January – March 2020

Assante WEALTH MANAGEMENT

Be well-advised.

MONEY *matters*

RRSP FACTS AND DEADLINE FOR MAKING YOUR 2019 CONTRIBUTION

The RRSP contribution limit for 2019 is 18% of your 2018 income or $26,500, whichever is less. The contribution limit for 2020 is $27,230. If you are a member of a registered pension plan, then you need to deduct your pension adjustment (the amount on line 52 of your T4 slip) from the maximum allowable contribution for the year. If you were not able to make the maximum contribution to your plan in any of the years from 1991 to 2019, you can carry forward those amounts and make up the difference in 2020. Although you can carry forward unused RRSP room to future years, it would be to your benefit to contribute sooner to take advantage of tax deferred growth and compounding in your RRSP account.

You will need an income of $147,222 in 2018 to be able to contribute the maximum allowable contribution of $26,500 to your RRSP for the 2019 tax year. If your income is over $151,277 in 2019, you will be able to take advantage of the maximum RRSP contribution limit for 2019.

For purposes of RRSP contributions, earned income includes salaries, business income, employee profit sharing income, disability pensions (issued under the Canada and Quebec pension plans), taxable alimony or maintenance, and rental

continued ▸▸▸

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income. For 2014 and later years, earned income also includes income contributed to an amateur athlete trust (for purposes of determining the RRSP contribution limit of the trust's beneficiary). Your earned income is reduced by business losses, rental losses, union dues, employment expenses, and deductible alimony or maintenance paid. Certain types of income such as retiring allowances, investment income, capital gains, pension income and business income earned as a limited partner are not classified as earned income.

The deadline for contributing to your RRSP and deducting the amount from your 2019 income is March 2, 2020.

TFSA CONTRIBUTION ROOM FOR 2020

Starting January 1, 2016, the annual TFSA dollar limit decreased from $10,000 to $5,500 and will be subject to indexation. The TFSA contribution limit for 2019 was increased to $6,000 to reflect the indexation adjustment for personal income tax and benefit amounts and the contribution limit for 2020 stays at $6,000.

Tax Free Savings Accounts (TFSAs) were introduced by the federal government in 2009. Canadian residents who are 18 years of age or older with a valid Canadian social insurance number can set money aside tax-free during their lifetime by contributing to a TFSA.

Contributions to a TFSA are not deductible for income tax purposes. However, any income generated in the account (for example, investment income and capital gains) is generally tax-free, even when it is withdrawn.

An individual can only contribute up to their TFSA contribution room. Unused TFSA contribution room can be carried forward to later years. The total amount of TFSA withdrawals in a calendar year is added to the TFSA contribution room for the next calendar year. If you have never contributed to a TFSA and have been eligible since 2009, in 2020 you can contribute a total of $69,500 to your TFSA account.

If you have investments in non-registered accounts, you can transfer these investments in-kind to your TFSA, up to your allowable contribution limit and ensure tax free growth of these investments going forward. The in-kind contribution is considered a disposition for tax purposes and will result in a capital gains or losses, so discuss the tax consequences with your financial advisor before proceeding with this strategy.

LOWER PROBATE FEES IN ONTARIO OFFER RELIEF FOR EXECUTORS

As of January 1, 2020, estates valued at less than $50,000 will no longer have to pay probate fees in Ontario. Another welcome development in 2020 is that estate administrators will have twice the amount of time to file or amend the estate information returns, easing the burden and pressure of meeting these administrative requirements on time.

While this is welcome news for smaller estates, the total savings are small and amount to savings of up to $250 for all estates.

Prior to 2020, probate fees in Ontario were $5 for each $1,000 of part thereof of the first $50,000 of the value of the estate, and $15 for each $1,000 or part thereof of the value of the estate that exceeds $50,000. By eliminating the .5% that used to apply to the first $50,000 of the value of the estate, probate fees of 1.5% would be applicable to the value of the estate exceeding $50,000.

The 2019 Ontario budget eased the administrative burden on executors and trustees by extending the filing deadline of the estate information return to 120 days from 90 days.

Also, if a trustee makes an error on the return, he or she will now have 60 days to file an amended return instead of 30 days. According to the budget documents these changes will "ease the compliance burden on families".

DONOR ADVISED FUNDS OFFER A SIMPLE SOLUTION FOR YOUR PHILANTHROPIC TAX PLANNING

Your philanthropy speaks volumes about who you are and what your values are. Being strategic about your philanthropy and making thoughtful gifts can multiply the impact of your donations.

Many affluent families wonder if they should establish a private foundation to be more strategic about their philanthropy. While this option can work in certain circumstances when the founders want to involve the entire family in philanthropic activities and foster a culture of giving, it can be cumbersome in that it will require a big investment of time and money, ongoing attention to governance and regular tax filings to make this strategy sustainable.

Donor advised funds allow you to realize the personal satisfaction that charitable giving provides and have all the financial benefits of a private foundation without the hassles and the complexity.

You can give your donor advised fund any name you wish and can then manage all your charitable giving through your donor advised fund according to the goals and values that you establish for the fund. The Foundation that administers the Donor Advised Fund will charge a percentage of assets under management as a fee for doing all the governance, tax filing and compliance required under the law. Some donor advised funds allow your own financial advisor to manage the assets that you donate for you until you grant the fund to the charities that you wish to support.

Any donations you make to a private foundation as well as the financial statements of the foundation would be publicly disclosed on the CRA charities web site. However, you can keep the details of your donations and the charities that you

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support completely private and confidential when you give through a donor advised fund.

A donor advised fund is especially useful in years that you have a large tax bill due to the sale of a business or realizing capital gains on your investment portfolio and need a charitable donation tax receipt to offset those taxes but need time to decide how to strategically donate the funds.

Donor advised funds are a cost-effective and tax-efficient way for you and your family to manage your charitable giving.

You would need to make a minimum donation of $10,000 or $25,000 to start a donor advised fund.

Please contact me to learn how to set up a donor advised fund and to learn more about the Assante Charitable Giving program.

SUSTAINABLE, RESPONSIBLE AND IMPACT INVESTING (SRI)

According to the Responsible Investing Association Investor Survey 2017, 77% of Canadian investors are interested in the general area of responsible investing, and 71% are interested in impact investments that address or solve a social or environmental problem.

SRI investing which is also referred to as socially responsible or ethical investing refers to an investment strategy where the investors not only want their investments to do well but also to achieve good outcomes for the world.

There are several approached to SRI investing and it is important that investors recognize the difference and choose the one that aligns most with their personal values.

Rules-based Investing

One approach to socially responsible investing is rules-based investing. By following this approach fund managers systematically select securities based on policies and practices that follow specific SRI criteria.

SRI Integration

Investment managers who use the SRI Integration method, leverage fundamental and quantitative analysis to explicitly include environmental, social and governance factors into the financial analysis of the securities they consider for inclusion in their portfolio.

Sustainability Themed Investing

Investment managers that use the sustainability themed investing methodology, invest in themes or assets that are specifically related to sustainability, such as companies active in the fields of clean energy, green technologies, or sustainable agriculture.

In addition to using the above three methodologies, many SRI funds also engage in shareholder advocacy and engagement and try to influence corporate behavior through direct engagement and communication with senior management and boards of companies. They also try to influence corporate behavior and make them compliant with SRI guidelines through filing or co-filing shareholder proposals and proxy voting.

The Responsible Investing Association Investor Survey 2017 showed that 73% of Canadian investors say they know little or nothing about responsible investing and want to know more.

Currently there is no unified methodology used by investment funds for SRI investing. Therefore, it is important that investors do their due diligence together with their advisors to ensure that the fund they invest in meets their personal criteria and values when it comes to impact investing.

TINA TEHRANCHIAN OBTAINS THE MASTER FINANCIAL ADVISOR – PHILANTHROPY (MFA-P™) DESIGNATION

Strategic philanthropy is an emerging investment trend increasingly important to investors of all ages. But few financial advisors deliver what clients want: how to integrate personal values with tax and financial plans. The MFA-P™ Designation addresses this need.

The MFA-P™ has specialized professional credentials to enable high value planning for individual or family legacies. This designation was offered for the first time in Canada in 2019 and Tina Tehranchian is one of the first group of financial advisors in Canada to qualify for this designation with honours.

TINA TEHRANCHIAN WINS THE INAUGURAL ASSANTE COMMUNITY LEADERSHIP AWARD

During the national Assante Wealth Management Conference held in October 2019 in Orlando, Florida, Tina Tehranchian was awarded the inaugural Assante Community Leadership award in recognition of her long history of community service, volunteering, fundraising and leadership in philanthropy.

We wish to congratulate the other advisors who were shortlisted for this award, Brad Willem and Chris Rafuse and David Jones, for their exemplary volunteerism and leadership in philanthropy.

"Donor advised funds are a cost-effective and tax-efficient way for you and your family to manage your charitable giving."

TINA TEHRANCHIAN WINS THE FINANCIAL ADVISER OF THE YEAR AWARD

From left to right: Mark Hillier, Tina Tehranchian, and Melissa Leong

Finance professionals and diversity advocates from across the world headed to Toronto in November, for the inaugural Women in Finance Awards & Summit Canada.

The awards ceremony which was held at the Four Seasons Hotel in Yorkville on November 20th, 2019 saw 16 award winners amongst the respective categories recognizing the high-achievers, advocates and role models for women in Finance.

Tina Tehranchian who was shortlisted both for the Woman of the Year and the Financial Adviser of the year awards, won the Financial Adviser of the Year award in the inaugural Women in Finance Awards in Canada in November 2019. The judges' citations for this award were as follows:

"Tina's holistic approach to her clients and their needs made her submission stand out. Her aim is first and foremost to improve people's lives by enabling them to be financially savvy. She is an expert and advocates on a national level for better financial education."

We wish to congratulate all the other award winners including:

Accountancy Leader of the Year – Nadia King – **PWC**

Diversity Ambassador of the year - Meryl Afrika – **Canadian Association of Urban Finance Professionals (CAUFP)**

Diversity Initiative of the year – Sharon Zohar – **The Big Push**

Employer of the Year – CPP Investment Board

Finance Team (Led by a Woman) - Lana Legostaeva – **Invest Ottawa and Bayview Yards**

Fintech Project of the Year (Led by a Woman) - Saba Shariff – **Symcor Inc.**

Fund Manager of the Year - Sarah Riopelle – **RBC Global Asset Management**

Investment Banker of the Year - Scarlett Crockatt – **Scotiabank Global Banking and Markets**

Legal Adviser of the Year - Patricia McLeod – **Calgary Cooperative Association**

One to Watch - Ellis Odynn – **Digital Finance Institute**

Outstanding Achievement - Michelle Joliat – **BMO**

Personal and Private Banker of the Year - Supreet Warna – **HSBC**

Specialist Investor of the Year - Ida Khajadourian – **Richardson GMP Khajadourian Wealth Management**

Wealth Manager of the Year - Alana Riley – **IG Wealth Management**

Woman of the Year - Ann Kaplan – **iFinance Canada**

ABOUT THE EDITOR

Tina Tehranchian MA, CFP®, CLU®, CHFC®, MFA-P™ (Philanthropy) is a Branch Manager and Senior Wealth Advisor with Assante Capital Management Ltd., one of Canada's largest wealth management firms, offering integrated financial solutions to create wealth and prosperity for you and your family. The 750 advisors serve over 300,000 Canadian families across the country and take pride in the exceptional service they offer to clients through trusted face-to-face relationships and a level of service excellence second to none. Money Matters is published as a special service for clients of Tina Tehranchian.

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