

Your Quarterly Update

- *Creating Dependable Income
Today, Tomorrow, Together* -

www.thedennis-rawsonwealthadvisorygroup.com



As we reflect on 2023 – we are grateful for our client relationships. We appreciate your trust in our team to manage your wealth and guide you through the big and small financial milestones.

Our team was recently recognized by BMO Private Wealth for Distinguished Client Loyalty. This recognition is not awarded easily, and it is solely based on your feedback, via client email surveys. Thank you to those that participated in the survey. Our doors are always open to listen to your feedback on what is working well and anything that could use improvement – your feedback helps us to provide you the best customer service and is valued. We are very honored to receive this recognition. THANK YOU!

It's January and this is when we start thinking about RRSP and TFSA contributions:

2023 RRSP DEADLINE

February 29

2024 TFSA CONTRIBUTION

Increased to \$7,000

A few noteworthy items regarding applying for Government Benefits and Changes.

CPP Timing: This is the #1 financial planning question that is asked and one of the toughest ones to answer. If we only had a crystal ball on life expectancy, this would be easy. If you draw CPP prior to age 65, then your benefit is reduced by 0.6% per month. If you delay your CPP past 65, then your benefit is enhanced by 0.7% per month. From a financial planning standpoint – most times, it makes sense to defer CPP to age 65 or later. However deferring CPP to age 65-70 is easier said than done. For many of us, it just feels better to have CPP in our hand vs waiting. There are also many nonfinancial factors to be considered as well: health, spending, longevity, pension bridging, etc. Most Canadians believe that they will obtain the maximum CPP benefit when, very few do. The average CPP payment is a little over \$550 month, while the maximum CPP benefit in 2024 is \$1,364.60. We have included a document titled Collecting the CPP. This document provides a chart that illustrates the impact of CPP timing and the full benefit that you will receive at different points in time. Your CPP benefit does not automatically start at age 65, you will need to apply the CPP benefit by either by completing the Application for a Canada Pension Plan Retirement Pension or via My Service Canada Account. If you have any questions or would like to discuss this further, please reach out to Shawn Pitre, 519-344-6872 or shawn.pitre@nbpcd.com.

CPP Changes: Starting in 2024, CRA is introducing CPP2 contributions. The purpose of introducing the CPP2 contributions is to increase your CPP benefit in retirement. This impacts anyone with employment income over \$68,500, which is 2024 YMPE (Years Maximum Pensionable Earnings) and this number increases annually. Prior to 2024, once your income reached YMPE, there were no more CPP contributions made by you the employee or employer for the balance of the year, we can refer to this as “first earning ceiling”. Now the “second earning ceiling” has been created and this is where your CPP2 contributions will be made. For 2024, the

“second earning ceiling” will be \$73,295, (7% above YMPE) which will result in extra CPP contributions of \$300 by you the employee, and your employer. In 2025 and years following, the “second earnings ceiling” will be YMPE plus 14%, which means an additional \$600 of CPP contributions being made by you, the employee and employer. This CPP change will provide up to 50% more in CPP benefits in retirement and it will have the biggest benefit to those retiring 40 years from now.

OAS Tax Recovery: OAS is a benefit that you do not pay into – we obtain it for being a Canadian Resident and reaching the age of 65. The 2024 OAS benefit is \$707.67 under 74, and \$778.45 for 75 and older. You do not have an option to draw the benefit prior to age 65, however your benefit will be enhanced by 0.6% per month to defer it up to age 70. It's important to know that this benefit is income tested. For 2024, if your income exceeds the minimum threshold, \$90,997, your OAS benefit will be reduced by \$15% for every dollar above this amount and will be fully clawed back when you reach \$148,609 if under age 74. For those who are 75 and older is fully clawed back at \$153,771. OAS benefits automatically start, and you do not need to apply for them. For those who are retiring at age 65 or after, it is important to know: If your employment income exceeds the minimum threshold, your OAS benefit will be partially or fully clawed back for the first year of retirement. To defer your OAS benefit, complete the application for the Old Age Security Pension and the Guaranteed Income Supplement or log into your My CRA account. By taking this important step, you will not have the first year of OAS benefits clawed back and receive enhanced benefit throughout your retirement for making the deferral. If you have any questions or would like to discuss this further, please reach out to Shawn Pitre, 519-344-6872 or shawn.pitre@nbpcd.com.

On the Local Front: Anita Coffee Cart is a female-owned business passionate about community, environmental sustainability, and delicious coffee. This winter, you can find Anita Coffee inside DeGroot's Nurseries on London Line. Come summer, Anita Coffee is in Lamrecton Park, providing the finest handcrafted beverages for your beach day or sunset stroll. Anita Coffee prioritizes Canadian-owned companies and is partnered with Rosso Coffee Roasters, METZ Luxury Tea, and Culture Shock Kombucha. They are doing their part to protect Lake Huron by using compostable cups and minimizing waste by not using straws, cup cozies, stir sticks, or sugar packets. They also discount your order when you bring your reusable mug. Anita Coffee offers only the highest quality tea, coffee, and kombucha. Their cart also has merchandise for sale, including hand-knit cozies and coffee beans, so you can enjoy your perfect cup of coffee wherever you go. You can find Anita Coffee on Instagram and Facebook (@anitacoffeecart) or online at anitacoffeecart.ca.

Included in Your Quarterly Newsletter:

- Your Quarterly Performance
- Collecting the CPP

We wish everyone a great 2024, Jordan, Dave, Crista, Shawn, Niki & Abby



The
Dennis-Rawson
Wealth Advisory Group

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