WORMALD MASSE KEEN LOPINSKI LLP

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NEWSLETTER

In our ever-changing business environment, our goal is to be the one constant that our clients can trust and rely upon to provide the business, financial and advisory services they need at an outstanding value to them.

WMKL

Chartered Professional Accountants & Business Advisors

Wedding Bells!

The Partners and Staff would like to congratulate Account Supervisor Brett Linklater and new wife Jackie! Brett and Jackie tied the knot on June 4th. Best wishes from all of us as you begin this new chapter in your lives together!

Golf Tournament

On Wednesday, June 1st, Wormald Masse Keen Lopinski LLP was the title sponsor for the eleventh consecutive year for the 2016 Peter Saracino Alzheimer Golf Classic. A large number of staff participated in and also volunteered for this event. The golf tournament is an annual fundraiser for the Alzheimer Society Niagara Foundation. WMKL is committed to helping the Association reach its goals as several members of the firm have family members who have been affected by the disease.

The day was considered another huge success for the Foundation, raising over **$51,000**. The weather cooperated and everyone enjoyed the day at Peninsula Lakes Golf Course. Thanks to all who participated and donated to the cause.

The following article is reprinted from the Newsletter Business Matters with the permission of the Chartered Professional Accountants of Canada:

Protecting your Future

Simple precautions will protect your personal and corporate information if natural disaster strikes.

The fires in Alberta show how quickly natural catastrophes can totally disrupt personal and business life. Technology is now available to protect you from losing important information when disaster strikes.

On a Personal Level

Financial institutions need tangible evidence of your existence. Even if the originals of documents are destroyed, you can reassert your identity with photographs. Take pictures of the front and back of all credit cards, debit cards, health cards, social insurance cards, driver's licences, vehicle insurance cards, etc. Keep all original birth certificates, passports, change-of-name documents, adoption papers, copies of power of attorney, living wills or other caregiver instructions as well as appraisals of jewellery, artwork, collectible or other valuable insured items in a fireproof safe or safety deposit box.

Scan and add to the safe all documents that record RRSPs, RRIFs, investment and your Notices of Reassessment for the last six years to establish your income tax history.

Take pictures of all household furnishings. Not only will these be beneficial for insurance purposes, but they will also provide you with images to use when rebuilding your new home.

Use the highest resolution on your camera or smartphone so all names and numbers can be read when enlarged.

Take pictures of assets and serial numbers.

On a Business Level

Take pictures of all movable assets along with their serial numbers. Re-establishing ownership is easier if you can prove the asset belonged to your business. Scan or take pictures of both sides of all credit and debit cards.

Scan at least one Goods and Services report or Corporate Notice of Assessment to provide the business number.

Scan all important business documents:

- loan agreements
- insurance policies
- lease agreements
- articles of incorporation and resolutions that establish shareholders, directors and officers of the corporation
- bank account numbers, credit card numbers, etc., together with passwords
- invoices for capital asset purchases

Corporate History

If your business is destroyed *the history of your success may disappear*. Your accountant and lawyer may have copies of financial statements, tax returns and contracts, but what if their business suffers the same calamity as yours? *Ensure your future is supported by the success of your past*. Scan all financial statements and tax returns and back them up to USB drives, external hard drives or your cloud storage. If you cannot find your past data your accountant or lawyer should be able to

PDF it to your computer for transfer to your remote storage facility.

Maximize Loss Recovery
Purchase an encrypted USB drive and an encrypted external hard drive and copy all data onto them. Store the USB in your safe and keep the hard drive at some other secure location such as a fireproof safety deposit box at your bank.

Perhaps the safest storage site of all is on the cloud. There are hundreds of cloud storage services available and thus the only question is how much storage do you need and how much will it cost. Companies such as Google, I Drive, and Microsoft offer a range from five GB to 15 GB for free and expanded storage services for a fee. Dropbox Pro offers a Terabyte of storage for about $10 per month.

Use one of the many web-offered password managers to store your passwords. For about $20 a year, they are a good long-term strategy. Make sure you store the password to log on to the password manager itself in a safe place.

Physical Security of Data
Important articles stored in the basement are more likely to survive because the basement does not usually get as hot as the burning structure above. If you are going to use a fireproof safe, ensure the ratings are at least in the 1750 F (955C) ranges. The best place to store the safe is in a corner. However, any extreme heat over an extended time will eventually erode even the most fireproof safe.

Precautions Reduce Anxiety
Recording personal and business data will not eliminate the heartbreak and stress that accompany such unfathomable tragedies. The use of multiple means to back up important personal and business data, however, will go a long way to reducing the anxiety and frustration that will accompany the long process of rebuilding your personal and business lives.

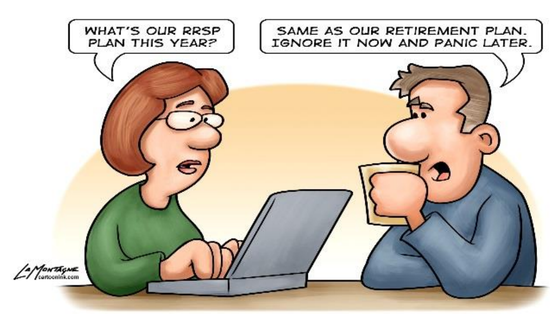
The following article is reprinted with the permission of Wolters Kluwer CCH Site Builder:

Making sure that your TFSA and RRSP stay onside

By now, most Canadians are familiar with the use and the benefits of a tax-free savings account (TFSA), which have proven to be a very popular savings vehicle since they were introduced in 2009. What's proven to be harder to do is keeping track of one's annual TFSA contribution limit. The annual TFSA contribution limit contribution allowed by law has been something of a moving target, subject to change after change by successive governments. As well, withdrawals made from a TFSA are added to one's annual contribution limit, but not until the *following* taxation year – a fact that has escaped many TFSA holders and sometimes even their financial advisers. And finally, the Canada Revenue Agency (CRA) used to provide information on a taxpayer's current year TFSA contribution limit on the annual Notice of Assessment, but that's no longer the case, meaning that the taxpayer has to make an extra effort to obtain that information.

The quickest starting point to determining one's TFSA contribution limit for 2016 is to call the CRA's Individual Income Tax Enquiries Line at 1-800-959-8281. Once that contribution limit number is known, the taxpayer will need to determine how much, if anything, has been contributed to a TFSA (or TFSAs – there is no limit to the number of plans which an individual taxpayer can have, only a limit on the amount of the overall contributions made to such plan or plans during the year) already in 2016. Some taxpayers contribute on a pre-planned, often monthly basis, while others are in the habit of depositing regular or irregular or periodic income receipts, like a tax refund or monthly tax benefit amount into their TFSA. Either way, after finding out what one's current year contribution limit is, it's necessary to calculate how much has already been contributed. The balance represents the amount which can be contributed before the end of 2016 without going offside and incurring an over-contribution penalty. That's especially important this year for those who contribute on a recurring basis, often through automatic transfers from another bank account. For 2015, the maximum allowable annual TFSA contribution amount was $10,000. That limit was reduced, effective January 1, 2016, to $5,500. Consequently taxpayers who set up automatic contributions to a TFSA when the $10,000 limit was in effect may find themselves going offside where such arrangements were not changed earlier this year to reflect the new, lower annual contribution limit.

A similar calculation will need to be made for contributions to an RRSP, but in this case the information needed is easier to come by. Every taxpayer who filed a return for 2015 will be able to find the amount of their maximum RRSP contribution for 2016 on page 4 of the Notice of Assessment which they received after filing. Once that number is known, the only remaining step is to ensure that contributions already made for 2016 and those which are planned to be made on or before March 1, 2017, stay within that annual contribution limit. Especially where, as financial advisers often counsel, an individual makes contributions to an RRSP or TFSA (or both) throughout the year by automatic deposit or bank transfer, it's easy to assume that everything has been taken care of and nothing further needs to be done with respect to such plans. However, an "out of sight, out of mind" approach rarely makes for good financial and tax planning, and checking on the status of one's RRSP and TFSA on a periodic basis can help to ensure that everything remains onside, and unnecessary penalties aren't incurred.



The following article is reprinted with the permission of Wolters Kluwer CCH Site Builder:

Tax changes affecting the upcoming school year

As the summer starts to wind down, both students returning this fall to their post-secondary institutions and those just starting post-secondary education must focus on the details of the upcoming school year: finding a place to live, choosing courses, and — perhaps most important — arranging payment of tuition and other education-related bills.

For many years post-secondary students (and their parents) have benefited from an "assist" through our tax system, which provides deductions and credits for some of the many costs associated with obtaining a post-secondary education. Starting with the 2016-17 academic year, however, some of those deductions and credits will no longer be available.

The biggest cost of post-secondary education is, of course, tuition, and the tax credit provided for eligible tuition costs continues to be available for the upcoming (and subsequent academic and taxation years). Any student who incurs more than $100 in tuition costs at an eligible post-secondary institution (which would include most Canadian universities and colleges) can claim a non-refundable federal tax credit of 15% of such tuition costs. The provinces and territories also provide students with an equivalent provincial or territorial credit, with the rate of such credit differing by jurisdiction. At both the federal and provincial levels, the credit acts to reduce tax otherwise payable. Where, as is often the case, a student doesn't have tax payable for the year, any credits earned can be carried forward and used in a subsequent year, or transferred, for the current year, to a spouse, parent, or grandparent.

For several years, post-secondary students have also been able to claim two other federal tax credits – the education tax credit and the textbook tax credit. Both, unfortunately, are being eliminated.

Both the education and textbook tax credits are set at a fixed amount, irrespective of any actual expenditure made by the student. For the 2016 tax year, the federal education credit is equal to $60 for each month of full-time attendance and $18 per month of part-time attendance. The amount of federal textbook tax credit claimable is $9.75 per month of full-time attendance and $3.00 per month of part-time attendance. As is the case with the tuition tax credit, the provinces and territories provide education and textbook tax credits based on the same criteria, but with the amount of the credit varying by jurisdiction. Both the federal and provincial/territorial education and textbook tax credits are non-refundable, meaning that they apply to reduce federal or provincial/territorial tax otherwise payable, but cannot create or increase a tax refund.

In this year's federal Budget, it was announced that the federal education and textbook tax credits would be eliminated, effective as of January 1, 2017. Consequently, post-secondary students will still be able to claim those federal credits with respect to the first term of the 2016-17 school year (September to December 2016) when filing their return for 2016 in the spring of next year. However, no federal education or textbook credit will be available to be claimed for any school term which starts after December 31, 2016.

The reality for most Canadians pursuing post-secondary education is that, notwithstanding parental savings or student summer jobs, most students will have incurred some debt to pay for the cost of that education — sometimes a lot of debt. Where that debt is in the form of government-sponsored student loans (generally, loans provided under the Canada Student Loans program or the equivalent provincial program), the student can claim a tax credit for both federal and provincial tax purposes for interest paid on those loans, and that credit is unaffected by the recent changes. It's important to remember, however, that only interest paid on loans extended under government-sponsored programs qualifies for the credit. Loans provided by private lenders (for example, through a student line of credit) do not qualify.

Most government student loans are provided on an interest-free basis while the student is in school. However, interest starts to be levied, and repayment of the principal amount of the loan must begin, usually 6 months after the student graduates. Consequently, last year's graduates will soon have to arrange a repayment schedule for their outstanding student loans. It's also likely that they will receive an offer or offers from financial institutions to provide financing which will allow the graduate to consolidate all education-related debts into a single loan or line of credit, usually at a preferential interest rate. While such offers can be tempting, graduates should, when determining the best structure for their education loans, remember both the fact that interest paid on private sources of financing will not qualify for any tax credit and, equally important, that any mingling of government student loan balances with private sector lending will disqualify the student from claiming a tax credit for interest paid on that government student loan. In other words, a student who takes out a line of credit or loan to consolidate all education-related debt will lose the ability to claim any federal or provincial tax credit on the portion of that debt that was originally a government student loan.

Obtaining a post-secondary education never has been — and likely never will be — an inexpensive proposition. And, while some of the tax breaks available for those who are pursuing such an education are being eliminated, it's well worth claiming, to the maximum extent possible, those that remain. As well, students can often take advantage of tax deductions or credits which, while not specifically targeted for them, are often available for the kinds of expenditures made by students. Those kinds of claims, which would include the moving expense deduction and the tax credit for public transit costs, are summarized in the Canada Revenue Agency publication Students and Income Tax, which is available at www.cra-arc.gc.ca/E/pub/tg/p105/README.html

The Stress Factor

A full 62 percent of employees rate their jobs as highly stressful, according to a survey of 834 people (90 percent of them full time). Only 11 percent consider their jobs "low stress." The most commonly cited stress factors included unpredictability (26 percent), deadlines (20 percent), and the safety of others (16 percent).

Most Stressful Jobs of 2016

1. **Enlisted Military Personnel**
2. **Firefighter**
3. **Airline Pilot**
4. **Police Officer**
5. **Event coordinator**
6. **Public Relations Executive**
7. **Senior Corporate Executive**
8. **Broadcaster**
9. **Newspaper Reporter**
10. **Taxi Driver**

Impulse buys cost millennials big time

The urge to splurge is keeping millennials from achieving their financial goals, according to a poll by the American Institute of Certified Public Accountants. More than half (55%) of US millennials surveyed say they make and unplanned purchase of US$30 or more on a daily or weekly basis. Equally troubling: 44% of respondents do not pay their full credit card balance each month or borrow money from friends or family; 41% have less than US$100 in their checking account; 30% paid a late or overdraft fee; and 23% missed a bill payment.

Reminder

Don't forget to check out the WMKL website under our Taxation News Quick Links. Each month we post articles involving tax updates and tips as well as a Quarterly Newsletter for Personal and Corporate Tax.

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We encourage your feedback! Please send your comments or suggestions for future issues to: Brittney Ransom at ransomb@wmklca.com

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