Welcome to 2021 – a few thoughts on predictions, important tax information, and my outlook

Happy New Year – a few thoughts for you as we start the year.

**First**, what will this year look like – most likely you will have read several predictions for 2021 – where it is on markets, the vaccination process, politics, etc, etc. I give predictions very little weight (who predicted the pandemic in 2020?). I will look at their thoughts and reasoning’s (that can be valuable) but I do not put any weight in a year-end target or predictions.

**Second**, essential tax information for 2021.

**Tax information for those working**

* TFSA Limit – 6,000 for 2021.
  + If you have never contributed to a TFSA and has been elibible for the TFSA since its introduction in 2009, the maximum amount that can be contributed is 75,500. This amount was 69,500 in 2020.
* Maximum RSP contribution - $27,830 in 2021. This amount was $27,230 in 2020.
  + Your personal RSP contribution amount is provided on your Notice of Assessment the Federal Government mails to you each year or on the mycra.ca website.
* Lifetime capital gains exemption - $892,218 in 2021, up from $883,384 in 2020.
* Maximum pensionable earnings - $61,600 in 2021, up from $58, 700 in 2020.
* Maximum EI insurable earnings - $56,300 in 2021, up from $54,200 in 2020.

**Older Clients**

* Age Amount – clients can claim this amount if they were 65 tears of age or older on December 31 – the maximum in 2021 is $7,713, up from $7,637 in 2020.
* OAS recovery threshold – if net world income exceeds, $79,845 in 2021 ($79,054 in 2020), you may have to repay part of or the entire OAS pension.

**With children or dependants**

* Canada child benefit – for 2021, the maximum benefit is $6,833 per child under 6 and up to $5,765 per child aged 6 through 17. In 2020, the amounts were $6,765 and $5,708 respectively.

**Last day for RSP contributions** **for the 2020 tax year** – March 1, 2021.

**Last day for filling and paying personal 2020 taxes** – April 30, 2021 (note, in 2020 due to the pandemic, 2019 taxes did not have to be filed until June 1, 2020 and taxes did not have to be paid until September 30 ,2020.

**Third**, my outlook. After I just told you I don’t put a great deal of stock into predictions, so of course I will give you my outlook for this year…

No, my overall outlooks, which is reflected in your portfolios, is that we are early in the next economic cycle – one reason I believe this is the strong demand for commodities we are seeing – prices are up for commodities and as long as there is not a supply disruption for that commodity, when prices go up it means there is demand for that commodity. Most major commodities (except for crude oil) had very strong price increases last year. This tells me (as long as there is not a supply issue) that there is demand for those commodities. Demand for commodities means people are making items and selling items. That is very positive for the economy.

In closing, I hope you are all well. Please stay apart, stay at home and we will get through this pandemic.

Please let me know if there is anything I can do for you.

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