

Managing your money: Avoid the clawback

Seniors receive a variety of benefits and tax credits from the federal government that are not available to others, however some benefits are income-tested and can result in clawbacks. Old Age Security (OAS) payments and the Age Credit are two examples of benefits, which can be clawed back without proper income planning.

OAS is a monthly benefit available to most Canadians age 65 or older. You will be required to repay 15 per cent of the amount by which your net income for 2017 – inclusive of your OAS benefit – exceeds \$74,788. When your net income exceeds \$121,071, your entire OAS benefit is clawed back. July 2017 to June 2018 payments are based on 2016 net income, while July 2018 to June 2019 payments will be based on 2017 net income.

Age Credit is a non-refundable tax credit available to Canadians age 65 or older at the end of the year. For 2017, the maximum amount you can claim for the Age Credit is \$7,225. This amount is reduced by 15 per cent of your net income in excess of \$36,430 and is reduced to \$0 when your taxable income reaches \$84,597. The value of the credit is calculated using the lowest



federal tax rate of 15 per cent multiplied by the amount claimed.

You can avoid OAS and Age Credit clawbacks by keeping your net income to the absolute minimum required to meet your needs. Here are some strategies for doing just that:

- With pension income splitting, you can allocate up to 50 per cent of "eligible pension income" – including payments from your Registered Pension Plan (RPP) (at any

age) and Registered Retirement Income Fund (RRIF) (at/after age 65) to your lower earning spouse, which usually reduces your family's overall tax bill and clawbacks.

- Reduce the amount of income received as Canadian source dividends, since these amounts are "grossed up" for the purposes of determining net income (although there is a dividend tax credit which will reduce the amount of tax paid, it does not reduce the amount of net income).

- Withdraw the minimum from your RRIF. Withdrawals from investments held within a RRIF are fully taxable, so consider withdrawing only the minimum each year. If you have a younger spouse, base your withdrawals on their age – this will produce a smaller minimum withdrawal.

- Invest in TFSA's. Investments held within Tax-Free Savings Accounts (TFSA) generate tax-free investment income. TFSA withdrawals are not taxable, so do not result in clawbacks.

- Seek non-registered investments that offer preferential tax treatment. Only 50 per cent of realized capital gains are included in income, and equity investments often distribute less investment income than fixed income investments. Less net income results in less of your income-tested benefits being subject to clawbacks. You can avoid clawbacks, reduce your tax burden and preserve your wealth. But don't run afoul of complex tax rules by using inappropriate strategies for your situation. Talk to your professional advisor first.

Article provided by Investors Group Financial Services Inc.

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5 Smart Tricks To Make Cleaning Faster And Easier

Get a jump on your spring-cleaning with some tips that'll leave every corner in your home spotless in no time.

1. Make it part of your routine:

If you wait to clean and tidy up once a week, a month or even a season, you're setting yourself up for a long, heavy chore that you'll only dread and procrastinate. Instead, try incorporating easy tasks like wiping the kitchen counters, straightening out the living room and freshening up your bed with linen spray into your daily schedule and you'll have a much easier and quicker time of it when you deep clean.

2. Choose appliances that tackle the dirty work:

You may already have a self-cleaning oven or laundry machine, but that self-cleaning magic is more valuable than ever when you can have it in the bathroom. The new VorMax Plus self-cleaning toilet from American Standard is a huge time-saver that cleans and freshens your toilet every time you flush. Available at Home Depot, it features an innovative design that uses a Lysol fresh infuser that reduces dirt buildup and an antimicrobial surface that inhibits the growth of stain-and odour-causing bacteria.



3. Have items work double duty:

Get creative and think outside the box to find things that can do some of the cleaning for you. For example, your dishwasher can do much more than just clean your plates, pots and pans. Load it up with plastic toys, light fixtures and toothbrush holders and have it run while you work on everything else. Using dryer sheets to prevent musty odours in clothing storage boxes, linen closets and shoes means you won't have to do extra cleaning or laundry just to get rid of unwanted smells.

4. Add some inspiration:

Sometimes tasks feel like they take forever simply because they're dull and repetitive. Time flies by when you're entertained, so listen to a podcast or stream re-runs of your favourite show in the background for cleaning that seems speedier. You can also use the time more efficiently by multitasking and squeezing in a workout while you clean. Make every step count with a fitness tracker and throw in a few exercises like pushups or squats every time you switch rooms and easily meet your daily physical activity goals.

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