Updating your Plan for 2020

Every year, Canadians make new year resolutions. They commit to making their lives healthier through better eating, more exercise, and taking more time for themselves.

One area of their lives many people neglect to "healthify" though, are their investments. They assume that what worked for them in the past, will continue to work for them. However, with the addition of new products in the market, changes to the way you are taxed, and contribution limits to registered accounts, last year's plans might not be up to date.

Here are 4 things you should look at with your investments this January to help your net worth continue to grow in 2020.

1. PAY OUTSTANDING DEBT

2019 was a great year in the markets. This means that if you were invested in the market, your savings have hopefully outpaced your yearly expenses. If you have outstanding debt, maybe a mortgage or a line of credit, consider withdrawing some funds from a non-registered investment to put extra against that debt.

2. CONTRIBUTE TO YOUR TAX-FREE SAVINGS ACCOUNT (TFSA)

Every year, you are allotted more contribution room in your TFSA. For 2020, an additional $6,000 of TFSA contribution room is allotted to you. Also, you reclaim previously used contribution space for any withdrawals you made in 2019. If possible, transferring any cash or non-registered investments into your TFSA will give you tax free growth on those investments.

Every year you change. Every year your plan should change with you. If it hasn't been updated in the last 2 years, it's time to update it today.

3. INVEST YOUR TFSA FOR GROWTH

Many institutions neglect to inform their clients that their TFSA can be invested into the market. Instead, the advice offered is to put the money in the TFSA in a high interest savings plan. If you have the finances to commit your TFSA to longer investing (5 or more years), investing your TFSA to maximize the growth opportunities is the wiser choice.

4. INVEST WITH TAXES IN MIND

With registered accounts, how they are taxed is pre-defined. With non-registered investments, the tax can be applied in many different forms. And depending on your income level, those different forms generate more tax against you. Using a specific style of investments, (eg. Corporate Class investments), can control how your investments grow which defines how you are taxed. When you invest with taxes in mind, you can possibly reduce the tax generated against you by 50%.

If any of these tips have not been part of your planning, we would love to talk with you about your plan to ensure a strong 2020 for you.

Contact Karen or Laurie at our office to arrange a no-obligation meeting or to register for our next complimentary seminar. Call (905) 690-5035 or email info@brownfinancial.com today!

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