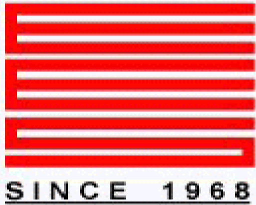

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2016 YEAR-END TAX REVIEW AND TIPS

As 2016 draws to a close, it is important to think about your overall financial situation to ensure you have considered year-end tax issues and strategies. We suggest that you review all of the following items to see if any of them apply to you or a family member.

New for 2016 and 2017

New Federal Government Policies – Many of the policies announced in the platform of the Liberal Party of Canada during the 2015 election have been enacted.

Federal Tax Rates – The tax rate on the second lowest income bracket (2016 taxable income between $45,281 and $90,563) has been reduced from 22.0% to 20.5%. A new federal income bracket has been added for 2016, increasing the tax rate on all taxable income in excess of $200,000 from 29% to 33%.

There may be strategies available to shift income and/or deductions between the two years to your advantage, depending on your ability to do so. For example, if you anticipate your taxable income in 2017 to be in excess of $200,000, while in 2016 your income will be below $200,000, it may be beneficial to delay contributing to your RRSP / deducting your RRSP contributions in 2017. In many cases, the additional tax savings may be worth more than having use of the tax savings today. Opportunities may also exist for other family members. *Speak to your E.E.S. consultant to review the possibilities as every case is different.*

Charitable Donations – Commensurate with the addition of the new 33% top federal income tax bracket (above), the calculation of the tax credit for gifts made to registered charities and certain other qualified donees in 2016 and later years have been modified to take the higher tax rate into account for individuals whose taxable income exceeds $200,000. For these individuals, the credit on donations in excess of $200 will be calculated at 33% for every dollar by which taxable income exceeds $200,000. Any donations not in excess of income in the 33% marginal tax bracket will be credited at 29%.

The government announcement that the 2015 Budget measures which would have allowed for an exemption from capital gains tax on cash donations resulting from the sale of real estate and/or private corporations **will not proceed**.

Family Tax Cut – This non-refundable tax credit of up to $2,000 was introduced for 2014 by the former Conservative government to enable a degree of income splitting for couples with children under 18 years of age. **For the 2016 and subsequent tax years this credit has been cancelled**.

Stock Option Deduction – In their 2015 election platform, the Liberal Government declared that they would be making changes to limit the amount of benefit a taxpayer could receive under this rule in any one year. It is has been a year since they last commented on these changes and to this point, they have not indicated when any such changes will be implemented (if at all), except to say that any proposed changes will not apply to previously-granted stock options. Consequently, for the time being we anticipate **no changes on the taxation of stock options**.

Contribution Limits for Tax-Free Savings Accounts (TFSA) – The annual contribution limit for TFSAs is $5,500 for 2016 and future years.

The total that may be contributed to a TFSA up to and including 2016 is $46,500.

An individual's unused contribution "room" is carried forward to future years. Any amounts withdrawn (all tax-free) are reinstated to the individual's cumulative contribution room *in the year following the withdrawal*. Care must be taken to avoid over-contributions created by misinterpreting or misapplying these rules.

Changes to Taxation of Trusts - Proposed changes first announced in the 2013 Federal Budget and drafted by the Department of Finance in 2014 will impact estates and testamentary trusts (those created by the Will of a deceased person).

Up to this point, testamentary trusts (such as spousal trusts) have enjoyed graduated tax rates (the same as those that apply to individuals) without the need to distribute their income to beneficiaries. As well, they had the flexibility of choosing their fiscal year end (either the anniversary of the Testator's date of death, or December 31st). Effective January 1st, 2016, all testamentary trusts will be subject to the top marginal tax rate and will have a year end of December 31st.

There will be exceptions for 'graduated rate estates' for up to 36 months after the date of death and for testamentary trusts where the beneficiary qualifies for the disability tax credit. There may be only one graduated rate estate per deceased individual. The deceased's estate must designate itself as a graduated rate estate.

Once a testamentary trust has been in existence for 36 months, it will be required to file a return for the "stub period" between the 3rd anniversary of the date of death and December 31st of that same year. Thereafter, the trust will have a December 31st year end.

Note: These changes do not apply to inter-vivos trusts, such as many family trusts, as these are already taxed at the top marginal tax rate.

Canada Child Benefit (CCB) – The Government replaced the taxable UCCB benefit effective July 1st, 2016 with a Non-Taxable CCB benefit. This benefit could be as high as $6,400 per child under the age of 6 and $5,400 per child between the age of 6 and 17. The benefit is income tested with the maximum payable for families with income below $30,000 and is completely phased out where family income is in excess of $189,000. It is anticipated that the benefit will be indexed starting in 2020.

Post-Secondary Students – The tuition tax credit will remain. However, effective January 1st, 2017 the education credit ($400/month for full time attendance) and the textbook credit ($65/month for full time attendance) will be eliminated. Any unused education and textbook credits from previous years can still be carried forward for use in a subsequent year.

School Supply Tax Credit – Effective January 1st, 2016, eligible educators (teachers and ECEs) can claim a 15% refundable credit for up to $1,000 in qualifying school expenses. In order to claim the eligible credit, employers will be required to certify that supplies were purchased "for the purpose of teaching and otherwise enhancing learning in a classroom or learning environment".

Child Care Expense Deduction – Effective for the 2016 taxation year, the maximum amount of deductible child care expenses was increased to $8,000 for each child under age of 7, to $5,000 for each child age 7 through age 16, and to $11,000 for any child eligible for the disability tax credit.

Children's Fitness and Arts Tax Credit – this is the final year for these federal tax credits. For 2016 tax purposes the credit available will be 50% of the credit available in 2015, i.e. $250/per child for the arts credit and $500/per child for the fitness credit. Effective for the 2017 taxation year, they will be eliminated entirely. If the maximum credit per child has not been reached for 2016, consider pre-funding eligible expenses in 2016 for 2017 activities.

Children's Tax Credit – Effective for the 2016 taxation year, the non-refundable credit of $2,234 for each child under 18 is eliminated.

Home Accessibility Tax Credit (HATC) – For 2016 and future years a non refundable tax credit is available to assist seniors and those eligible for the disability tax credit for certain home renovations. The available credit is equal to 15% of up to $10,000 of eligible expenses. Eligible expenses include renovations that enable individuals to gain access, increased mobility and functionality within the home. Certain expenses may qualify for both the HATC and the medical expense tax credit.

Principal Residence Exemption – Effective for the 2016 tax year, in order to prove that the taxpayer qualifies for the Principal Residence Exemption, CRA will now require taxpayers to fill out additional reporting when claiming the exemption on all dispositions of a principal residence. Failure to file can result in the possible exclusion of the Principal Residence Exemption and penalties of up to $8,000. The normal 3 year window to become statue barred is not applicable.

RRSPs and Tax-Deferred Plans

Maximum contribution limits for tax-deferred plans for 2016 and 2017 are as follows:			
Year	**Registered Retirement Savings Plan (RRSP) Limit**	**Defined Contribution (DC) Registered Pension Plan (RPP) Limit**	**Deferred Profit Sharing Plan (DPSP) Limit**
2016	$25,370	$26,010	$13,005
2017	$26,010	$26,230	$13,115

- **Contribution Deadlines:**
  - The final day to contribute to an **employer's RPP** is **December 31st, 2016**.
  - The final day for **RRSP contributions** for deduction in 2016 is March 1st**, 2017**.
  - **March 1st, 2017** is also the final day to contribute to a surviving spouse's RRSP for a deduction on the final tax return of a deceased taxpayer.
  - Note that **December 31st, 2016** is the final day for contributions to your RRSP if you turn 71 this year (see below).

- **If you turn 71 in 2016**, you must convert your **RRSP/LIRA** to a RRIF/LIF/LRIF by **December 31st, 2016**. Note that the beneficiary designation for your RRSP/LIRA *does not* automatically transfer to your newly established RRIF/LIF/LRIF. If you want your spouse, partner, or someone else to be the specific beneficiary of your new account, this must be indicated on your application. If you have contribution room available, make your contribution prior to conversion. *Individuals turning 71 this year DO NOT have the extra 60 days after year-end to make a contribution to their own RRSP*.

- **If you have a spouse or partner who is younger than you**, you may base the minimum required annual withdrawals from your **RRIF/LIF/LRIF** on his/her age.

- **Another benefit of having a younger spouse or partner** is that, even if you are older than 71 and consequently can no longer have your own RRSP, you may continue to contribute to his/her spousal RRSP until the end of the year in which *he/she* turns 71, with the amount contributed being based on *your* RRSP limit. You will have the tax deduction for your spousal contribution, and your spouse may also contribute to his/her own RRSP, if applicable.

- **If you turn 71 in 2016 and do *not* have a younger spouse or partner**, you may wish to consider making an over-contribution to your RRSP in December 2016, just before converting the RRSP to a RRIF. This strategy can work if you have used all your contribution room in 2016 ***and*** have earned income in 2016 that will create contribution room for you in 2017. The over-contribution will be subject to a penalty tax of 1% just for the month of December 2016,

but the over-contribution situation is eliminated in January when the 2017 contribution room begins to apply. The un-deducted contribution is carried forward, and is deductible in 2017 or a later year. The 1% penalty is a small price to pay to get a deduction next year at your applicable tax rate, as well as allowing the additional amount to work for you sheltered in the new RRIF.

- If you are required to take a minimum annual withdrawal from your RRIF/LIF/LRIF, and you would prefer not to sell particular assets, you can **make an 'in kind' transfer to your non-registered investment account.** The market value of the assets transferred out will be taxable as a withdrawal, but you will then be able to retain the investment in your non-registered account. If you are considering this, we recommend that you check with your financial institution to ensure they can accommodate your request.

- **Transferring assets into an RRSP or TFSA (contributions in kind) –** You may transfer assets into your RRSP or TFSA as a contribution, and the contribution will be valued at the market value on the date of the transfer. **Note** that any gain on assets transferred into your RRSP or TFSA will be taxable to you in the year of the transfer.

  However, losses realized on contributions in kind may not be claimed. Therefore, selling such assets first and then contributing the cash to the RRSP or TFSA will preserve the capital loss. Just remember not to repurchase identical assets within 30 days, or the Superficial Loss rules [explained on page 7] will negate the loss. These rules apply to purchases inside or outside of your RRSP or TFSA, *and* to purchases inside or outside of the RRSP or TFSA of your spouse or another 'affiliated person'.

- **Home Buyers' Plan** – If funds were withdrawn from an RRSP prior to 2015 under the Home Buyers' Plan, a repayment equal to 1/15 of the original amount withdrawn must be made by **March 1st, 2017**. Failure to do so will result in the required repayment amount being included as taxable income for 2016. The repayment is not deductible since the withdrawal was not taxable. A repayment is made by making a contribution to the RRSP, and in addition you may make a further contribution using the regular RRSP rules.

Investments

- **Non-registered GICs** – If you have GICs maturing in late 2016, defer reinvesting the proceeds in a new GIC until January 2017. The interest on a GIC purchased in December 2016 will be taxable in 2017, while the interest on a GIC purchased in January 2017 will be taxable in 2018.

- **Non-registered mutual funds** – If you invest in a mutual fund (outside of your registered accounts) between now and **December 31st,** you may be in for a shock when you file your 2016 income tax return. Mutual funds must distribute all interest, dividends and realized capital gains to unit holders in the fiscal year in which they receive them. Many Canadian funds use the calendar year as their fiscal year. A year-end distribution results in you paying tax on the

distribution allocated to you, even though it is effectively a return of capital from your investment. You may be best advised to defer the purchase of a mutual fund investment until January.

- **The deadline to contribute to a Registered Education Savings Plan (RESP) for 2016 is December 31st, 2016. You DO NOT have 60 days after the end of the year to contribute,** as with an RRSP. You may also contribute amounts for past years where you have not received the maximum government grant. However, there are limits to the amount of retroactive grants you can receive in one year, so it might not be advantageous to catch up all unused contributions at one time. Generally speaking, in each year you are limited to claiming one year's worth of retroactive grant (i.e. a $500 grant, based on a $2,500 contribution). If you are several years behind in making RESP contributions, it will take several years for you to catch up on missed grants.

  Tax Free Savings Account (TFSA) – (See commentary on page 2.) Since 2009, Canadian residents aged 18 and older have been eligible to contribute to a TFSA. While there are no tax deductions for contributions, investment income in the account grows tax-free. Any amount can be withdrawn from a TFSA at any time, for any reason, tax-free.

  Withdrawals will not affect income-tested benefits and credits. The amount of any withdrawals made in the current year will be reinstated to the contribution room for the following year, and unused contribution room can be carried forward indefinitely. If you are planning a withdrawal, consider doing so before the end of 2016 instead of early 2017.

- **Client Relationship Model (CRM2)** – In an effort to provide greater transparency within the investment industry, commencing in January 2017 for every investment account, two new reports will be issued annually. The first will detail the annual performance on the account using a "money weighted" rate of return. The second will provide a detailed listing of all the account fees.

- **Corporate Class Mutual Funds** – under the current tax rules the switching of corporate class mutual funds is **not** deemed a disposition for tax purposes allowing investors to take advantage of a tax deferral of capital gains until such time that the corporate class mutual fund is disposed of. Effective January 1st, 2017 any switch in corporate class mutual funds will result in a disposition for tax purposes. **Consider rebalancing your corporate class mutual funds before the end of 2016 to take advantage of the tax deferral of any accrued gains.**

- **Permanent Life Insurance** – Changes announced effective January 1, 2017 will limit the amount that can accumulate tax-free in a permanent (whole life) insurance policy. These changes will *not* affect life insurance policies currently in force.

Capital Gains and Losses

Generally, the tax strategy discussed the most in the month of December is 'tax loss/gain selling'. As the factors surrounding this issue are based on individual circumstances, please contact your E.E.S. consultant to determine how any tax benefits may apply to you.

- **The disposition of securities** is deemed to take place not on the day that the order is placed, but rather on the 'settlement date'. For most securities, settlement occurs three business days after placing a sell order. As such, to be considered on your 2016 tax return, Canadian transactions should be placed by **December 23rd, 2016** and U.S. transactions should be made by **December 27th, 2016.**

- **Capital Gains and Losses** – 50% of your **capital gains** are included in your income. Net **capital losses** may be carried back and claimed against any net capital gains reported in the previous three years (2013, 2014 or 2015) or carried forward indefinitely. *However, your current year's losses must be used **first** to offset your current year's gains (if any).*

- **Currency** may, in certain circumstances, be considered a capital property, and holdings of currency other than Canadian currency can result in a capital gain or capital loss from fluctuations in foreign exchange rates.

- **Employer stock options** (see commentary on page 8) are taxed as employment income, ***not*** capital gains. Hence, capital losses cannot be applied to reduce the tax payable due to the exercise of stock options.

- **Deemed Disposition** – Be aware that you may trigger a deemed disposition even though no transaction occurs. Examples include death, a marriage break-up, entering or leaving Canada, RRSP or TFSA contributions 'in kind', corporate reorganizations and 'change of use' of assets.

- **The Superficial Loss Rule** can negate the tax benefit of selling at a loss if you, your spouse or common-law partner, or another related entity acquires the same investment in the 30 days preceding *or* following the sale of the security on which you are claiming the loss. Note that an **RRSP or TFSA** is considered to be a related entity [see related item on page 5: *Transferring assets into an RRSP or TFSA*.

  However, **you can use the Superficial Loss rule to your advantage** – Assume you are holding a stock with a book loss and you do not have any gains against which you can use the loss, but your spouse does. If you sell your stock on the open market and within 30 days your spouse acquires the same stock, you trigger the Superficial Loss Rule. You have forfeited the use of your loss as your sale price is assumed to be your (higher) cost base. The extension is that your spouse is deemed to have acquired the stock at your (higher) cost. Your spouse then retains the stock for at least 30 days, sells and now has the loss in his/her hands.

Borrowing for Tax Purposes

- **Carrying Charges** – As a general rule, interest is deductible for tax purposes as long as the proceeds of the loan are used for the purpose of earning income from a business or property. This is often referred to as 'carrying charges'. Several tax cases exist regarding the application of this rule. Québec has rules in place which limit the amount of deductible interest charges to the investment income earned in the taxation year.

- **Spousal Loans –** For any such loan done at CRA's prescribed interest rate (done to achieve income splitting between spouses/partners), interest accrued to December 31st, 2016 must be paid by **January 30th, 2017.** The current prescribed rate is 1%, effective until December 31st, 2016. The prescribed rate changes on a quarterly basis, however this only applies to new loans. As an example, a loan done at today's 1% rate will continue to be onside with CRA's rules for the duration of the loan, even if CRA increases the prescribed rate in the future.

Charitable Donations

- **Share Security and Option Donation –** Consider making a charitable donation of a security with an accrued capital gain instead of using cash. As a result of donating the security instead of cash, none of the gain will be included as taxable income instead of the standard 50% inclusion. A tax receipt will be issued for the entire fair market value of the donated security.

  This special tax treatment is also available for proceeds received through the exercise of employee stock options if the proceeds are donated directly by the exercising broker within 30 days of acquisition.

- **Donation of Air Miles or other loyalty program points –** Companies often make it difficult to redeem air miles and loyalty program points, which results in an accumulation of miles and points with little or no value. Donating these miles or points to charity is a great way to redeem them and make a generous difference at the same time. Depending on the organization, these donations may yield a tax receipt.

Employment Related Items

- **Stock options** give employees the right to purchase shares of their employer's company at a set price, known as the exercise price. The difference between the fair market value and this exercise price is taxed as employment income (*we emphasize: this is **not** a capital gain*). Most employees can claim a deduction of 50% of the taxable benefit on qualified options, resulting in only 50% of the stock option benefit being taxed

- **If you received a loan from your employer**, and you did not use the proceeds for the purpose of generating investment income; you can reduce the amount of the taxable benefit by making an interest payment before **January 30th, 2017**.

- **If you have a company car,** there is a taxable benefit attributable to your use of the vehicle that is reported on your T4 and Relevé 1. Keep a log of your personal and business-use kilometers for your company vehicle to ensure easy reconciliation for your tax return. You may qualify for a reduced *standby charge* and *operating cost benefit* based on usage.

- **Employees who use their own car for business purposes** can receive a tax-exempt allowance from their employer if the allowance is based on the kilometers driven for business purposes, as opposed to a lump-sum allowance. The 2016 limit is 54 cents for the first 5,000 kilometers and 48 cents thereafter.

- **If you have eligible employment expenses or work from home more than half of the time**, your employer may be required to provide a form T2200, *Declaration of Employment Conditions*. Be sure you obtain a T2200 if it is applicable.

Source Deductions

- **If you have tax-deductible expenses** such as RRSP contributions, support payments, childcare expenses, investment carrying charges, rental losses, etc., application can be made to the CRA or Revenu Québec to reduce your tax deductions at source for 2017. If approved, your employer may reduce the tax withheld at source, resulting in increased cash flow for the employee. The approval process generally takes six weeks.

Alternative Minimum Tax

- Certain tax-deductible items may expose you to **Alternative Minimum Tax (AMT)**. While this tax may be carried forward and applied over the next 7 years, it can be lost if you leave Canada and have no further taxable Canadian income. Residents of Québec can lose the provincial AMT simply by leaving the province.

Income Tax Instalments

- If the difference between your federal tax payable and your income tax withheld at source is greater than $3,000 ($1,800 if you are a resident of Québec), you are generally asked to make income tax instalment payments. The reporting notices provided by the CRA can be confusing. If you expect that your liability will be more or less than previously calculated, you may want to adjust your final payment accordingly. While you do not want to overpay your tax, the CRA will charge you interest, and possibly penalties, if you underestimate the amount owing. The final federal income tax instalment for 2016 is due December 15th, 2016, payable to the Receiver General for Canada.

- If you were reassessed for 2015 for additional income, this may affect your 2016 tax instalment payments.

- If the difference between your **Québec tax payable** and your Québec tax withheld at source is greater than $1,800, you are generally asked to make instalments. The final Québec income tax instalment for 2016 is due **December 15th, 2016**, payable to le Ministère du Revenu. The penalty for late or insufficient Québec instalment payments is an extra 10% in addition to the normal interest rate (when you have made less than 75% of the instalments required).

- If you think your December payment should be adjusted, contact your E.E.S. consultant for assistance with the calculation as you do not want to find yourself 'off-side' with the tax department.

Business Owners

- **For business owners** who employ family members, pay salaries by **December 31st, 2016** to add to their reported earned income for RRSP and CPP/QPP contributions.

- **Owner managers** with control over their income may want to ensure that they have enough employment income to maximize their **RRSP contributions**. In order to reach the maximum contribution level for 2017 ($26,010), you must have had $144,500 of *earned income* in 2016.

- **If purchasing capital assets** (such as computers, furniture or equipment) in the near future, consider making the purchase(s) before the calendar year end, or fiscal year end for corporations, as applicable. This will allow for a depreciation claim on your 2016 return.

- If you took a **shareholder loan** from your corporation in fiscal 2016, repay it, if possible, before the end of the next fiscal year end. If not repaid, it will be taxable as income in 2016.

- For corporate owned life insurance policies in the event of the insured's death the death benefit minus the adjusted cost basis is considered a capital dividend. Under the new rules it will take longer for the ACB to be reduced to zero.

Québec Differences

- The Quebec budget proposed a gradual elimination of the health contribution with the complete elimination by 2018. However with a higher than expected surplus this year the health contribution was abolished ahead of schedule in 2016.

- The **stock option deduction** for Québec provincial tax purposes is 25%, compared to 50% for federal tax purposes.

- **RenoVert Tax Credit** – A temporary refundable tax credit for carrying out eco-friendly home renovations has been introduced for 2016 and 2017 tax years. The credit will be capped at $10,000 and will correspond to 20% of the portion in excess of $2,500 of qualified expenses paid for before October 1st , 2017. Qualifying expenses would include renovations to principal residence or cottage which has a positive energy of environmental impact. The renovation work must be contracted after March 17th, 2016 and completed by April 1st, 2017. The credit is available in the year the expense is paid.

- **Charitable giving –** The cap limiting charitable donations of 75% of the donor's income has been eliminated for the 2016 taxation year.

- For **investors in Québec**, the amount of **deductible interest and carrying charges** is **limited** to the amount of investment income, including capital gains, realized in the taxation year. Rental losses and active business losses are exempt from this limitation. These expenses can be carried back three years or carried forward indefinitely to apply against investment income and capital gains. Be aware that many tax shelter write-offs are included in the limitations and may not be deductible, depending on your circumstances.

- **Eligible childcare expenses –** Unlike the federal treatment of childcare expenses as a deduction, eligible expenses for Québecers are claimed as a refundable tax credit.

U. S. Citizens, Residents and Green Card Holders

- If you are a U.S. citizen, resident or green card holder, you are obliged to file a tax return with the IRS and possibly state tax returns. Several other information returns may also be required. Failure to provide the necessary filings can result in serious interest and penalties. *You should discuss your situation with your E.E.S. consultant as soon as possible to ensure your affairs are in order.*

- As income earned within a Tax-Free Savings Account (TFSA) is not sheltered from tax for U.S. income tax purposes, it is advisable for those subject to U.S. income tax reporting ***NOT*** to own a TFSA.

- Similarly, income earned within a Registered Education Savings Plan (RESP) is not sheltered for U.S. purposes. Therefore, those subject to U.S. income tax reporting are advised ***NOT*** to set up an RESP to save for children's education unless there is someone else not subject to U.S. income tax reporting who can be designated as the trustee.

- If you are not a U.S. citizen, resident or green card holder, **but hold U.S. assets**, you should contact your E.E.S. consultant to confirm all requisite filings are in order.

- As a client of E.E.S. we have been counseling you to review your status as it relates to U.S. holdings and the onerous, penalty riddled filing requirements. ***If you believe the IRS touches you in any way, please ensure you have brought these issues to the attention of your E.E.S. consultant.***

- For those who are using Individual Taxpayer Identification Numbers (ITINs), the IRS announced in June 2014 that they will start deactivating ITINs that have not been used on at least one tax return in the past three years. The deactivation process will start in 2017. Individuals with deactivated ITINs will need to reapply for ITINs.

- The IRS has indicated that all ITINs issued before 2013 will begin expiring, starting with those with middle digits of 78 or 79 (Example 9XX-78-XXXX). If you or someone listed on your tax return has an ITIN with a middle number of 78 or 79 you must take action to renew the ITIN prior to filing the 2016 return.

Canada Pension Plan (CPP)

- ***Adjustments for Early and Late Take-Up*** – The phase-in of the early take-up rate began in 2012 and reached 0.6% per month by 2016 for each year prior to age 65 in which the taxpayer starts to receive their CPP entitlement. The late take-up rate is 0.7% per month.

- ***Participation of Working Beneficiaries*** – If you are age 65 to 70, receiving your CPP and still working, you can choose to make CPP contributions to increase your benefits. Continuing to participate is optional after reaching age 65 and **you will have to file a CPT30 election if you do not want your employer to withhold contributions.**

Old Age Security (OAS)

- ***Timing of commencement of receipt of OAS benefits –*** Since 2013, an individual has been able to elect the exact month to begin receipt of OAS benefits, any time between the months following the 65th and the 70th birthdays. There are a number of factors that can determine the optimal timing to begin receipt of this benefit, including the possibility of minimizing the "clawback" of the amount received. *Review this with your E.E.S. consultant well before applying for the commencement of OAS benefits in order to determine the optimal month to begin the benefit.*

Please contact your E.E.S. Consultant for further details concerning any of these tax topics.