC.

Swati Bassi
KBB Consulting Inc.
647.641.2000
swati.bassi@kbbconsulting.ca