

Year-end tax tips to lower your tax bill | Expert Access featuring Jamie Golombek

[Inspiring music]

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[Jamie Golombek
Managing Director, Tax and Estate Planning
CIBC Private Wealth]

[Jamie Golombek, an adult male wearing a suit and tie, is seated in an office environment and addressing the camera.]

Jamie Golombek (onscreen): Most people typically focus on tax planning when they prepare their tax return—in March or April. By that point it's actually too late. So tax planning really should be a year-round process. You want to make sure that you are paying the least amount of tax throughout the entire year—don't just wait until it's time to file your return; the returns are retro. In other words, it's focused on what happened in the past. What we want to do is try to make sure you're paying less tax in the future.

[Tip #1
Turning losses into gains]

Each year we talk about tax-loss selling. If you have a loss on some of the investments in your portfolio, you might want to crystallize that loss to be able to use that capital loss against any other capital gains you had this year, or in the previous three calendar years.

[The Canada Parliament. A middle-aged man sitting at his home office desk doing his taxes. A close-up of a hand writing with a pen on a blank sheet of paper.]

Jamie Golombek (offscreen): What's new for 2024 with the increase in the capital gains inclusion rate is an opportunity for some investors to also do capital gains realization.

And the reason for that is that the first \$250,000 a year of capital gains are still taxable at the 50% inclusion rate. Any gains above that are taxable at a two thirds inclusion rate.

[Investor opportunity:
Capital gains realization]

- First \$250,000/year of capital gains are still taxable at the 50% inclusion rate
- Any gains above that are taxable at a two thirds inclusion rate]

Jamie Golombek (onscreen): So for some individuals it may make sense to crystallize those gains before the end of the year to take advantage of the lower capital gains inclusion rate if potentially you otherwise would have sold them in a future year when your gains were over \$250,000 and you'd have the higher inclusion rate.

[Tip #2
Maximize your registered plans]

Jamie Golombek (offscreen):

Then we need make sure that we cover all of our registered plans. So if you've got children or grandchildren, topping up the Registered Education Savings Plan to get the government grants for 2024.

[A group of university students sitting on the grass in a university quad]

[Registered Education Savings Plan (RESP)]

Jamie Golombek (onscreen): If you have someone in the family with a disability topping up the Registered Disability Savings Plan to get the grants and potential bonds.

[Registered Disability Savings Plan (RDSP)]

Jamie Golombek (offscreen): For RRSPs we have a normal deadline 60 days after the year, but for those who turn 71, you've got to make your final RRSP contribution by December 31st and you've got to convert that RRSP, typically to a RRIF, by the end of the year.

[A senior couple sitting in their living room looking at a laptop. A senior man sitting at a desk in his home office, typing on a calculator.]

[Registered Retirement Savings Plan (RRSP)]

And for first-time home buyers, don't forget that you have until December 31st to contribute \$8,000 for 2024 for a First Home Savings Account.

[A couple and a construction worker looking over blueprints at the construction site of a home. A couple and their young child carrying boxes into a house. An adult hanging a picture in his living room.]

[First Home Savings Account (FHSA)]

You get a tax deduction for the contributions, up to \$40,000 over five years—that's \$8,000 per year for five years and then if you buy a home within 15 years, the entire balance can be withdrawn completely tax free.

[Tip #3

Donate now, save later]

Finally, charitable contributions.

[A woman sitting at a desk writing a cheque.]

Jamie Golombek (onscreen): Reminder that if you want to get your charitable tax receipt for 2024, you must make that donation by December 31st to be able to claim the donation tax credit on your 2024 tax return.

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