

# Year-End Housekeeping, Buffett Style

In the final months of the year, why not derive inspiration from one of the greatest investors of our time? Here's some sage advice from Warren Buffett for your financial housekeeping:

***"Predicting rain doesn't count, building the ark does."***

Don't allow current media commentary to dissuade you from continuing to build your portfolio for the future. Time in the market, not timing the market, can be key to investing success. One important way to build wealth for the future is to use tax-advantaged accounts. Have you fully maximized these accounts?

For the Tax-Free Savings Account, if you're in need of funds and are looking to make a withdrawal, consider doing so before year end. Contribution room resets itself at the start of each calendar year, so waiting until after the new year means this contribution room will not be available until the start of 2026. For the Registered Retirement Savings Plan, while you have until Monday, March 3, 2025, to make a contribution to impact your 2024 taxes, contributing now can get funds working hard as soon as possible.

***"Do not save what is left after spending; instead spend what is left after saving."***

Improve your savings by employing potential tax strategies. Consider reviewing asset location; there may be opportunities to be more tax efficient. Depending on your circumstances, it may be possible to lower a couple's overall income taxes through income-splitting strategies with a spouse/common-law partner in a lower marginal tax bracket. For example, business owners can pay a reasonable salary to a spouse who provides services to the business, which could lower overall family taxes. If you receive pension income, it may be beneficial to elect to split eligible pension income on your tax return. If you're 65 years old or older and not receiving eligible pension income, consider purchasing an annuity or opening a small RRIF; income from these sources may allow you to claim the federal pension income tax credit.

***"The most important thing to do if you find yourself in a hole is to stop digging."***

Where prudent from an investment perspective, consider realizing capital losses to offset capital gains realized in 2024, or make use of the loss carry-back rules to recover taxes paid on taxable capital gains realized in three preceding taxation years (or carry forward this loss indefinitely).

***"I believe in giving my kids enough so they can do anything, but not so much that they can do nothing."***

Fund a Registered Education Savings Plan to support a child's higher education. Making a contribution before year end can potentially benefit from the Canada Education Savings Grant in the current year.

***"If you're in the luckiest one percent of humanity, you owe it to the rest of humanity to think about the other 99 percent."***

Charitable donations made before December 31<sup>st</sup> may be eligible for deductions for your 2024 taxes. Gifting publicly-traded securities with accrued capital gains to a registered charity not only entitles you to a tax receipt for the fair market value, but can also eliminate the associated capital gains tax.

***"The most important quality for an investor is temperament...You need a temperament that neither derives great pleasure from being with the crowd or against the crowd."***

Being a disciplined investor often means resisting the temptation to act on emotion: during bull market times, it may be greed; during bear market times, it is often fear. Markets will always go up and down; your plan has been put in place to meet your goals through the inevitable cycles. Look forward with confidence.

Please call for assistance. For tax-loss selling or gifting securities, let's take action well before year end.



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