

IN THE LOOP

“Today, it takes more brains and effort to make out the income-tax form that it does to make the income” Alfred E. Neuman



Well it has been a busy start to 2022 for our team at Snowden Financial, with a few changes and some new additions!

A huge congratulations to Robyn who is now a proud and busy Mom of 2 young boys! Robyn adopted the boys (who are brothers) in December and will be taking a short parental leave to enjoy some time with her new family.

We are also welcoming Crystal Parent to our team for added support while Robyn is off. Crystal is a hard-working wife and Mom of two boys and a dog. She has always been interested in the financial world and is eager to learn and assist our clients in any way possible.

Kyle welcomed a Puppy into his life right before Christmas. Beamer is a Bernedoodle who is now 16 weeks old and is a huge bundle of joy with a lot of energy!

We wanted to make sure we connected to remind everyone of important deadlines for both your investment and tax planning.

RRSP Contributions

You have until **March 1, 2022** to make any RRSP contributions for the 2020 tax year. Please contact us by **February 24th** if you would like to make a contribution to your RRSP.

TFSA Contributions

The TFSA contribution limit for 2022 is **\$6,000**
The TFSA lifetime contribution room is **\$81,500**

Income Tax deadline

You have until **April 30, 2022** to file your 2020 income tax return. For those that are self-employed the deadline to file is **June 15, 2022**. Reminder - all taxes owed must still be paid by April 30, 2022.

Taxes & Interest Rates...the Fun Stuff!



Taxes

Please visit the [Resources](#) page on our website to find useful links such as an [Income Tax Checklist](#), and a [Detailed Income Tax Information Sheet](#).

An important reminder for those who have non-registered investment accounts to make sure you review the list of slips you might receive, as well as to confirm if you have tax deductible advisory fees.

Please note: There is now a tax deduction of up to \$500 if you were required to work from home due to COVID-19. The required form can be found [HERE](#).

Mortgages

If you have a variable rate mortgage, then you might be concerned about a potential increase in the Bank of Canada's prime lending rate. All indications are pointing towards this rate going up in 2022. However, does that mean you should jump into a fixed rate mortgage? There is still quite a large spread between fixed and variable rate mortgages – depending on your current rate, that spread could be as high as 1.75%. The larger the spread between your current variable rate and the potential fixed rate that you could move into, the less beneficial that move becomes.



Often, the better route is to absorb an increase in the variable rate, or if you would like to build in a margin of safety – you can keep your variable rate, and increase your payments to what they would be, if you switched your mortgage to a fixed rate. Then, all that extra payment is going towards principal and you can decrease that over-payment as interest rates rise – allowing you to maintain a consistent obligation to your mortgage payment. Please feel free to contact us if you would like us to review your options.

For example: if your current variable rate mortgage is \$1000/month, you could increase your monthly payment by \$150/month to \$1150. If the prime lending rate increases and your base payment goes up by \$25/month, then decrease your over payment from \$150 to \$125 to maintain an even mortgage payment of \$1150/month.

Important Information for 2022

- Now is a good time to start your RESP contributions for the year! Every new year brings an additional **\$500** in available grant money – requiring a \$2,500 contribution in order to claim it all.
- The lifetime maximum in grant money per child is \$7,200. If you have not maximized your yearly grant money and would like to catch up from previous years, please contact us so we can help make sure you've receive the maximum available to you.