# Finance for Life<sup>™</sup>



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## **Disability Tax Credit**

The following will reveal an often unknown tax break for many seniors.

If you are over the age of 65, have a mental impairment; or physical or mobility impairment, such as taking a walk in your town park, you're not alone. Approximately 33% of Canadians have similar health problems, many affecting mobility. That figure increases to well over 50% for those over 75.

Such impairment can enable a tax-filer to recover up to \$5,000 per year of income tax paid over the last 10 years. The government pays millions of dollars via tax credits to people with impairments. A refund of tax paid is calculated, for the length of time health has been impaired and qualified by a doctor. Canadians who received a refund from income taxes paid in past must have passed.

• Your impairment must be severe enough to restrict you all of the time.

• A qualified practitioner (doctor, optometrist, audiologist, occupational therapist to name a few) must confirm your prolonged impairment.

• You must have paid income taxes for the last 3 years.

*Disability Tax Credit Certificate:* http://www.craarc.gc.ca/E/pbg/tf/t2201/

### Age Matters For Pension Planning

Targeted Tax Relief for Seniors The federal government provides targeted tax relief to seniors via the increased Age Credit.

years, insofar as their health remains impaired, will continue to receive the refund for a lifetime. Thus, it is imperative to apply for the refund initially with all the proper documentation.

#### How do you apply?

• At least 12 months of continuous impairment



The Age Credit is an income tested nonrefundable tax credit for Canadians 65 years of age and older. Budget 2009 increased the Age Credit amount by \$1,000, and further in 2013, the amount is now \$6,854, providing tax relief of up to \$1,028 for eligible

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seniors with a net income of \$34,562 or less in 2013.

Please note that no Age Amount can be claimed once an individual's net income reaches \$80,256 as of 2013. Any unused portion of an individual's Age Credit may be transferred to the individual's spouse or common-law partner.



**Pension Income Splitting** To help ease the tax burden, you can take advantage of Pension Income Splitting. Generally, each individual Canadian pays taxes on their full income. Pension Income Splitting allows any Canadian resident who receives qualifying pension income to allocate to their spouse (or common-law partner), with whom they reside, up to one-half of that income. By doing so, pensioners can dramatically reduce their tax load.

Age 71 Limit for Converting RRSPs to RRIFs Registered Retirement Savings Plans (RRSPs) provide one of the best opportunities for Canadians to save for the future. Since RRSP contributions are not taxable below your RRSP deduction limit, they remain an ideal way to plan for retirement. When people choose to continue to work to supplement their retirement income, or want to defer taking RRSP withdrawals into income, they can delay converting RRSPs to RRIFs up to to age 71.

**Deducting Moving Expenses** If you have moved 40 or miles (by the shortest usual public route) closer to work, from your previous home to where you now live, you can deduct eligible moving expenses. The move must be to carry on a business at the new location. This also applies if you are a student who moves to study full-time courses at a university, college or other educational institution at a post-secondary school level.

Source: CRA



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