

# IN THE LOOP

*"Inflation is the one form of taxation that can be imposed without legislation" - Milton Friedman*



Welcome to the Sixth edition of our 'In the Loop' newsletter. We hope everyone enjoyed their summer and that fall will continue to bring us back towards normality. If you're thinking of escaping the winter weather, or your current mortgage, we thought we would share some helpful information with you.

## Mortgages

With interest rates still hovering around all time lows, the appeal of breaking your current mortgage can be derailed when you find out what the penalty will be. One way to reduce the penalty is through lump sum prepayments. The window for prepayments is either the calendar year, or the anniversary date of your mortgage (check with your lender, or find your mortgage loan agreement to know which one you fall under). This means that for some, the end of the year can present an opportunity to reduce mortgage penalties by making a lump sum payment in December and then again in January. The best sources of funds to make prepayments are: cash on hand, Non-Registered or TFSA investments, or borrow from a line of credit. Please feel free to contact us to determine which option would best suit your financial situation.

## Travel Insurance

A normal return to travel still seems a long way off, but for those willing and able to leave the country for warmer climates this winter – you should confirm if your destination requires you to purchase 'Covid-19' insurance, in addition to your traditional travel coverage. Covid-19 insurance covers specific losses arising from sudden and unforeseeable circumstances related to Covid-19 only. Please contact us for more information.

## End of Year Deadlines

- RESP's:** The deadline for making contributions to RESP's that are eligible for the Canadian Education Savings Grant (CESG) is December 31st of the year your child turns 17.
- Converting RRSP to RRIF:** A RRIF (Registered Retirement Income Fund) is designed to provide you a steady stream of income from your RRSP in retirement. RRSP's can be converted to RRIF's at any time (often coinciding with your retirement date). However, an RRSP must be converted to a RRIF no later than December 31st of the year you turn 71. You must start drawing income from your RRIF in the year after you have converted it.