

Financial Planning

Year-End Checklist

November 2022

As year-end quickly approaches, it's important to be mindful of potential year-end investment and financial planning strategies and reminders that could help you reduce your 2022 tax bill and prepare you for a successful 2023.

✓ Consider implementing a tax-loss selling strategy

The last buy/sell date for securities to settle in 2022 is expected to be **Wednesday, December 28**. Take some time to review your non-registered investment portfolio, and consider a sale of any securities with accrued losses to offset any capital gains realized during the year that may make sense to your portfolio. Alternatively, an aggregate net capital loss in the current year can be carried back and applied against net capital gains realized in the three preceding years, or carried forward for use in a future year. However, be mindful of the superficial loss rule when executing any tax-loss strategy.

✓ Make charitable donations by December 31

Be sure to make any charitable donations by December 31, to be able to claim them on your 2022 tax return. You may want to consider donating appreciated publicly-traded securities to make your charitable contribution. You will receive a charitable tax receipt based on the value of the securities donated, and possibly eliminate the capital gains tax that would otherwise be payable on these securities in the year that you make the contribution. Alternatively, you may choose to carry-forward your donation credit for up to five years.

✓ Consider your philanthropic goals

If you would like to be more strategic with your giving, speak with your BMO financial professional for more information about the BMO Charitable Giving Program. This program is a flexible and customizable long-term philanthropic solution, and provides such benefits as the ability to make contributions at any time, in any amount, and distribute the funds within the plan to your chosen charitable organizations over many years; while maintaining control over how your assets in the program should be invested.

✓ Make any TFSA withdrawals by December 31

If you're planning to make a Tax-Free Savings Account ("TFSA") withdrawal in the near future, consider doing so before the end of the year. This way, the amount withdrawn will be added back to your TFSA contribution limit on January 1, 2023 (rather than in 2024).

✓ Contribute to your RRSP

If you have not made your 2022 RRSP contribution, including any carry-forward, consider making this contribution by year-end, rather than waiting until next year, to take immediate advantage of the tax deferred growth potential of your RRSP.

Also, if you turned or are turning 71 in 2022, and you still have RRSP contribution room available, you will need to make your final RRSP contribution by the end of the year, before you convert your RRSP to a retirement income option, such as a Registered Retirement Income Plan ("RRIF"). Alternatively, if your spouse is under the age of 71, you may make a tax deductible contribution to their Spousal RRSP. As a reminder, you must select an RRSP maturity option by the end of the year in which you turn 71.

✓ Contribute to an RESP

The Registered Education Savings Plan ("RESP") deadline for annual contributions is December 31, in order to apply for the 2022 Canada Education Savings Grant ("CESG"). There is no annual contribution limit for an RESP, but there is a lifetime contribution limit of \$50,000, and a lifetime maximum of \$7,200 per beneficiary for the CESG.

✓ Use up any expiring health plan benefits

Many employer-sponsored health benefits plans have annual spending limits on health and dental benefits, which generally expire at the end of the year. Consider using any of these outstanding benefits before they expire at year end.

✓ Organize your receipts

Gather your official receipts (i.e., medical, charitable donations, etc.) into one place, so come tax season you're prepared for filing your 2022 tax return.

✓ Review your insurance coverage

Reflect on your current situation – how have your needs, those of your family, and others to whom you may be responsible, changed? Review your life insurance, critical illness insurance, and/or disability insurance coverage to make sure that your current coverage still meets your needs.

✓ Review important documents

Your personal situation can change dramatically over the course of the year, so it's important to review your estate plan, including your Will, designated beneficiaries, and Powers of Attorney (a Mandate in Quebec) to make sure that all of these are up-to-date.

✓ Schedule a meeting with your BMO financial professional

Connect with your BMO financial professional to discuss your investment, financial, and estate plans to ensure you're on track to meet all of your wealth management goals for the year ahead, and beyond.

Please note that this checklist does not provide a comprehensive review of the subject matter, and it's important to consult a professional in regard to your personal situation.

For more information, speak with your BMO financial professional.



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