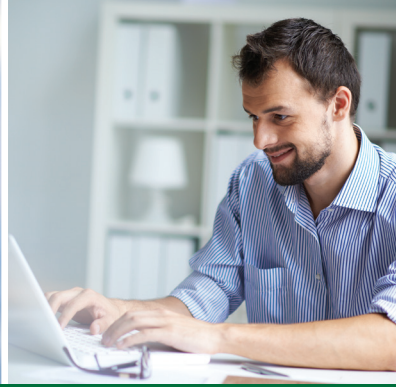




TAX, RETIREMENT  
& ESTATE PLANNING  
SERVICES



## Don't Celebrate A large tax refund – eliminate it!

Every year, many Canadians celebrate the arrival of a tax refund. It feels like an unexpected bonus, a pleasant surprise among all the bills in the mail. In reality, however, a tax refund simply means that you paid the Canada Revenue Agency (CRA) too much tax throughout the year. You get your overpayment back as a tax refund, but until you deposit that cheque you are essentially making an interest-free loan to the government.

### **KEEP YOUR MONEY IN YOUR HANDS**

Fortunately, there is an alternative. If you inform the government that you will be making non-payroll RRSP contributions, for example, they will authorize a reduction in the taxes that are deducted at source by your employer. You can use this additional cash flow in a number of different ways – without making any dent at all in your take-home pay.

What you do with this additional cash flow depends on your situation and your goals. For financial security, debt elimination followed by wealth accumulation should be a priority over spending the 'found' money. If you have debt, target the debt with the highest interest rate first, then your mortgage.

There are many great ways to use your additional cash flow, consider:

### REDUCE YOUR DEBT BY:

#### PAYING DOWN YOUR CREDIT CARD OR CONSUMER DEBT

If you are carrying a balance on your credit card, the high interest rates can erode your savings. Reduce the cost of credit by paying down debt with the highest interest rate first.

#### PAYING DOWN YOUR MORTGAGE MORE QUICKLY

Whether you have a traditional mortgage or a flexible mortgage with a line of credit, the value of reducing your principal sooner can be substantial. You can save thousands in interest costs and pay off your mortgage faster.

Review the terms of your mortgage contract and make use of all options available without incurring prepayment penalties.

### INCREASE YOUR SAVINGS BY:

#### MAXIMIZING CONTRIBUTIONS TO YOUR RRSP

Contributions and deductions that generate the tax reduction can be directed back into your RRSP contribution for the next year. The earlier you contribute, the longer you can take advantage of the tax-deferred compounding of investment income.

#### CONTRIBUTING TO AN RESP

A Registered Education Savings Plan (RESP) allows a contributor to save money for a beneficiary's post-secondary education on a tax-deferred basis.

The earlier you begin to contribute to an RESP, the more you will be able to take advantage of compounding investment income and also maximize government grants. A contribution of \$2,500 can earn a \$500 grant per beneficiary per year until the end of the year in which the beneficiary turns 17 and up to a maximum grant of \$7,200.

#### CONTRIBUTING TO AN RDSP

A Registered Disability Savings Plan (RDSP) is available to assist families in planning for the long-term financial security of their relative with disabilities. Early contributions to an RDSP benefit from compounding investment income and can also benefit from available government grants and bonds.

#### TOPPING UP YOUR TFSA

Contributions to a Tax-Free Savings Account (TFSA) allow the investment growth to accumulate and be withdrawn tax-free. Because TFSA withdrawals are added back to your available TFSA contribution room in the year following the year of withdrawal, there is flexibility in using the assets for mid to large purchases.

#### ESTABLISHING AN EMERGENCY FUND

It is important to have easy access to emergency money in order to cover unexpected events such as a job loss, an illness or a major home repair.

**In other words, by putting the money that already belongs to you back in your pocket – and without adding a single cent of extra cash – you can be on your way to financial independence sooner.**

#### PUT ONE OF THESE STRATEGIES TO WORK

It's not just RRSP contributions that entitle you to lower taxes deducted at source. The CRA allows you to claim child care expenses, alimony, maintenance or support payments, employment expenses, and interest expenses and carrying charges on investment loans, among other tax deductions, to reduce the taxes you pay throughout the year.

## THE APPLICATION PROCESS SHOULDN'T TAKE YOU MORE THAN A FEW MINUTES:

Canada Revenue Agency / Agence du revenu du Québec

**REQUEST TO REDUCE TAX DEDUCTIONS AT SOURCE FOR YEAR(S)**

Use this form to ask for reduced tax deductions at source for any deductions or non-refundable tax credits that are not part of the Form T2210, Personal Tax Credits Return.

All your income tax returns that are due have to be filed and amounts paid in full before you send us this form.

You usually have to file this request every year. However, if you have deductible support payments that are the same or greater for more than one year, you can make this request for two years.

Send the completed form with all supporting documents to the Client Services Division of your tax services office. You can find the addresses on the Web site at [www.cra-arc.gc.ca](http://www.cra-arc.gc.ca) or by calling us at 1-800-959-8281.

We will reply to you in writing within four to eight weeks, whether or not we approve your request.

**Identification**

First name: \_\_\_\_\_ Last name: \_\_\_\_\_ Social Insurance Number: \_\_\_\_\_

Address: \_\_\_\_\_

City: \_\_\_\_\_ Province or territory: \_\_\_\_\_ Postal code: \_\_\_\_\_ Telephone: \_\_\_\_\_

Employer: \_\_\_\_\_ Contact person: \_\_\_\_\_ Telephone and fax numbers: \_\_\_\_\_

**Request to reduce tax on:**

Salary  Long-term - lump sum - give payment amount and details (for example, a bonus or vacation pay): \_\_\_\_\_

**Deductions from income and non-refundable tax credits**

Registered retirement savings plan (RRSP) contributions: \$ \_\_\_\_\_

Child care expenses: \$ \_\_\_\_\_

Support payments: \$ \_\_\_\_\_

Employment expenses: \$ \_\_\_\_\_

Carrying charges and interest expenses on investment loans: \$ \_\_\_\_\_

Other (for example, charitable donations or rental losses): \$ \_\_\_\_\_

Total amounts to be deducted from income: \$ \_\_\_\_\_

Subtract income not subject to tax deductions at source (interest, net rental or self-employed income): \$ \_\_\_\_\_

Net amount requested for tax waiver: \$ \_\_\_\_\_

**Certification**

I request authorization for my employer to reduce my tax deductions at source based on the information given. I certify that the information given is to the best of my knowledge, correct and complete.

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

T1213 (04) (Printed on recycled paper) Canada

(available at [www.cra-arc.gc.ca](http://www.cra-arc.gc.ca))

REVENUE QUÉBEC

**Application for a Reduction in Source Deductions of Income Tax for an Individual or a Self-Employed Person**

TP-1016 (04) Page 1

A corporation that is not resident in Canada must use form CO-1016, Demande de réduction de l'impôt sur le revenu d'un particulier non-résident.

Complete this form if you are an individual or a self-employed person and you want Revenue Québec to authorize your employer or self-employed person to reduce the amount of income tax withheld at source from your remuneration. The remuneration can be in the form of salary or wages, retirement benefits, a one-time payment or any other amount you received from the payer.

In general, you can request such a reduction if you are eligible for deductions or tax credits not included in form TP-1015, Déclaration de revenus. In addition, you must meet the following criteria:

- The remuneration subject to source deductions of income tax must be reduced by at least \$2,000, or the amount withheld must be reduced by at least 50%.
- You have filed all your income tax returns.
- You do not owe any debt to Revenue Québec.

If you are not a resident of Canada and you are not subject to the income tax in Québec, this form is not applicable to you.

Interest cases: This form, duly completed with supporting documents, should be filed 30 days before your final appeal notice or before the date of the first payment. Send the form to the following address:

Revenue Québec  
C.P. 2000, Succursale Place Desjardins  
Montréal (Québec) H3B 1A4

We will send you a letter indicating whether your application has been granted or denied. In general, authorization is granted only for the year covered by the application. However, in the case of a deduction claimed by an employee, income earned outside of Canada, authorization is granted for the duration of the contract.

**Note**

As of January 1, 2015, the health contribution, like income tax, is included in source deductions. However, a reduction in source deductions of the health contribution. Only deductions that affect your net income and reduce your source deductions of income will be considered when determining source deductions of the health contribution.

Provided you meet certain conditions, you can apply the Reduction in Source Deductions of Income Tax online service for more information, visit our website at [www.revenuquebec.ca](http://www.revenuquebec.ca).

**1 Information about you (please print)**

Last name: \_\_\_\_\_ First name: \_\_\_\_\_ Social Insurance number: \_\_\_\_\_

TP-1016 (04) (Printed on recycled paper) Québec

(available at [www.revenuquebec.ca/en/](http://www.revenuquebec.ca/en/))

1 Fill out the CRA's T1213 form, entitled Request to Reduce Tax Deductions at Source for Year(s) \_\_\_\_\_

Quebec residents must also complete and file form TP-1016 Application for a Reduction in Source Deductions of Income Tax with the Quebec Ministère du Revenu to ensure they receive both federal and provincial source deduction relief.

2 Send it, or take it, into your local tax office (call 1 800 959 8281 for the location nearest you).

3 Make sure the money you're no longer sending to the government goes towards paying down your debt with the highest interest rate first, then your mortgage.

### IT'S THAT SIMPLE

The only disadvantage to this strategy? No more tax refund celebrations. The huge advantage? By lowering the amount of taxes that are deducted at source by your employer, you can put your money to work for you to eliminate your debt more quickly or increase your savings.

Contact your advisor directly for information about reducing your taxes deducted at source.



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**FOR MORE INFORMATION CONTACT YOUR ADVISOR OR VISIT [MANULIFE.CA/INVESTMENTS](http://MANULIFE.CA/INVESTMENTS)**

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