2025 Year-end Tax Planning Opportunities

With our Total Wealth Solutions approach, we help you define and reach your goals at every stage of life.

These important tax and financial planning moves can help prepare you for the upcoming tax season and better align your finances with your short- and long-term goals.

Key Takeaways

While tax and financial planning should take place all year long, there are several actionable strategies to consider before year-end deadlines.

Important life events can have financial implications and should be discussed with your tax and financial advisor.

Certain investments generate more taxable distributions than others, so work with your advisor and tax professionals to evaluate your investments and after-tax returns.

Introduction

With tax legislation continuing to evolve rapidly, 2025 has been another year where proactive tax planning is essential. While the 2024 federal budget introduced a proposed increase to the capital gains inclusion rate, the prime minister confirmed that the government will not proceed with the change. This reversal highlights how quickly tax policy can shift, impacting your investment and financial planning decisions. At the same time, major tax reform and political changes in the United States, including the One Big Beautiful Bill Act, introduced new cross-border considerations for Canadians with U.S. investments or business interests. These developments underscore the importance of monitoring not only domestic legislation but also global tax trends that may affect Canadian taxpayers.

As the year-end approaches, Canadians should take time to assess their financial position and explore strategies that go beyond the traditional tax season. Opportunities such as tax-deferred growth, income splitting, charitable giving, and optimizing registered account contributions remain key tools to reduce tax liability and build long-term wealth. Reviewing your investments and income in light of your goals, the broader economic environment, and international policy changes can help ensure you are well-positioned for 2026 and beyond. Tax planning today requires a global lens and a forward-looking approach.

Important Dates to Remember

December 2025	15	Fourth quarter tax instalment payment for 2025 due.
	30	Last day to sell securities on U.S. markets to realize a gain or loss. Settlement is T+1 days.
	30	Last day to sell securities on Canadian markets to realize a gain or loss. Settlement is T+1 days.
	31	Last day to pay deductible loan interest to deduct in 2025.
	31	Last day to complete charitable contributions for 2025, keeping in mind that some donations, such as securities donations, may require additional lead time to complete.
	31	Last day to pay childcare, medical, and tuition expenses to claim deduction or credit on the 2025 T1.
	31	Annual tax instalment payment for 2025 due for farming and fishing income.
	31	Last day to open FHSA account to receive $8,000 of contribution room, which can be carried forward to 2026.
January 2026	30	Must pay prescribed rate loan interest by this date to preserve integrity of prescribed rate loan for prior year.
March 2026	02	Deadline to contribute to a Registered Retirement Savings Plan to claim as a 2025 deduction.
	16	First quarter tax instalment payment for 2026 due.
	31	T3 trust tax return deadline for trusts with a December 31 year-end.
	31	Deadline for paying balance owing for Form T1-OVP if you made excess RRSP contributions in 2025.
April 2026	30	Deadline to pay your 2025 taxes and file your 20254 Individual T1 tax return.
June 2026	15	Deadline to file your 2025 Individual T1 tax return if you or your spouse earned self- employment income. Tax payment deadline remains April 30, 2026.
	15	Second quarter tax instalment payment for 2026 due.
	30	Deadline to file your TFSA return RC243 and pay taxes if you made excess contributions in 2025.
September 2026	15	Third quarter tax instalment payment for 2026 due.
	30	Last day to buy or build your qualifying home if you made a Home Buyers' Plan withdrawal from your RRSP, or FHSA qualifying withdrawal in 2025.

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Gather Information for Year-end Investment Tax Planning

Recent Investment Account Statements

- Analyze unrealized gains and losses to consider triggering gains or losses by the end of the year.
- Review investment management fees and interest expenses paid for non-registered investment accounts to estimate available tax deductions.

Tax Free Savings Account (TFSA)

- Review available TFSA contribution room as of January 1, 2025 and total contributions made during 2025.
- Withdraw excess contributions immediately to limit TFSA over-contribution penalties.
- Maximize TFSA contributions to earn tax-free income.

Registered Education Savings Plan (RESP)

- Calculate your total year to date RESP contributions during 2025 to maximize annual Canada Education Savings Grants (CESG) for the year and any grant entitlements carried forward.

Registered Retirement Savings Plan (RRSP)

- Review your 2024 Notice of Assessment to determine available contribution room for 2025.
- Review RRSP contributions made to date, including employer, bank and brokerage accounts to ensure you did not contribute in excess of your available room.
- Withdraw excess contributions as soon as possible to limit RRSP over-contribution penalties.
- Maximize RRSP contributions to reduce current or future taxes and earn tax-deferred investment income.

First Home Savings Account (FHSA)

- Review account opening eligibility for yourself or adult family members who wish to save for the purchase of a home.
- If account has not been opened yet, consider opening before the end of the year to obtain $8,000 of contribution room, which can be carried forward to 2026 if not used in 2025, resulting in $16,000 of available contribution room in 2026.
- Maximize FHSA contributions to claim a tax deduction in the current or future year, and earn tax-free income (provided future withdrawal is made to purchase a qualifying home).

Registered Disability Savings Plan (RDSP)

- Calculate your total year to date RDSP contributions during 2025 to maximize annual Canada Disability Savings Grants (CDSG) for the year and any grant entitlements carried forward.

Moves to Consider - Income Tax Planning

Here are important items to think about in each of the major planning categories. Keep in mind the ideas listed here are conversation starters for most investors. You and your advisor should determine next steps for your own situation.

Year	TFSA Contribution Limit
2009	$5,000
2010	$5,000
2011	$5,000
2012	$5,000
2013	$5,500
2014	$5,500
2015	$10,000
2016	$5,500
2017	$5,500
2018	$5,500
2019	$6,000
2020	$6,000
2021	$6,000
2022	$6,000
2023	$6,500
2024	$7,000
2025	$7,000
Total cumulative contributions	**$102,000**

1. First Home Savings Account

- **Eligibility:** Canadian residents 18+ who haven't owned a home in the current or past four years.
- **Contribution Limits:** $8,000 annually, up to $40,000 lifetime.
- **Tax Benefits:** Contributions are tax-deductible; income and gains are tax-free if used for a qualifying home purchase.
- **Account Closure or Transfers:** Must close after 15 years or by age 71. Ahead of the 15-year mark, you may also transfer your FHSA balance to your RRSP tax-free, as a direct transfer, without requiring RRSP contribution room.

TIP: Contribute to FHSA before RRSP and TFSA to maximize tax deductions and future tax-free withdrawals. FHSA deductions can be carried forward indefinitely, which may be advantageous if it is expected that one's tax rate will be higher in a future year.

2. Funding FHSA with TFSA Withdrawals

- **Strategy:** Withdraw from TFSA to fund FHSA if funds are limited.
- **Benefit:** TFSA contribution room is restored, and FHSA contributions are tax-deductible.

3. TFSA Withdrawals by Year-End

- **Deadline:** Complete withdrawals by December 31, 2025, to restore contribution room on January 1, 2026.
- **Rebalancing:** Withdraw securities in kind to rebalance holdings.

TIP: Contribute income-producing Canadian securities "in kind" to TFSA. Avoid contributing securities in a loss position.

4. Maximize TFSA and FHSA Contributions for Family Members

- **Eligibility:** Ensure all family members 18+ maximize their TFSA and FHSA contributions.
- **Income Splitting:** High-income earners can gift funds to family members to contribute to their FHSA and TFSAs.

TIP: Cumulative maximum contribution room of TFSAs to the end of 2025 is $102,000, for those who were at least 18 years old and Canadian tax residents since 2009. TFSA income is tax-free and does not affect income-tested benefits.

5. Registered Disability Savings Plan (RDSP)

- **Eligibility:** Open an RDSP if you or your child qualifies for the disability tax credit.
- **Government Grants:** Federal government matches 100% to 300% of contributions, up to $70,000 in total grants. Additional $20,000 Canada disability savings bond available for low-income Canadians with disabilities.
- **Contribution Limits:** Lifetime maximum of $200,000 per beneficiary; income and growth are tax-deferred.

6. Spousal Loans for Income Splitting

- **Strategy:** Loan investment funds to a lower-income spouse at the prescribed interest rate to split investment income and avoid the spousal attribution rules.
- **Current Rate:** The 2025 Q4 CRA prescribed rate is 3%, meaning the borrower spouse must pay the lender spouse interest at the prescribed rate. The interest is tax deductible to the borrower, and taxable to the lender spouse.

TIP: Keep existing low-rate loans in place. If spousal loans were entered into when the prescribed rate was higher than 3%, consider repaying the existing loan and entering a new loan arrangement at the lower rate.

Year-End Tax Planning: Navigating the Evolving Tax Legislation

Capital Gains and AMT – What Changed, What Didn't, and What You Can Do

As we approach the end of 2025, Canadian investors should be aware of key developments in tax legislation that affect capital gains and the Alternative Minimum Tax (AMT). The 2024 federal budget proposed a significant increase to the capital gains inclusion rate from 50% to two-thirds for gains realized on or after June 25, 2024.

In response, many individuals and corporations accelerated the sale of appreciated assets to lock in the lower rate. Although the effective date was later deferred to 2026, the government ultimately cancelled the inclusion rate increase. **The proposal never became law and is not expected to proceed. The inclusion rate remains at 50 percent for individuals, trusts, and corporations.**

In addition, the AMT regime was significantly revised starting January 1, 2024, with changes aimed at high-income individuals. These rules did pass into law. The AMT is designed to ensure that high-income individuals pay a minimum amount of tax, even if they benefit from various deductions and credits under the regular tax system.

The AMT rate increased from 15 percent to 20.5 percent, and the basic exemption amount was raised to $177,882 (2025 figure, indexed annually).

- Under AMT rules, 100 percent of capital gains are included in income, rather than the 50 percent inclusion rate used under regular tax rules.
- This means that individuals who realized substantial gains in 2024 to take advantage of the proposed lower inclusion rate may have inadvertently triggered AMT.
- Any AMT paid can be carried forward for up to seven subsequent years and may be refunded to the extent that regular tax exceeds AMT in those future years.
- Investors who may have triggered AMT in 2024 should evaluate their ability to recover it in 2025 and future years.
- If some AMT appears unrecoverable based on projected income, strategies such as taking additional RRSP or RRIF withdrawals, which do not attract AMT adjustments, may help offset the impact of AMT in 2025, or help utilize AMT carryforwards.

Three Strategies for Managing Capital Gains

1. **Realizing Capital Losses:** If you have investments that have decreased in value, you might consider selling them to realize capital losses. These losses can be used to offset capital gains, reducing your overall taxable income.
    - Capital losses can be carried back three years or carried forward indefinitely to offset future gains. This can be particularly useful if you have realized significant gains earlier in the year.
    - If you triggered substantial capital gains in 2024 to lock in the proposed 50% inclusion rate, the capital loss carryback strategy may allow you to recover some of the taxes paid in the prior year.
2. **Donating Appreciated Securities:** Another effective tax planning strategy is to donate appreciated securities directly to a registered charity.
    - When you donate securities that have increased in value, you can avoid paying capital gains tax on the appreciation.
    - Additionally, you will receive a charitable donation receipt for the fair market value of the securities, which can be used to offset other taxable income. This approach not only supports a good cause but also provides significant tax benefits.
3. **Strategic Realization of Gains in Lower Tax Brackets:** For some individuals, triggering capital gains to be taxed at lower rates may save overall taxes compared to deferring capital gains. Especially if income levels are expected to rise.
    - In the context of estate planning, deferring all capital gains until passing may trigger accrued gains being taxed at the top marginal tax rate, when not left to a surviving spouse, upon passing.
    - **Caution:** Consider Old Age Security (OAS) clawback and the time value of money when triggering capital gains. The impact of accelerating taxes now versus deferring until the future could leave some individuals worse-off, and therefore this approach should be considered together with your tax and financial advisors.

By understanding evolving tax legislation and implementing thoughtful tax planning strategies, you can make the most of your investments and minimize your tax liability as we head into the new year.

Investment Tax Planning

1. Review Portfolio Efficiency

- **Tax Efficiency:** Measure how much of an investment's return remains after taxes.
- **Action:** Rebalance your portfolio to include tax-advantaged investments like Canadian dividend-paying shares and capital gains-allocating investments.
- **Advisor Collaboration:** Work with your advisor to evaluate investments and after-tax returns.

TIP: Use new money for rebalancing to avoid unnecessary capital gains taxes that may arise when selling investments.

2. Tax-Efficient Placement of Foreign Investments

- **Account Review:** Ensure FHSA and TFSA accounts do not hold investments subject to foreign withholding tax.
- **Action:** Hold dividend-paying non-US securities outside RRSP/RRIF accounts to avoid double taxation upon withdrawal.
- **Treaty Rates:** Apply lower treaty withholding rates to foreign investments in taxable accounts.

3. Timing Capital Gains and Losses

- **Advisor Collaboration:** Work with your tax advisor to determine the best time to realize capital gains or harvest losses.
- **Offset Gains with Losses:** Reduce overall tax liability by offsetting gains with losses.
- **Superficial Loss Rules:** Avoid deducting capital losses if a similar position is initiated within 61 days (30 days before and after the sale).

TIP: Transfer a capital loss to a spouse by having them purchase the same security within 30 days of the disposition. The loss will be denied to the selling spouse and added to the purchasing spouse's adjusted cost base if held for at least 30 days.

Tax-deferred Growth Opportunities

Registered Retirement Savings Plan

Defer up to 18 per cent of your earned income with a limit of $32,490 for 2025 when you make a contribution to your RRSP.

Registered Education Savings Plan

Investing in an RESP account for your children or grandchildren allows you to defer taxes on up to $50,000 per child. The growth and income are taxed in the beneficiary's hands when they are enrolled in a qualifying educational program. The beneficiary may not even pay any tax on the RESP growth. The federal government will also contribute up to $7,200 in grants to the RESP.

Index Funds

Index funds do not trigger frequent capital gains, and much of the growth is tax deferred until the index fund units are sold.

Life Insurance

Accumulating cash value in life insurance can also offer tax-deferred growth and tax-advantaged retirement income.

Financial Planning

Financial planning is the foundation upon which one's total wealth management strategy is built and defined. The key to financial planning is the ability to take into account all the moving pieces of one's financial situation and unique needs and objectives. Tax plays an important role in financial planning.

1. Common Planning Objectives

- Ensure sufficient income for today and retirement.
- Grow assets over time in the most tax efficient manner possible.

2. Review Asset Allocation

- Ensure your investments align with your goals and risk tolerance.
- Adjust and rebalance as needed, including company-sponsored retirement accounts.

TIP: Consult tax professionals to optimize investments for tax benefits. Some investments may be better suited for particular accounts, such as RRSPs versus TFSAs versus non-registered accounts.

3. Trust Income Distribution

- Consider distributing trust income to beneficiaries before December 31, 2025, to avoid high tax rates for inter vivos trusts.
- Consider Alternative Minimum Tax (AMT) implications under new rules in place as of 2024, which may disproportionately negatively impact investment income retained within trusts compared to investment income distributed to individuals.

TIP: If tax on split income (TOSI) rules don't apply, distribute income to beneficiaries, especially those below the basic personal exemption.

4. New Reporting Requirements for Trusts

- Reporting requirements for Canadian trusts greatly expanded, and certain trusts that did not previously require any trust tax filing, were required to file an annual T3 trust tax return for taxation years ending on or after December 30, 2023.
- These included trusts with no income earned or realized in the year, although exceptions for certain trusts apply.
- Reporting includes detailed information on trustees, beneficiaries, settlors, and controllers.

BARE TRUST UPDATE: Bare trusts were initially included in the new trust filing requirements; however the Department of Finance has proposed trust filing exemptions for bare trusts for the 2023 and 2024 calendar year ends. **Trust filings will be required for bare trusts for the December 31, 2025 calendar year end (due March 30, 2026), although draft legislation in August 2025 included a number of exemptions that could reduce the amount of bare trusts subject to filing requirements.**

Speak to your accountant about the application of these new requirements to your trust. Raymond James clients can engage our Tax Preparation Services to prepare annual T3 trust tax returns.

Asset allocation does not guarantee a profit nor protect against loss.

Retirement Planning

1. Maximize Retirement Contributions

- **Tax-Deferred Growth:** Take advantage of tax-deferred growth by maximizing retirement contributions.
- **Automatic Employer Contributions:** Arrange automatic contributions each pay period; many companies offer employer matching.
- **Tax Rate Tip:** More advantageous if current marginal tax rates are higher than expected rates in retirement.

2. Convert RRSP to RRIF

- **Conversion Deadline:** Convert RRSP to RRIF by the end of the year you turn 71.
- **Contribution Tip:** If turning 71, consider making a 2025 RRSP contribution in December 2025 based on 2025 earned income. This may incur a 1% penalty for one month but provides a deduction for 2026 or future years.
- **Spousal Contributions:** If your spouse is under 71, make tax-deductible contributions to their spousal RRSP.

3. Withdrawal Strategy

- **Asset Withdrawal:** Plan withdrawals from non-registered investments, TFSA, or RRIF to fund retirement and minimize tax and OAS claw-backs.
- **Advisor Collaboration:** Work with your advisor to project a withdrawal strategy to maximize after-tax wealth.
- **Pension Income Credit:** Convert a portion of RRSP to RRIF at age 65 to take advantage of the $2,000 federal pension income credit.

4. CPP Sharing and Pension Income Splitting

- **CPP Sharing:** Spouses aged 60+ can share CPP to split income evenly.
- **Pension Income Splitting:** Couples can split up to 50% of pension income on tax returns to utilize the pension credit.

TIP: Discuss the pros and cons of taking CPP early with your advisor.

5. Home Accessibility Renovations

- **Federal Tax Credit:** Seniors 65+ can claim a 15% federal tax credit on eligible home renovation expenses (up to $20,000).
- **Recipients of the Disability Tax Credit:** Individuals eligible for the federal disability tax credit can claim renovation expenses at any age.
- **Provincial Credits:** Check for similar provincial tax credits based on your province of residency.

Registered Plan Contribution Limits

The RRSP contribution limit for 2025 is 18% of earned income up to a maximum of $32,490.

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The TFSA contribution limit for 2025 is $7,000. The cumulative TFSA limit is $102,000 up to the end of 2025.

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The 2026 TFSA dollar limit is also $7,000, which will be available on January 1, 2026.

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The RESP lifetime contribution limit is $50,000 per beneficiary.

Education Planning

1. Explore Education Funding Options

- **RESP and In Trust for Minor Accounts:** Flexible investment options for saving for a child's education.
- **RESP Contributions:** Contribute at least $2,500 before year-end to receive the maximum federal grant ($500).
- **Provincial Grants:** Consider availability of additional grants on top of federal grants.
    - **BC:** $1,200 training and education savings grant for beneficiaries born after 2006, with no matching contributions required.
    - **Quebec:** 10% grant up to $250/year, lifetime maximum $3,600.

2. Superfund Your RESP

- **Maximize Growth:** Fully fund the RESP up to the $50,000 lifetime limit for maximum tax-deferred growth, the increasing compounding gains would likely exceed forgone grants.
- **Growth Example:** A $50,000 contribution at age one grows to $121,534 by age 18 at a 5% return. Compare this to annual contributions of $3,125 from age one to 16, which would total $98,333 by age 18 with maximum grants of $7,200.

3. Alternative Education Funding

- **In Trust for Minor Accounts:** Use for additional education savings if RESP is maximized.
- **Canada Child Benefit (CCB):** Invest CCB payments in an In Trust for Minor account; income is not attributed back to the parent.

TIP: While dividends and interest are subject to minor attribution rules, where the income is taxed in the hands of the contributor parent, capital gains are not subject to these rules. Consider investing in assets that generate growth through capital appreciation rather than dividends and interest to have the gains taxed in the hands of the child.

4. Withdraw Educational Assistance Payments (EAPs) from RESP

- **Use Personal Tax Credits:** Withdraw enough EAPs to use up the student's personal tax credits.
- **No Limit on EAPs:** After the first 13 consecutive weeks in a qualifying program.

Additional Tax Considerations for U.S. Citizens

1. U.S. Gift and Transfer Tax Exemption

- **Current Exemption:** $13,990,000 USD (2025), increasing to $15,000,000 USD in 2026. With the increased estate tax exemption following the recent passing of the U.S. One Big Beautiful Bill Act, U.S. citizens may have an opportunity to provide more significant gifts during their lifetime without triggering U.S. gift and estate tax concerns.

TIP: Gifts to adult children are not subject to Canadian tax attribution rules but may trigger capital gains.

2. Review Asset Valuations

- **U.S. Cost Basis:** Ensure valuations are accurate for U.S. tax purposes.
- **Estate Planning:** Consider gifting assets during your lifetime to minimize U.S. estate tax.

3. Gifting Principal Residence

- **Avoid U.S. Capital Gains Tax:** Consider gifting ownership to a non-U.S. spouse, as U.S. citizens can only exclude up to $250,000 USD of capital gains on the sale of principal residence for U.S. purposes.
- **Canadian Principal Residence Exemption:** Canadian tax residents have an unlimited capital gains exemption for a designated principal residence. This provides an opportunity to allow the non-U.S. citizen spouse to avoid all taxation on the gains of a Canadian home.

TIP: Use your remaining gift exemption to eliminate any U.S. gift tax on the transaction. U.S. citizens have $13,990,000 USD available in 2025 if they have never made any reportable gifts in the past. Lifetime gifts will reduce your estate tax exemption in effect at the time of your death.

Estate Planning and Charitable Giving

1. Review and Update Estate Plans

- **Life Events:** Update plans for divorce, separation, death, births, or moves.
- **Spousal and Common-Law Partner Rollovers:** Capital properties, such as shares of a private corporation, rental property and principal residence can roll over to a spouse at cost to avoid tax implications at death.
- **TFSA, RRSP, and RRIF:** These accounts can be rolled over to a spouse or common-law partner as well. Designating your spouse as the successor rather than beneficiary eliminates unnecessary filings with the CRA, although not available to Quebec residents.

2. Lifetime Gifts to Adult Children

- **Reduce Estate Size:** Gifts reduce probate fees and capital gains at death.
- **Document Gifts:** Ensure they are not contested.

3. Review Beneficiary Designations

- **Current Designations:** Ensure they are up-to-date, and ensure your spouse is designated as the successor annuitant where appropriate, such as your RRIF and TFSAs.
- **Add Contingent Beneficiaries:** In case the designated individual pre-deceases you or the account owner becomes mentally incapacitated and cannot change the beneficiaries.

4. Review Legal Titling

- **Reflect Wishes:** Ensure accounts and property titles are current.
- **Reduce Probate Fees:** Consider joint ownership, alter-ego trusts, life insurance, and gifting assets.

5. Strategic Charitable Giving

- **Reduce Tax Liability:** Consider donating to the Raymond James Charitable Giving Fund to help you meet your legacy and tax saving objectives.

6. Strategic Estate Planning

- **Living Trusts:** Transfer assets to ensure estate distribution aligns with your wishes.
  Benefits include:
  - Future appreciation removed from estate.
  - Income shifted to lower tax bracket beneficiaries.
  - Protection from creditors, lawsuits, or divorce.
  - Bypass probate and maintain privacy.
  - Contingent management if incapacitated.

Estate Planning and Charitable Giving Tips

- Give appreciated securities listed on a designated stock exchange to registered charities instead of donating cash to avoid capital gains to reduce your overall tax liability.
- Establish a charitable giving fund account to claim a current donation tax credit. You can choose the charities at a later date. For more information, visit rjcfoundation.ca.
- Make provisions in your will to direct funds to specific charities to reduce taxes at death. Allow your estate administrator the discretion to donate gifts in-kind to charities rather than only cash to maximize tax benefits.
- Charitable giving can reduce your tax burden and also provide a sense of satisfaction by benefiting your favourite causes.

Shareholders of Canadian Private Corporations

1. Consider Corporate Investing

- **Maximize Value of Corporations:** For owners of active businesses who retain capital in their corporation, investing retained earnings can enhance the benefit of tax deferring of earning business income through your corporation.
- **Retirement Planning:** Using your corporation as a future income stream during retirement.

2. Optimize Salary-Dividend Mix

- **Minimize Taxes:** Balance salary and dividends to reduce personal and corporate tax.
- **Avoid Split Income Rules:** Reasonable salaries to family members working in the business are not affected by split income rules.

TIP: Identify shareholders affected by split income rules. Use capital dividends and repay shareholder loans as tax-free cash sources. Pay taxable dividends if your corporation has a refundable dividend tax balance (RDTOH).

3. Manage Passive Investment Income

- **Higher Tax Rates:** Active business income may face higher tax rates if adjusted aggregate investment income (AAII) exceeds $50,000. AAII includes the taxable portion of passive investment income.
- **Small Business Deduction:** Reduced by $5 for every $1 of investment income over $50,000, eliminated at $150,000 of passive investment income.

TIP: Consult with a corporate tax accountant. Consider setting up an Individual Pension Plan (IPP) or using corporate-owned life insurance to manage investment income. Only 50% of capital gains are included in AAII, versus 100% of dividends and interest.

4. Review Business Succession Plan

- **Tax Impact:** Assess potential tax implications upon death.
- **Shareholder Agreements:** Ensure rights are protected to avoid disputes.
- **Company Freeze:** Consider freezing the company to pass future value to heirs.
- **Lifetime Capital Gains Exemption:** Evaluate ability to claim the $1,250,000 (2025) exemption on qualified small business corporation (QSBC) shares.*

5. Utilize Charitable Giving Through Your Corporation

- **Reduce Corporate Income:** The fair market value of your eligible donation will provide a tax deduction, up to 75% of your corporation’s net income.
- **Utilize In-Kind Donations:** Donate appreciated securities to a registered charity to avoid capital gains taxation on the accrued gains, and add to your capital dividend account balance – allowing for tax-free dividends.

TIP: Donate stocks held in your corporation that have the highest accrued gains to maximize the tax benefits of your generosity.

Work with Your Financial Advisor

Make necessary adjustments: Think strategically about what changes need to be made to best enable you to achieve your goals.	Get organized: Collect all important tax and financial documents to prepare for a thorough year-end review.	Be open: Discuss all aspects of your financial life, including any major changes you anticipate.	Take action before year-end.

Despite what may be happening in the markets and the overall economy, there are several key actions you can take at year-end to help you get a better grasp of where you stand financially. A year-end review with your professional advisors also helps ensure you're on track to meet your goals and helps identify areas in need of adjustment so your plan can evolve as your needs change.

Take the time now to talk about those changing needs, so you and your advisor(s) fully understand where you are and where you want to go.

These important tax and financial planning moves can help prepare you for the upcoming tax season and better align your finances with your short- and long-term goals.

LIFE WELL PLANNED.

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It is recommended that clients seek independent advice from a professional advisor on legal and tax-related matters.