Tax & Retirement Planning Guide

TD Asset Management Inc. realizes the importance of maximizing investors' after-tax income. For most Canadians, paying taxes is their biggest lifetime expense. Tax planning can have an immediate, as well as a profound long-term impact on a person's standard of living, financial security and ability to meet financial goals. Fortunately, there are many tax-efficient investment strategies Canadians can use to help maximize after-tax income and grow their investments, such as: receiving tax efficient income like dividends and capital gains, using registered plans for investing for retirement or a child's education, using a Tax-Free Savings Account (TFSA), and maximizing tax credits and deductions. We encourage investors to seek qualified tax planning advice to develop a strategy that's appropriate for their unique situation.

Tax Planning

2013 Federal Tax Brackets & Rates

Taxable Income	Rate
Up to $43, 561	15%
43,562–87,123	22%
87,124–135,054	26%
over 135,054	29%

Source: Canada Revenue Agency (CRA).

Payroll Deductions Snapshot[1]

	2013	Change from 2012
Maximum EI Premium [2]	$891	▲
Maximum CPP/QPP Contribution[3]	$2,356	▲
Top Federal Tax Rate	29%	◄►

Source: CRA. [1]Not indexed for inflation, figures rounded to nearest dollar. [2]Maximum Employment Insurance (EI) premium for employee outside of Quebec. The maximum for Quebec employees is $720.48. [3]Maximum employed employees.

2013 Top Marginal Personal Tax Rates[1]

Province/Territory	Interest and Regular Income %	Capital Gains %	Eligible Canadian Dividends %	Non-eligible Canadian Dividends %
Federal	29.00	14.50	19.29	19.58[5]
Alberta	39.00	19.50	19.29	27.71
British Columbia	43.70	21.85	25.78	33.71
Manitoba	46.40	23.20	32.27	39.15
New Brunswick	45.08	22.54	24.92	33.06
Newfoundland and Labrador	42.30	21.15	22.47	29.96
Northwest Territories	43.05	21.53	22.81	29.65
Nova Scotia[2]	46.50/50.00	23.25/25.00	31.23/36.06	31.83/36.21
Nunavut	40.50	20.25	27.56	28.96
Ontario[3]	46.41/49.53	23.21/24.77	29.54/33.85	32.57/36.47
Prince Edward Island	47.37	23.69	28.71	38.56
Quebec	49.97	24.99	35.22	38.54
Saskatchewan	44.00	22.00	24.81	33.33
Yukon	42.40	21.20	15.93	30.41
Non-Resident[4]	42.92	21.46	28.55	28.98[5]

Source: KPMG Tax Facts 2013-2014. [1]The combined top marginal tax rate is the rate an individual will pay on income that falls into the top federal tax bracket. For provinces that have a top bracket above the top federal tax bracket, a second rate has been included in the table. Federal and provincial rates combined, based on top personal income threshold of $135,054.01 and greater. [2]For Nova Scotia, the top tax rates shown are for taxable income of $150,000 and greater. [3]The top Ontario tax rates shown apply to taxable income above $509,000. [4]Non-resident rates for interest and dividends apply only in limited circumstances. [5]Souce: taxtips.ca and pwc Tax facts and figures Canada 2013.

Did you know?

You may want to consider using tax-deferred compounding to help your investments grow faster outside of a registered plan. One way to do this is to invest in corporate class mutual funds. If you decide to change your asset mix within the corporate class family of funds, the taxes from a potential capital gain are deferred until you cash out of the class. And by paying less tax now, you'll have more money to grow.

Important Dates[1]:

- RRSP Contribution Deadline: March 3, 2014
- Individual tax filing deadline: April 30, 2014
- Self-employed business tax filing deadline: June 16, 2014
- Last day for electronic filing of 2013 personal income tax using NETFILE: November 30, 2014

- Quarterly deadlines if you pay taxes to CRA by installments:
  - March 15, 2014
  - June 15, 2014
  - September 15, 2014
  - December 15, 2014

[1] 2014 important dates are estimates based on CRA guidelines, and are subject to change.

Tax Planning

Tax Free Savings Account (TFSA) Contribution Limits[1]

Tax Free Savings Account	2009 -2012	2013	2014
Annual Contribution Limits	$5,000	$5,500	$5,500[1]

[1]The $5,500 annual contribution room limit is indexed for inflation, and rounded to the nearest $500. Contribution limits are subject to change.

[1]Tax-Free Savings Account (TFSA) -
The key benefits are:

- Starting in 2009, Canadian residents aged 18 and older can contribute into a TFSA.
- Contributions to a TFSA are not deductible for income tax purposes but investment income, including capital gains, earned in a TFSA will not be taxed, even when withdrawn.
- Unused TFSA contribution room can be carried forward to future years.
- You can withdraw funds from the TFSA at any time for any purpose.[2] Withdrawals can be re-contributed to a TFSA in the following calendar year.
- You cannot contribute more than your TFSA contribution room in a given year, even if you made withdrawals during the year.
- If, at any time in a month, you have an excess TFSA amount, you are liable to a tax of 1% on your highest excess TFSA amount in that month.

[1]Source: Department of Finance Canada. [2]Some restrictions may apply, depending on the investments chosen.

Attribution Rules

Party/Source	Gift	No or Low-Interest Loan	Loan at Prescribed or Commercial Rate
Spouse or Partner			
Income	Attributed to giftor	Attributed to lender	No Attribution
Capital Gains	Attributed to giftor	Attributed to lender	No Attribution
Second-Generation Income	No Attribution	No Attribution	No Attribution
Child Under 18			
Income	Attributed to giftor	Attributed to lender	No Attribution
Capital Gains	No Attribution	No Attribution	No Attribution
Second-Generation Income	No Attribution	No Attribution	No Attribution
Child Over 18			
Income	No Attribution	No Attribution[1]	No Attribution
Capital Gains	No Attribution	No Attribution[1]	No Attribution

Source: KPMG. [1]Provided main reason for making loan was not to reduce or avoid tax of the lender.

Retirement Planning

Requirement	Home Buyers' Plan (HBP)[1] Details	Lifelong Learning Plan (LLP)[1] Details
Eligibility	Cannot have lived in a home owned by the investor, the investor's spouse or common-law partner between January 1 of the fourth year before the year of withdrawal, and the 31st day before the withdrawal. Other conditions apply.	The investor, investor's spouse or common-law partner must be enrolled full-time (part-time for disabled students) at a designated educational institution before March 1 of the year following the year of first withdrawal, in a qualifying educational program of at least three months' duration with 10+ hours of weekly course work. Other conditions apply.
Limits	$25,000 per participant.	$10,000 per year to a maximum of $20,000 over four years.
Repayment[2]	1/15th per year beginning the second year following the year of withdrawal, payable by 60 days into the following year.	Generally, 1/10th per year, with the first repayment due 60 days after the fifth year following the first withdrawal. Repayments may commence in the second year following the withdrawal, if the course is completed in the year of withdrawal. For complete details, please visit **www.cra-arc.gc.ca/myaccount**.

[1]Source: CRA. [2]Any amount that is not repaid will be added to taxable income.

Registered Savings Plan (RSP) Contribution Limits

18% of Earned Income to a Maximum of:

Year	Maximum RSP Contribution
2010	$22,000
2011	$22,450
2012	$22,970
2013	$23,820
2014	$24,270

Withholding Tax Rates for RSP/RIF Withdrawals

Amount Withdrawn in Excess of Minimum	All Provinces Except Quebec	Quebec	Non-Residents[1]
Up to $5,000	10%	5% federal + 16% provincial	25%
$5,001 to $15,000	20%	10% federal + 16% provincial	25%
Over $15,000	30%	15% federal + 16% provincial	25%

[1] For non-residents of Canada, withholding tax is 25% unless reduced by a treaty.

Retirement Planning

Payment Rates - Canada Pension Plan & Quebec Pension Plan

Type of Benefit	Canada Pension Plan Maximum Monthly Benefit (2013)	Quebec Pension Plan Maximum Monthly Benefit (2013)
Retirement Pension (At Age 65)	$1,012.50	$1,012.50
Max Disability Benefit (Under Age 65)	$1,212.90	$1,212.87
Survivors Benefit (Under Age 65)	$556.64	$833.18[1]
Survivors Benefit (Age 65 and Over)	$607.50	$607.50
Children of Disabled Contributor Benefit	$228.66	$72.60
Children of Deceased Contributors Benefit	$228.66	$228.66
Combined Survivors and Retirement Benefit (Retirement At Age 65)	$1,012.50	$1,012.50
Combined Survivors and Disability Benefit	$1,212.90	N/A
Death Benefit (Max Lump Sum)	$2,500.00	$2,500.00

Source: Service Canada. [1] Between 45 – 64 years of age.

Old Age Security Benefit Payment Rates (October – December 2013)[1,2]

Type of Benefit	Recipient	Maximum Monthly Benefit	Maximum Annual Income[3]
Old Age Security (OAS) Pension[4]	All Recipients	$550.99	$114,815[*,5]
Guaranteed Income Supplement (GIS)	Single Person	$747.11	$16,704[5]
	Spouse of Pensioner	$495.39	$22,080[6]
	Spouse of Non-Pensioner	$747.11	$40,032[6]
	Spouse of Allowance Recipient	$495.39	$40,032[6]
Allowance	All Recipients	$1,046.38	$30,912[6]
Allowance For The Survivor	All Recipients	$1,171.48	$22,488[5]

Source: Service Canada. [1]For eligible recipients aged 65 or over. OAS benefits are reviewed quarterly and generally indexed to CPI. [2]More information is available on Seniors section of the Service Canada website. [3]The income level cut-offs do not include the OAS pension or the first $3,500 of employment income. [4]Pensioners with an individual net income above $70,954 must repay part or all of the maximum Old Age Security pension amount. The repayment amounts are normally deducted from their monthly payments before they are issued. The full OAS pension is eliminated when a pensioner's net income is $114,793 or above. [5]Individual income. [6]Combined income.

*Old Age Security Clawback

- If your net income before adjustments exceeds $70,954, part or all of the maximum OAS pension amount must be repaid.
- The repayment amount is calculated as 15% of an individual's net income greater than $70,954.
- Repayment amounts are normally deducted from monthly payments before they are issued.
- The full OAS pension is eliminated when a pensioner's net income is $114,793 or above.

Retirement Income Fund (RIF) Minimum Withdrawal Amounts

(Fair market value of RIF on December 31 multiplied by prescribed factors below)

Age	General	Qualifying RIFs[1]
60	-	0.0333
61	-	0.0345
62	-	0.0357
63	-	0.0370
64	-	0.0385
65	-	0.0400
66	-	0.0417
67	-	0.0435
68	-	0.0454
69	-	0.0476
70	-	0.0500
71	0.0738	0.0526
72	0.0748	0.0556
73	0.0759	0.0588
74	0.0771	0.0625
75	0.0785	0.0667
76	0.0799	0.0714
77	0.0815	0.0769
78	-	0.0833
79	-	0.0853
80	-	0.0875
81	-	0.0899
82	-	0.0927
83	-	0.0958
84	-	0.0993
85	-	0.1033
86	-	0.1079
87	-	0.1133
88	-	0.1196
89	-	0.1271
90	-	0.1362
91	-	0.1473
92	-	0.1612
93	-	0.1792
94 or older	-	0.2000

[1] A qualifying RIF is generally a retirement income fund entered into before 1993. Between the ages of 71 and 77 the diagram above illustrates the minimum payments of set up after December 31, 1992.

Education Planning

Registered Education Savings Plans (RESPs)

Requirement	Details
Contribution Maximum	There is no annual limit for contributions to RESPs. For each beneficiary, the lifetime limit on the amount that can be contributed to an RESP is $50,000.
Contribution Age Limit	Contributions can be made until December 31 of the 31st year following the year the plan is entered into. Family plan only: final contribution must be made before the beneficiary's 31st birthday.
Plan Age Limit	RESP must be collapsed before December 31 of the 35th year following the year the plan is entered into.
Tax On Overcontribution	1% per month of the over contribution amount at the end of the month.
Basic Canada Education Savings Grant (CESG)	20% on annual contributions made to all eligible RESPs for a qualifying beneficiary, to an annual maximum of $500 ($1,000 where there is unused grant room from a previous year). Additional contribution requirements apply to beneficiaries who are 15 or 17. Unused CESG grant room may be carried forward for possible use in the future. Lifetime maximum CESG amount per beneficiary is $7,200. Please refer to CRA for more information.
Additional CESG[1,2,3]	Family income under $43,562[1]: CESG on the first $500 in annual RESP contributions is 20%.
	Family income between $43,562[1] and $87,123: CESG on the first $500 in annual RESP contributions is 10%.
Canada Learning Bond (CLB)[2,3]	Provides $500 at birth and $100 annually (to a maximum of $2000) until age 15 for children born after 2003 to families entitled to the National Child Benefit Supplement (paid only in the years when the family's income qualifies).
Alberta Centennial Education Savings (ACES) Plan[2,3]	Provides $500 grant into RESP for children born into or adopted by an Alberta family with a date of birth on or after January 1, 2005 without regard for family income levels (additional grants of $100 available at age 8, 11 and 14 if a minimum deposit of up to $100 is made to an RESP during the previous year, and subject to other conditions).
Quebec Education Savings Incentive (QESI)[2,4]	10% on the first $2,500 of annual contributions (with greater support for families that qualify based on lower income) up to a lifetime limit of $3,600 per child. The child must be named as a beneficiary of an RESP, be a resident of Quebec at the end of the year, and meet other eligibility requirements.
Educational Withdrawals	Educational Assistance Payment: Grant monies and accumulated income payable to the beneficiary and taxable as earned income for the beneficiary.
	Post-Secondary Educational Capital Withdrawal: Payable to subscriber who may gift it to beneficiary or retain it for him/herself without a tax penalty.
Non-Educational Withdrawals	Accumulated Income Payment: Subject to certain conditions, payable to subscriber who can transfer amount to his/her RSP (subject to availability of RSP contribution room). If taken as cash, amount is taxable based on subscriber's marginal tax rate plus an additional 20% withholding tax. Amounts can also be paid to a designated educational institution in Canada.
	Non-Educational Capital Withdrawal: Triggers the requirement to pay back CESG equal to 20% of the amount of the withdrawal.

Source: Canlearn. [1]For 2013, amount updated each year based on inflation rate. [2]These are optional programs and are currently not offered in the TD Mutual Funds Education Savings Plan. Please contact your TD Mutual Funds Sales Team for more information. [3]Effective January 2005. [4]Effective February 2007.

Consumer Price Index (CPI)

Year	CPI	% Change
1951 – 1960	-	12.3
1961 – 1970	-	29.3
1971 – 1980	-	110.5
1981 – 1990	-	58.4
1991 – 2000	-	15.2
2001	97.8	2.5
2002	100.0	2.2
2003	102.8	2.8
2004	104.7	1.8
2005	107.0	2.2
2006	109.1	2.0
2007	111.5	2.2
2008	114.1	2.3
2009	114.4	0.3
2010	116.5	1.8
2011	119.9	2.9
2012	121.7	1.5

Source: Statistics Canada. Base year: 2002= 100.0

How to Manage Personal Tax Info and More Online

The CRA offers secure access to personal tax information through their website service called "**My Account**". It includes information about tax refunds or balance owing, RSP, Home Buyers Plan, Lifelong Learning Plan, Tax-Free Savings Account and more. Visit **www.cra-arc.gc.ca/myaccount** for more information.

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