



Clipboard

Joan Marie Mikkelsen, EPC, CFP
Financial and Insurance Services

www.checkwithjoan.com

Quaker Landing, 150 – 33 Ochterloney St., Dartmouth, N.S., B2Y 4P5

Bus: (902) 468-0602 Fax: (902) 468-0603 Toll-free: 1-877-439-8396 E-mail: info@joanmikkelsen.com

Ten years ago

February 2010

They say time flies when you are having fun. And yes, I am having fun. July 2009 was the 10th anniversary of my bi-monthly *Clipboard*, and I didn't realize it until this month. So I thought I'd take a look at the February 2000 edition to see what has changed over the past ten years.

I discovered that my February 2000 *Clipboard* was comprised of four articles, and that very little has changed.

“Registered Retirement Savings Plan—Did you know that ...”

The following tips still apply:

- ✓ After an individual dies, his or her legal representative can make an RRSP contribution (including spousal) on behalf of the deceased any time up until sixty days after the end of the year of death.
- ✓ Income tax withheld on employment income can be reduced by making regular contributions to an RRSP.
- ✓ By making an RRSP contribution monthly instead of annually, you not only develop good savings habits, but you also reap the benefits of dollar-cost averaging and the magic of compounding.

Don't forget that the deadline for tax deductible RRSP contributions for 2009 is March 1st, 2010.

“Upcoming Events”

I continue to be involved in educational initiatives. See below for details of an upcoming event

“Surviving Low Interest Rates”

It is always important to find ways to protect your investments against the reality or possibility of low interest rates. Dollar-cost averaging, maintaining a diversified portfolio, and investing in segregated funds continue to be good strategies. Segregated funds not only provide some built-in money-back guarantees, they are also great estate planning vehicles because beneficiaries can be named for non-registered accounts, enabling you to avoid probate tax and reduce your executor's paperwork.

“Beating Tomorrow's Tax Collector”

Income splitting (which shifts income from the spouse who is in the higher tax bracket to the one who is in the lower tax bracket) and contributing to spousal RRSPs continue to be beneficial, but since 2007 there has been an additional strategy to save taxes—Pension Income-Splitting. This allows either partner in a married or common-law relationship to allocate

up to 50% of qualified pension income to his or her spouse. It doesn't matter to whom the qualified pension income is paid, so there is no need to contact the payer of the pension. Both parties must agree to any splits for a given year, and must complete form T-1032, Joint Election to Split Pension Income, when filing tax returns.



Upcoming event

P.I.N.K.™

(Protection, Investment, and the Need for Knowledge)

We have completed three of a four-part series for women—the P.I.N.K.™ event. It is an educational series for women, by women, to help women make informed financial choices, especially during critical decision-making stages in their lives. There is also a non-financial portion that provides information and entertainment, which makes for a very enjoyable evening.

Pamela Chisholm and Joan Mikkelsen host these FREE events.

The final two-part session will be held on **Tuesday, March 2, 2010:**

Life and Estate Planning, by Pamela and Joan

Double Duty—One Week, One Bag, by Cindy Wheeler, Customizing Wardrobes

As seating is limited, please let Joan know (468-0602) if you will be attending. I hope to see you there!



Happy Birthday!

The Tax Free Savings Account (TFSA) is one year old! As of January 1st 2010, your annual contribution limit is still \$5,000, plus the amount of any withdrawals during 2009. If you didn't use your 2009 \$5,000 contribution room, don't worry—it is carried forward to future years (so now your 2010 limit is \$10,000). Your TFSA contribution limit will be shown on your Notice of Assessment received from Canada Revenue Agency following the filing of your income tax return.

I personally think the name is misleading because "savings account" suggests that you can only deposit cash. But you can actually deposit any investment product that is eligible for a Registered Retirement Savings Plan (RRSP), including equities (stocks), bonds, segregated funds, or Guaranteed Investment Certificates (GICs).

Remember, because investment growth (interest, dividends, and/or capital gains) are not considered taxable income, the growth from these investments will not cause an increase in your taxable income. Lower taxable income is beneficial when qualifying for income-tested benefits and tax credits, such as the Guaranteed Income Supplement (GIS), Old Age Security (OAS), Child Tax Credit, or GST.

If you don't have a TFSA, or if you would like more information, please feel free to contact me.



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

www.checkwithjoan.com