



My View

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Go Figure . . . it's Budget Time again!

Just as you are absorbing the last bout of Budget changes, the Government turns around and creates a whole bunch of new plans, in addition to their own 'bells and whistles' to wade through. Here are the highlights for your reading and learning pleasure . . .

Note: These changes will need to be passed by Parliament before coming into actual existence!

1. RESPs – Registered Education Savings Plans

Now even better . . . you will be able to make contributions for 31 years after the plan is established, and the Beneficiary can be up to 31 years of age as well. Plan termination will be pushed back to the 35th year after the plan was opened allowing more time for investment and growth.

2. Pension Benefits

The Pension Benefits Standards Act, 1985, will be modified to allow for greater withdrawal flexibility and amounts for cases of financial hardship, serious disability, and medical related costs. Also, annuitants will be eligible to withdraw smaller amounts of money from their plan.

3. GIS – Government Income Supplement

The threshold will be raised to \$3,500 as the personal exemption . . . so no tax on that first \$3,500.

4. TFSA – Tax-Free Savings Account

The Budget proposes a new Tax-Free Savings Account to become available in 2009. Although contributions will not be tax deductible, the great news is that capital gains and other investment income will not be taxed, and withdrawals will be tax free from this account. There will likely be a \$5000 annual contribution limit, unused room may be carried forward, and contributions can be made on behalf of a spouse's plan if they have the room.

All sounds good, but just like the RRSP carry forward room, you need to be disciplined and plan ahead, to make sure that you can take advantage of the opportunity.

As things continue to develop, and when (if) these changes become a reality, we will keep you informed!

Enjoy the onset of Spring,

Victor

