

# Tax & Retirement Planning Guide



At TD Asset Management Inc. (TDAM), we understand the importance of tax planning to investors. There are many tax-efficient investment vehicles available to Canadians to help maximize after-tax income and grow their investment portfolios. For example, you may consider using a Registered Retirement Savings Plan (RRSP) or Tax-Free Savings Account (TFSA) to save for retirement or a Registered Education Savings Plan (RESP) for a child's education. You may also want to take advantage of appropriate deductions and government sponsored benefits. In addition, consider whether it is advantageous to hold investments that earn relatively tax-efficient income, such as Canadian dividends or capital gains.

TDAM has created this guide to help outline some tax planning information. While the guide is useful, we encourage investors to seek qualified tax planning advice to develop a strategy that's appropriate for their unique situation.

# Tax Planning

## 2023 Federal Tax Brackets & Rates

Taxable Income	Rate
Up to \$53,359	15.0%
\$53,360 – 106,717	20.5%
\$106,718 – 165,430	26.0%
\$165,431 – 235,675	29.0%
\$235,676 and over	33.0%

Source: Canada Revenue Agency (CRA).

## Payroll Deductions 2023<sup>1</sup>

	2023	Change from 2022
Maximum EI Premium <sup>2</sup>	\$1,002.45	▲
Maximum CPP Contribution <sup>3</sup>	\$3,754.45	▲
Top Federal Tax Rate	33%	

Source: Canada Revenue Agency (CRA), Régie des rentes Québec (RRQ). <sup>1</sup>Figures rounded to nearest dollar.

<sup>2</sup>Maximum EI premium for employees outside of Québec. The maximum for Québec employees is \$781.05 as at January 1, 2023. <sup>3</sup>The maximum Québec Pension Plan (QPP) contribution per employee is \$4,038.40 as at January 1, 2023.

## Important Dates<sup>1</sup>:

- RRSP Contribution Deadline: March 1, 2023
- Individual tax filing deadline: April 30, 2023
- Payment date for 2022 taxes: April 30, 2023 for individual and self-employed returns.
- Self-employed tax filing deadline: June 15, 2023
- Quarterly deadlines if you pay taxes to CRA by instalments:
  - March 15, 2023
  - June 15, 2023
  - September 15, 2023
  - December 15, 2023

<sup>1</sup> 2023 important dates are subject to change.

If a deadline falls on a weekend or official holiday, a return is considered filed on time if it is postmarked on the first business day after the filing deadline.

Quebec returns do not observe an extension for weekends or holidays, therefore the return deadline is April 30, 2023.

## 2023 Top Marginal Personal Tax Rates<sup>1</sup>

Province/Territory	Interest and Regular Income %	Capital Gains %	Eligible Canadian Dividends %	Non-eligible Canadian Dividends %
Federal	33.00	16.50	24.81	27.57
Alberta	48.00	24.00	34.31	42.31
British Columbia	53.50	26.75	36.54	48.89
Manitoba	50.40	25.20	37.78	46.67
New Brunswick	52.50	26.65	32.40	46.83
Newfoundland and Labrador	54.80	27.40	46.20	48.96
Northwest Territories	47.05	23.53	28.33	36.82
Nova Scotia	54.00	27.00	41.58	48.28
Nunavut	44.50	22.25	33.08	37.79
Ontario	53.53	26.76	39.34	47.74
P.E.I.	51.37	25.69	34.22	47.05
Québec	53.31	26.65	40.11	48.70
Saskatchewan	47.50	23.75	29.64	41.82
Yukon	48.00	24.00	28.93	44.04

Source: Ernst & Young Combined Federal and Provincial Personal Income Tax Rates 2023, PwC Individual - Taxes on Personal Income, Canada Revenue Agency (CRA), Régie des rentes Québec (RRQ). <sup>1</sup>The combined top marginal tax rate is the rate an individual will pay on income that falls into the highest tax bracket in the province or territories of residence. <sup>2</sup>Non-resident rates for interest and dividends apply only in limited circumstances.

## Tax-Free Savings Account (TFSA) Contribution Limits

Tax-Free Savings Account	2009 – 2012	2013 – 2014	2015	2016 – 2018	2019 – 2022	2023
Annual Contribution Limits <sup>1</sup>	\$5,000	\$5,500	\$10,000	\$5,500	\$6,000	\$6,500

<sup>1</sup>The TFSA annual room limit will be indexed to inflation and rounded to the nearest \$500. Source: Canada Revenue Agency (CRA) as of January 31, 2023.

# Tax Planning

## Tax-Free Savings Account (TFSA)

The TFSA program is a way for individuals who are 18 years of age or older, and who are residents of Canada with a valid social insurance number (SIN) to set money aside tax-free throughout their lifetime. Contributions to a TFSA are not deductible for income tax purposes. Any amount contributed as well as any income earned in the account (for example, investment income and capital gains) is generally tax-free, even when it is withdrawn.

Source: Canada Revenue Agency. Some restrictions may apply.

## Registered Retirement Savings Plan (RRSP)

An RRSP is a retirement savings plan registered with the CRA and to which you or your spouse or common-law partner contribute. Deductible RRSP contributions can be used to reduce your tax, and any income you earn in the RRSP is usually exempt from tax as long as the funds remain in the plan. You generally have to pay tax when you receive payments from the plan.

Source: Canada Revenue Agency. Some restrictions may apply.

# Retirement Planning

## Registered Retirement Savings Plan (RRSP) Contribution Limits

18% of Previous Year's Earned Income to a Maximum of:

Year	Maximum RRSP Contribution
2016	\$25,370
2017	\$26,010
2018	\$26,230
2019	\$26,500
2020	\$27,230
2021	\$27,830
2022	\$29,210
2023	\$30,780

Source: Canada Revenue Agency (CRA).

## Withholding Tax Rates for RRSP/ Registered Retirement Income Fund (RRIF)

Amount Withdrawn in Excess of Minimum <sup>2</sup>	All Provinces Except Quebec	Quebec	Non-Residents <sup>1</sup>
Up to \$5,000	10%	5% federal + 15% provincial	25%
\$5,001 to \$15,000	20%	10% federal + 15% provincial	25%
Over \$15,000	30%	15% federal + 15% provincial	25%

<sup>1</sup> For non-residents of Canada, withholding tax is 25% unless reduced by a treaty. <sup>2</sup> This amount refers to the required annual minimum withdrawals, specifically from a RRIF.

## Withdrawal Programs

### RRSP Home Buyers' Plan (HBP)<sup>1</sup>

### RRSP Lifelong Learning Plan (LLP)<sup>1</sup>

	RRSP Home Buyers' Plan (HBP) <sup>1</sup>	RRSP Lifelong Learning Plan (LLP) <sup>1</sup>
Eligibility	Must be considered a "First-time Home Buyer" <sup>2</sup> : Cannot have lived in a home owned by the annuitant or the annuitant's spouse or common-law partner during the period between January 1 of the fourth year before the year of withdrawal, and the 31 <sup>st</sup> day before the withdrawal. Other conditions apply. For more information please visit the Canada Revenue Agency website at <a href="https://www.canada.ca/en/revenue-agency/services/tax/individuals/topics/rrsps-related-plans/what-home-buyers-plan/participate-home-buyers-plan.html">https://www.canada.ca/en/revenue-agency/services/tax/individuals/topics/rrsps-related-plans/what-home-buyers-plan/participate-home-buyers-plan.html</a> .	The annuitant or the annuitant's spouse or common-law partner must be enrolled full-time (part-time for students meeting one of the disability conditions) in a qualifying educational program or have a written offer to enrol at a designated educational institution before March 1 of the year following the year of first withdrawal. The program must be of at least three consecutive months' duration with 10+ hours of weekly course work. Other conditions apply. For more information please visit the Canada Revenue Agency website at <a href="https://www.canada.ca/en/revenue-agency/services/tax/individuals/topics/rrsps-related-plans/lifelong-learning-plan.html">https://www.canada.ca/en/revenue-agency/services/tax/individuals/topics/rrsps-related-plans/lifelong-learning-plan.html</a> .
Limits	\$35,000 per participant.	\$10,000 per year to a maximum of \$20,000 over four years.
Repayment <sup>3</sup>	Generally, 1/15 <sup>th</sup> per year beginning the second year following the year of withdrawal, payable by 60 days into the following year.	Generally, 1/10 <sup>th</sup> 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 <a href="https://www.canada.ca/en/revenue-agency.html">www.canada.ca/en/revenue-agency.html</a> .

<sup>1</sup> Source: CRA. <sup>2</sup> Unless you are a person with a disability or you are helping a related person with a disability buy or build a qualifying home. <sup>3</sup> Any amount that is not repaid will be added to taxable income for the year the repayment is due. You have up to 15 years to repay the HBP and up to 10 years to repay the Lifelong Learning Plan.

## Coming soon – Tax-Free First Home Savings Account (FHSA)

In 2022, the Canadian government proposed the introduction of the FHSA. This new registered plan would give prospective first-time home buyers the ability to save \$40,000 on a tax-free basis. Contributions would be tax-deductible, and qualifying withdrawals to purchase a qualifying home—including from investment income—would be non-taxable. The account is expected to be available to Canadians by the end of 2023. Conditions and restrictions would apply. For more information please visit the Canada Revenue Agency website at [www.canada.ca/en/revenue-agency.html](http://www.canada.ca/en/revenue-agency.html).

## Retirement Planning

### Payment Rates - Canada Pension Plan (CPP) & Québec Pension Plan (QPP)

Type of Benefit	CPP Maximum Monthly Benefit (2022)	QPP Maximum Monthly Benefit (2022)
Retirement Pension (At Age 65)	\$1,306.57	\$1,306.57
Disability Benefit (Under Age 65)	\$1,538.67	\$1,537.13
Survivor's Benefit (Under Age 65)	\$707.95	\$1,064.81
Survivor's Benefit (Age 65 and Over)	\$783.94	\$804.13
Children of Disabled Contributor Benefit	\$281.72	\$89.45
Children of Deceased Contributors Benefit	\$281.72	\$281.72
Combined Survivor's and Retirement Benefit (Retirement At Age 65)	\$1,313.13	See footnote <sup>2</sup>
Combined Survivors and Disability Benefit	\$1,542.77	See footnote <sup>2</sup>
Death Benefit (Max Lump Sum)	\$2,500.00	\$2,500.00

Source: Government of Canada from January 2023 to December 2023, Government of Canada Quarterly Report of CPP and Old Age Security (OAS) monthly amounts from January to March 2023, Régie des rentes Québec (RRQ). <sup>1</sup> Between 45 - 64 years of age. <sup>2</sup> Please contact RRQ for more information.

### Old Age Security Benefit Payment Rates<sup>1</sup>

Type of Benefit	Recipient	Maximum Monthly Benefit	Maximum Annual Income <sup>2</sup>
Old Age Security (OAS) Pension <sup>4</sup>	All Recipients	\$687.56	\$129,757 <sup>3</sup> (see Old Age Security below)
	Single Person	\$1,026.96	\$20,831
Guaranteed Income Supplement (GIS)	Spouse of Pensioner	\$618.15	\$27,551 <sup>4</sup>
	Spouse of Non-Pensioner	\$1,026.96	\$49,919 <sup>4</sup>
	Spouse of Allowance Recipient	\$618.15	\$38,591 <sup>4</sup>
Allowance	All Recipients	\$1,305.71	\$38,591 <sup>4</sup>
Allowance For The Survivor	All Recipients	\$1,556.51	\$28,079 <sup>3</sup>

Source: Government of Canada January 2023 to March 2023. <sup>1</sup> For eligible recipients aged 65 to 74. OAS benefits are reviewed quarterly and generally indexed to Consumer Price Index (CPI). <sup>2</sup> The income level cut-offs do not include the OAS pension or the first \$5,000 of employment income. <sup>3</sup> Individual income.

<sup>4</sup> Combined income. Eligible recipients aged 75 and over will see an automatic 10% increase of their OAS pension as of July 2022.

## Old Age Security Clawback

- If your net income before adjustments exceeds \$86,912, part or the entire OAS pension amount may need to be repaid.
- The repayment amount is equal to 15% of the amount an individual's net income exceeds the threshold (\$86,912), up to the full OAS payment.
- The OAS recovery tax is normally deducted on a monthly basis as installments or pre-payments of expected OAS clawback based off of the previous year's tax return.
- The full OAS payment is eliminated when a pensioner's net income is \$134,626 or above (age 65 to 74), or \$137,331 or above (age 75 and over).

### RRIF – Annual Minimum Withdrawals (%)

(Fair market value of RRIF on December 31 multiplied by prescribed factors below)<sup>1</sup>

Age <sup>2</sup>	2017+ Factor
71	5.28
72	5.40
73	5.53
74	5.67
75	5.82
76	5.98
77	6.17
78	6.36
79	6.58
80	6.82
81	7.08
82	7.38
83	7.71
84	8.08
85	8.51
86	8.99
87	9.55
88	10.21
89	10.99
90	11.92
91	13.06
92	14.49
93	16.34
94	18.79
95+	20

<sup>1</sup>For annuitants under the age of 71, the factor is based on the following formula: 1/ (90 - annuitant's or spouse's age). Minimum withdrawal in the year in which the RRIF is established is nil. <sup>2</sup> Age is as of the start of the year.

# Education Planning

## Registered Education Savings Plan (RESP)

### Details

<b>Contribution Maximum</b>	There is no annual limit for contributions to RESPs. For each beneficiary, the lifetime contribution limit to an RESP is \$50,000.
<b>Contribution Age Limit</b>	Contributions can be made until December 31 of the 31 <sup>st</sup> year following the year the plan is entered into. Family plan only: final contribution must be made before the beneficiary's 31 <sup>st</sup> birthday.
<b>Plan Age Limit</b>	RESP must be collapsed before December 31 of the 35 <sup>th</sup> year following the year the plan is entered into.
<b>Penalty On Over-Contribution</b>	1% per month of the over-contribution amount outstanding at the end of the month.
<b>Basic Canada Education Savings Grant (CESG)</b>	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 16 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 website for more information.
<b>Additional CESG<sup>1,2</sup></b>	Family income up to \$53,359: additional CESG on the first \$500 in annual RESP contributions is 20%. Family income between \$ 53,360 and \$106,717: additional CESG on the first \$500 in annual RESP contributions is 10%.
<b>Canada Learning Bond (CLB)<sup>1,2</sup></b>	Provides \$500 at first year of eligibility and \$100 annually (to a maximum of \$2000) until age 15 for children born after 2004 to families who meet certain income criteria (paid only in the years when the family's income qualifies).
<b>Québec Education Savings Incentive (QESI)<sup>1,3</sup></b>	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 Québec at the end of the year, and meet other eligibility requirements.
<b>British Columbia Training and Education Savings Grant (BCTESG)<sup>1</sup></b>	\$1,200 one-time grant to eligible beneficiaries born on or after January 1, 2006. The last day to apply is the day before the beneficiary turns 9 years old. The child must be a resident of British Columbia at the time of the application, and meet other eligibility requirements.
<b>Educational Withdrawals</b>	Educational Assistance Payment (EAP): CESG, CLB, amounts paid under a provincial education savings program, and the earnings on the money saved in the RESP. These are paid to the beneficiary and taxable as earned income for the beneficiary in the year that they are received. Post-Secondary Educational (PSE) Contribution Withdrawal: Payable to subscriber who may gift it to beneficiary or retain it for him/herself with no tax payable.
<b>Non-Educational Withdrawals</b>	Accumulated Income Payment (AIP): Subject to certain conditions (including the repayment of grants), income earned in the plan is payable to the subscriber who may be able to transfer the amount to his/her RRSP (subject to availability of RRSP contribution room). If taken as cash, the AIP amount is taxable based on subscriber's marginal tax rate plus an additional 20% penalty tax. Alternatively, such amounts may be paid (gifted) to a designated educational institution in Canada. Refund of Contributions (ROC) If a beneficiary is not eligible for an EAP, the withdrawal of contributions is not taxable, but generally trigger CESG repayments and could require the repayment of certain provincial grants.

Source: CanLearn and Employment and Social Development Canada (ESDC). <sup>1</sup>The TD Mutual Funds Education Savings Plan supports only the basic Canada Education Savings Grant and not any other provincial or federal government RESP grants or tax incentives. <sup>2</sup>Effective January 2005. <sup>3</sup>Effective February 2007. <sup>4</sup>Effective January 2013.

## 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	2.2
2003	102.8	2.8
2004	104.7	1.8
2005	107	2.2
2006	109.1	2.0
2007	111.5	2.0
2008	114.1	2.3

## Consumer Price Index (CPI)

Year	CPI	% Change
2009	114.4	0.3
2010	116.5	1.8
2011	119.9	2.9
2012	121.7	1.5
2013	122.8	0.9
2014	125.2	2.0
2015	126.6	1.1
2016	128.4	1.4
2017	130.5	1.6
2018	134.0	2.7
2019	136.9	2.2
2020	137.0	0.7
2021	144	4.8
2022	151.2	6.8

Source: Statistics Canada. Base year: 2002 = 100.0. As of December 31, 2021.

## 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, RRSP, Home Buyers' Plan, Lifelong Learning Plan, Tax-Free Savings Account and more. Visit [www.canada.ca/en/revenue-agency.html](http://www.canada.ca/en/revenue-agency.html) for more information.

# Wealth

For more information, please contact your **investment professional**.

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