RBC Dominion Securities Inc.

The Broxterman Bulletin

YOUR QUARTERLY FINANCIAL PLANNING NEWSLETTER

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Welcome & Thank You

A warm welcome to the clients who have recently joined us and thank you to the clients who mentioned us.

We also want to thank our existing clients for their continued loyalty to us.

The Registered Education Savings Plan

The Foundation of Your Education Savings Strategy

There are several different ways you can save for a family member's education, but a Registered Education Savings Plan (RESP) offers many important advantages. An RESP combines flexibility, tax-deferred investment growth and direct government assistance to help you reach your education savings goals. Here's how it works:

Opening an RESP

At RBC Wealth Management, we offer a type of RESP called a Family Plan, which can be set up for various family members, including children, grandchildren and even siblings (by blood or adoption).

The "subscriber" to the plan is the individual who opens the plan and makes contributions to it. The "beneficiary" of the plan is the individual or individuals who are designated to receive the funds for the purpose of pursuing post-secondary education. The beneficiary must be a Canadian resident and have a Social Insurance Number (SIN).

A Family Plan offers several advantages, including the ability to name one or more beneficiaries in the same plan. In addition, the funds in the plan do not have to be shared equally among the beneficiaries, giving you more flexibility when it comes to making withdrawals.

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MAKING CONTRIBUTIONS

Any subscriber can contribute to an RESP, subject to a lifetime limit established for the beneficiaries. Although you cannot deduct the contributions made to an RESP from your taxable income, the subsequent investment earnings on RESP contributions are tax-deferred. Qualifying investments include GICs, stocks, bonds, mutual funds and professionally managed investments. At RBC Wealth Management, we offer the full range of investment options for your Family RESP.

If the plan earnings are ultimately withdrawn to cover qualifying post-secondary education expenses, they are taxable to the beneficiary, not to the subscriber.

There are no limits on the number of plans subscribers can establish, or the number of RESPs a beneficiary may have. However, the limit on lifetime contributions for any one beneficiary is $50,000. Overcontributions are subject to a penalty of 1% per month.

Note that the lifetime limit applies to the total contributions, by all subscribers, to all plans in the name of the beneficiary. As a result, if you contribute to a plan for your child, and your child's grandparents also contribute to a plan, you will need to coordinate your contributions so as not to exceed the $50,000 maximum.

You can make lump-sum contributions at any time. You can also make contributions monthly or quarterly through a Pre-Authorized Contribution (PAC) program, which automatically transfers funds from your bank account.

You may make contributions to an RESP for up to 31 years and the plan can remain open for up to 36 years in total. Special rules apply where the beneficiary of the RESP is disabled. In that case, contributions can be made for a maximum of 35 years and the plan can remain open for up to 40 years.

PRE-AUTHORIZED CONTRIBUTIONS

A PAC program is one way to make sure that your child's RESP savings never take a back seat. Even small monthly PAC contributions add up quickly over periods of 10, 15 and 21 years when they are supplemented by the Canada Education Savings Grant (CESG).

GOVERNMENT RESOURCES ONLINE

- The ESDC site has information on saving for education: www.esdc.gc.ca
- To download a form to apply for a SIN for your child, go to: www.servicecanada.gc.ca
- For more information about RESPs, download the Canada Revenue Agency (CRA) guide on RESPs: www.cra-arc.gc.ca/tx/ndvdls/tpcs/resp-reee/menu-eng.html

TAX LOSS SELLING 2015

As we approach the end of the 2015 tax year, we will be reviewing your portfolio for tax-loss selling opportunities.

Tax-loss selling allows you to identify any underperforming investments that may no longer meet your needs. You can consider selling them and then reinvest the proceeds in investments better suited to your needs.

Selling investments in your portfolio that are in a loss position may allow you to realize capital losses in the 2015 tax year. Subject to certain conditions, these capital losses can be used to reduce taxable capital gains, in the following order:

1. First, the capital losses must be applied against capital gains realized in the 2015 tax year.
2. Any remaining net capital loss can be applied against capital gains taxed in any of the three previous years (2012, 2013 or 2014), potentially resulting in a tax refund.
3. If you still have a net capital loss, you can carry it forward to apply against any future capital gains.

We will be contacting you soon to discuss our tax-loss selling recommendations and present new investment ideas for your portfolio. If you have any questions, do not hesitate to contact me.

2015 Budget Highlight: TFSA Contribution Limit Increase

The Budget increased the TFSA annual contribution limit to $10,000. This increase will apply as of January 1, 2015, and subsequent years and will no longer be indexed to inflation. This means that the TFSA contribution room for 2015 is $10,000 instead of $5,500.

If you have already made your maximum contribution for 2015, you will be able to contribute an additional $4,500 in 2015. If you have never made a TFSA contribution you can make a maximum contribution of $41,000 in 2015.

Personal Touch

Carolyn's daughter Christine earned a bronze medal in ladies 3000 m at Nationals in Quebec.

Mike and his son Chase golfing.

Liz with her husband Richard and daughters Katelyn and Sara in Wiarton this summer.

Tony on the links in Florida recently.

Thank you for your ongoing loyalty to the Broxterman Team of RBC Dominion Securities. We would be pleased to provide a complimentary wealth management assessment or financial plan to any friend, family member or colleague you refer to us.