



2016 TOP TAX TIPS FOR FAMILIES

Tax Free Savings Accounts

- A great way to save tax free funds for your adult children
- The TFSA is not just a savings account, it can be an investment account
- Residents age 18 or over with a SIN can open an account (legal provincial age minimum for investment accounts)
- Parents can give money to their adult children to help fund their child's TFSA
- Helps to minimize tax on total family investment income

Registered Education Savings Plans

- Families with young children can use RESPs to accelerate education savings and use as an income splitting tool to minimize tax on investment income
- Government will contribute money to your child's RESP when you make contributions
- Federal government will match 20% of the parents' contributions up to \$500/year in grants (federal lifetime grant limit is \$7,200)
- The federal grants are not income tested; all families are eligible to receive the grants
- Some provinces will also contribute matching grants of varying percentages
- BC will contribute \$1,200 to an RESP for children born in 2006 or later, and the parent does not need to make any contribution to receive the one-time BC grant
- Low to middle income families may also be eligible for additional federal grants
- Contribute \$2,500 each year to the RESP to maximize the \$500 annual government grants

2016 TOP TAX TIPS FOR FAMILIES CONT/...

Childcare Expenses

- Working parents are eligible to claim childcare expenses for children under age 16
- Deduct daycare expenses and nanny wages against personal income
- Can pay a relative age 18 or over to look after kids as an expense; for example, parents can pay their 18 year old child to look after younger siblings
- Caregiving child needs to provide receipts to their parents indicating their name and SIN to support the deduction on the parent's tax return

Child Expense Related Tax Credits

- Ensure you save all your receipts because these expenses add up quickly
- Medical expenses for children under age 18
- Public transit passes for children under age 19 as of December 31, 2016
- The 2016 tax year is the last year to claim federal credits for children's fitness and arts programs under age 16
- It is the last year for students to receive education and textbook tax credits for their own tax return or to transfer to parents