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April 2009

Springtime - Tax time

Even with the daylight hours extending longer into the evening, we've had some false spring-weather starts, but you can be sure tax time is here. The filing deadline for personal income tax is April 30th. Although I suspect most readers have filed their returns, I'll review some tips. In the event you missed something to your advantage, you can file a request for an adjustment (Form T1-adj).

→ File on time and pay any tax due by midnight April 30, 2009, as penalties and interest charges can be costly. Interest is charged beginning May 1, 2009 at **5% compounded daily**. The penalty for late filing is 5% +1% for each full month to a maximum of 12 months of your balance owing. If you were tardy in 2005, 2006, or 2007 and again in 2008, then the aforementioned penalty is increased to 10% +2%!

→ Report all capital losses even if you do not have any capital gains this year because capital losses can be carried back three years (Form T1A) or can be used towards future capital gains.

- For couples, combine your charitable donations and medical expenses and have the spouse who benefits the most make the claim.
- File a tax return for minors so they will build up Registered Retirement Savings Plan (RRSP) contribution room.
- Remember that up to 50% of your employer pension can be split with your spouse (at any age) even if your spouse is working. It may be to your advantage to transfer at least \$2,000—which will trigger the \$2,000 Federal Pension Tax Credit (plus the provincial amount). You must be 65 years old to split a Registered Retirement Income Fund (RRIF) or a Life Income Fund (LIF), and it is necessary to apply and meet eligible criteria to split your Canada Pension Plan (CPP).

Planning ahead...

- If you received a large tax refund for 2008, and anticipate the same in 2009, contact your employer /pension payer to reduce tax deductions at source (Form T-1213). Why give the government an interest free loan?

→ You can gift qualified securities to a charity (Form T1170 and Schedule 3) without incurring taxable capital gains. If you sell the securities in order to donate cash, you could trigger a taxable capital gain. In this case, because you would have to pay the tax, you would have less money available for your charitable donation.

→ If you qualify as a first-time homebuyer, you can withdraw up to \$25,000 from your Registered Retirement Savings Plan (RRSP), without income tax being withheld, to use towards the purchase of your home. If you do not have this amount in your RRSP, you can top it up, provided you have sufficient contribution room. To qualify, contributions must be in your RRSP for at least 90 days prior to withdrawal. If your tax rate is 30%, then your income tax refund is \$7,500 for a \$25,000 RRSP contributions. This gives you \$32,500 (\$25,000 + \$7,500) towards your home purchase. The amount withdrawn must be repaid to your RRSP over a 15-year period (1/15 annually), starting the second year following your withdrawal. Think of it as the government giving you an interest free loan to help you purchase your home! If you have a spouse, both can participate! For 2009, there is also up to \$750 in tax relief available.

→ Canada's Economic Action Plan provides a tax credit for qualified home renovations and /or a grant to assist in making your home more energy efficient. For more information call 1-800-622-6232, or check out www.nrcan.gc.ca or www.cra-arc.gc.ca/gncy/bdqt/2009.



For more information on these or other topics, visit my web site at

www.checkwithjoan.com

PINK

(Protection, investments and the need for knowledge)
Entertain and Empower Women

Tuesday, April 28, 2009

7:00 to 9:00 (registration starts at 6:30)

Ashburn Golf Club, 3250 Joseph Howe Drive

Halifax

Financial Wellness Through Life's Transitions

How to manage your financial life during and after separation, divorce or death of a partner

Marilyn DeRooy, Empire Life

AND

Know Your Body and Dress for the Here and Now

Cindy Wheeler, Customizing Wardrobes

RSVP by April 22, 2009

info@joanmikkelsen.com, or 468-0602

Upcoming Event

October 31, 2009

Serving Seniors Social

9:30 am - 4:00 pm

Holiday Inn

Dartmouth

For more information, call 576-3211, or visit

www.ServingSeniors.info.

I am a founding member of Serving Seniors Alliance. Last year 300+ attended our social. Seniors (no age requirement) and family members are invited.