



2022 **Advisor Quick Reference Guide**

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Future ready

I'm pleased to share our 2022 Advisor Quick Reference Guide.

New opportunities shaping our world

As we transition into 2022, I'd like to take this opportunity to thank you for the exceptional support that you offer your clients. While we've always recognized the value of advice, we know that your guidance and support is needed like never before. Thank you for stepping up to this enormous challenge.

For nearly two years, we've all encountered new ways of working, while embracing technology to help us communicate with one another. At the same time, we've recognized that the needs of Canadian investors have changed. Today, more investors have a desire to see their investment choices not only help them meet their financial goals, but also do some good in the world.

As such, Manulife is placing greater emphasis on sustainability and environmental, social and governance (ESG) investment options, steering our investment portfolio toward greener solutions beginning with Manulife's new Climate Action Fund, launched in 2021.

In this edition of the Advisor Quick Reference Guide, you will find timely information on the inflationary pressures currently affecting our world, investment strategies to help you stay on track, as well as tax tables to support your business. Additional investment insights, digital resources and product information are available on our [Manulife Investment Management website](#).

I trust that you will find this guide a useful tool as you continue to offer steady guidance to your clients. And as always, Manulife Investment Management remains your reliable, trusted partner supporting your success.

Sincerely,

A handwritten signature in black ink, appearing to read 'Leo Zerilli'.

Leo Zerilli
Head of Wealth and Asset Management,
Canada
Manulife Investment Management



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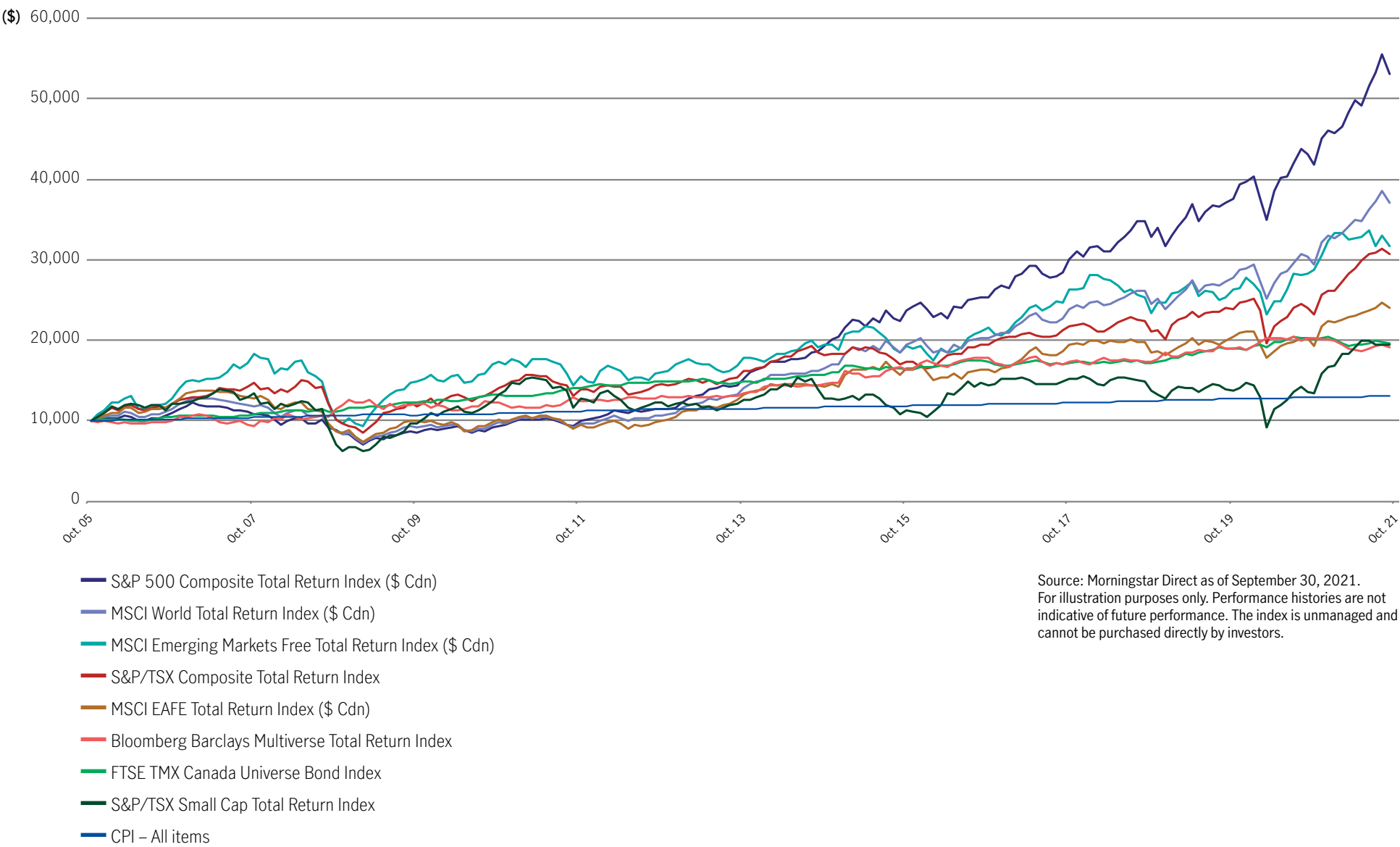
Market history

Give your clients valuable perspective on the markets with graphs and tables that show returns for various asset classes over the past 15 years, the income-eroding effects of inflation and the volatility-reducing benefits of a diversified portfolio.

Asset class performance

Growth of \$10,000 by asset class

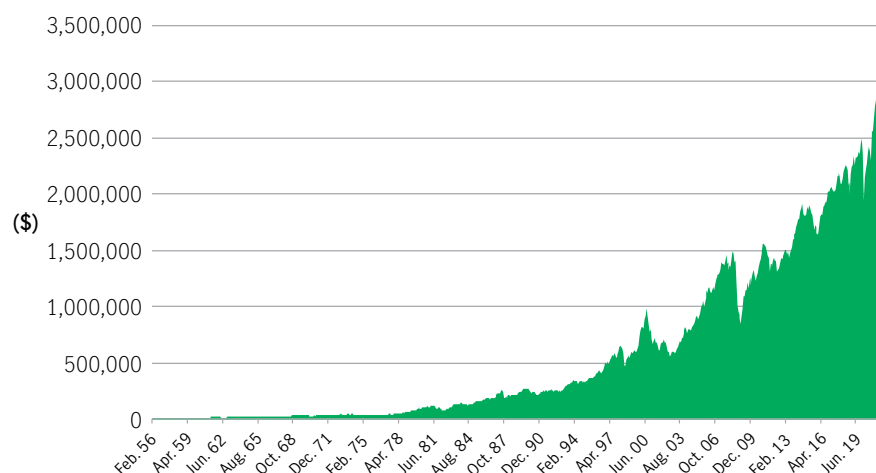
October 1, 2005 - September 30, 2021



Source: Morningstar Direct as of September 30, 2021.
For illustration purposes only. Performance histories are not indicative of future performance. The index is unmanaged and cannot be purchased directly by investors.

Growth of \$10,000 over the long term

S&P/TSX Composite Total Return Index



Source: Morningstar Direct as of September 30, 2021. For illustration purposes only. Performance histories are not indicative of future performance. The index is unmanaged and cannot be purchased directly by investors.

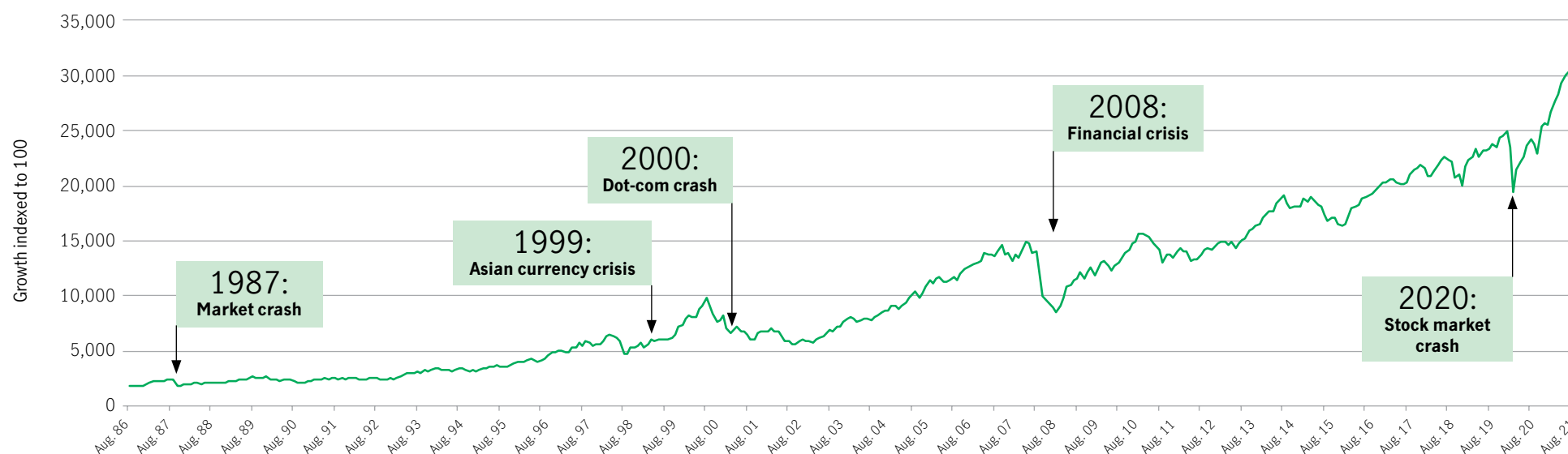


Tip

Solutions Online helps you connect with clients anytime from a PC, laptop or mobile device. Choose from over 250 articles and videos to email, post or share on social media. Get started at manulifesolutions.ca/advisor.

Periods of crises are often followed by periods of market gain

S&P/TSX Composite Total Return Index



Source: Morningstar Direct as of September 30, 2021. For illustration purposes only. Performance histories are not indicative of future performance. The index is unmanaged and cannot be purchased directly by investors. Periods of market crises highlighted on the chart above are not representative of Morningstar Direct.

Historical summary of inflation

Consumer Price Index for Canada 1971–2021

Year	All items (2002=100) (\$)	Change from previous year (%)
1971	20.9	3.0
1972	21.9	4.8
1973	23.6	7.8
1974	26.2	11.0
1975	29.0	10.7
1976	31.1	7.2
1977	33.6	8.0
1978	36.6	8.9
1979	40.0	9.3
1980	44.0	10.0
1981	49.5	12.5
1982	54.9	10.9
1983	58.1	5.8
1984	60.6	4.3
1985	63.0	4.0
1986	65.6	4.1
1987	68.5	4.4
1988	71.2	3.9
1989	74.8	5.1
1990	78.4	4.8
1991	82.8	5.6
1992	84.0	1.4
1993	85.6	1.9
1994	85.7	0.1
1995	87.8	1.7
1996	89.7	2.2

Source: Statistics Canada, Table 18-10-0004-01 Consumer Price Index, monthly, not seasonally adjusted, historical summary (1971-2021).



Did you know?

To keep things in perspective, 5% inflation in Canada is still relatively low compared to 40 years ago when it topped 12.78% in October, 1981.

Year	All items (2002=100) (\$)	Change from previous year (%)
1997	90.4	0.8
1998	91.3	1.0
1999	93.7	2.6
2000	96.7	3.2
2001	97.4	0.7
2002	101.1	3.8
2003	103.2	2.1
2004	105.4	2.1
2005	107.6	2.1
2006	109.4	1.7
2007	112.0	2.4
2008	113.3	1.2
2009	114.8	1.3
2010	117.5	2.4
2011	120.2	2.3
2012	121.2	0.8
2013	122.7	1.2
2014	124.5	1.5
2015	126.5	1.6
2016	128.4	1.5
2017	130.8	1.9
2018	133.4	2.0
2019	136.4	2.2
2020	137.0	0.4
2021 ¹	140.8	2.7

¹ Average monthly rate from January to September 30, 2021.

Note: Annual average indexes are obtained by averaging the monthly CPI index for the 12 months of the calendar year.



Tip

To beat inflation over the long term, investments must have a higher rate of return than what is being eroded away by inflation.

It pays to diversify

How a portfolio is diversified can be one of the greatest determinants of overall investment performance. With such market unpredictability, a well-diversified portfolio can be the best investment strategy.

2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
14.85	26.72	18.20	24.13	25.65	9.83	29.79	35.05	17.61	9.67
8.73	26.11	14.48	14.28	19.61	4.29	6.42	17.12	9.06	8.16
2.36	8.88	7.15	6.74	17.26	3.68	3.13	10.39	8.26	4.64
-11.80	6.69	6.37	6.46	15.35	-5.72	-21.20	7.39	6.74	0.96
-12.44	5.26	2.81	2.48	6.12	-7.36	-25.84	5.41	5.93	-3.20
-20.71	2.89	1.47	2.29	4.06	-7.53	-28.57	0.52	0.37	-8.71
-22.91	-7.37	2.27	-6.20	3.84	-10.53	-33.00	-8.26	0.32	-12.86

2012	2013	2014	2015	2016	2017	2018	2019	2020
13.81	41.27	23.93	21.59	21.08	16.82	7.52	24.84	16.32
13.43	35.18	14.39	18.95	8.09	14.36	4.23	22.88	13.87
13.26	30.86	10.55	18.89	3.79	13.83	1.41	21.22	8.68
7.19	12.99	9.53	15.99	1.66	9.1	1.15	15.85	7.29
3.60	4.37	8.79	3.52	0.50	2.52	-0.49	6.87	5.92
2.52	0.97	3.67	0.64	-0.71	0.61	-6.03	1.72	5.60
0.93	-1.19	0.91	-8.32	-2.49	0.52	-8.89	1.65	0.50

Calendar year returns by asset class (%)

- FTSE TMX Canada Universe Bond
- Bloomberg Barclays Multiverse TR Index CAD
- CIBC WM 91 Day Treasury Bill CAD
- S&P 500 Composite TR USD
- MSCI EAFE NR CAD
- MSCI World NR USD
- S&P/TSX Composite TR

Source: Morningstar Direct as of September 30, 2021.
For illustration purposes only. Performance histories are not indicative of future performance. The index is unmanaged and cannot be purchased directly by investors.

Accumulating wealth

The power of compound interest

Pre-authorized contribution plan

The following charts demonstrate how monthly contributions, aided by the power of compound interest, can add up over the years.

Assuming 3 per cent compound annual return¹ (\$)

Monthly contribution	5 years	10 years	15 years	20 years
50	3,231	6,986	11,347	16,413
100	6,464	13,973	22,696	32,828
200	12,928	27,947	45,393	65,659
300	19,393	41,921	68,090	98,489
500	32,322	69,869	113,485	164,149
800	51,716	111,792	181,577	262,640
1,000	64,646	139,740	226,971	328,300

Assuming 5 per cent compound annual return¹ (\$)

Monthly contribution	5 years	10 years	15 years	20 years
50	3,399	7,762	13,362	20,549
100	6,799	15,527	26,727	41,101
200	13,600	31,055	53,456	82,204
300	20,401	46,583	80,185	123,307
500	34,002	77,639	133,642	205,514
800	54,404	124,224	213,829	328,824
1,000	68,005	155,281	267,287	411,031

¹ Rates of return are used only to illustrate the effects of compound growth and are not intended to forecast future values or returns on investments in any mutual or segregated fund. It is assumed that all monthly contributions are made at the beginning of the period.

Asset allocation mixes

The following list of diversified portfolios covers the spectrum of risk and return profiles designed to meet various investment goals.

■ Equity ■ Fixed income

Conservative



- Income generation
- Emphasis on preserving capital

Moderate



- Income generation
- Long-term growth
- Slightly greater emphasis on fixed income portion

Balanced



- Long-term growth consistent with safety of capital
- Slightly greater emphasis on equities

Growth



- Long-term growth with little need to generate income
- Increased exposure to foreign equities



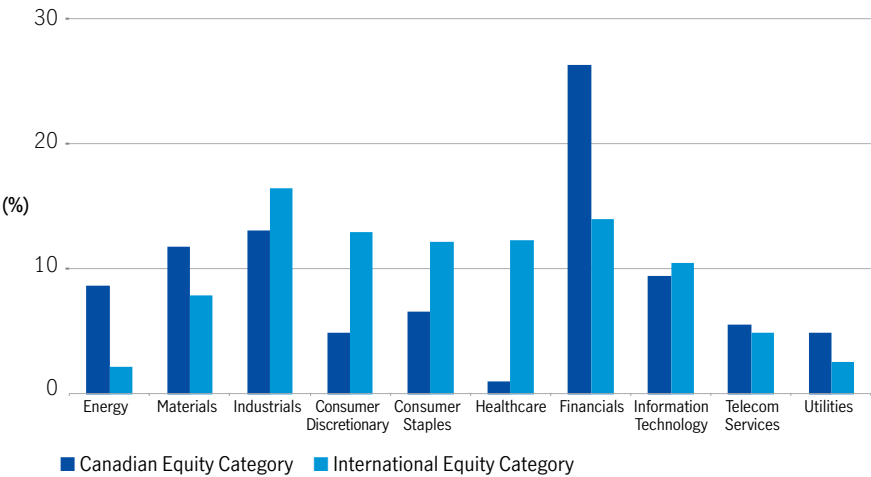
For more information visit
manulifeim.ca

Global diversification

Canada represents less than five per cent of the world stock market capitalization.¹ When you consider the fact that over half² of Canada's stock market is confined to the financial, energy and materials sectors, if you limit your client's portfolio to Canadian investments, you may be missing out on a number of world-class opportunities.

¹ Source: As per MSCI ACWI weightings as of September 30, 2021.
² Source: Morningstar Direct as of September 30, 2021.

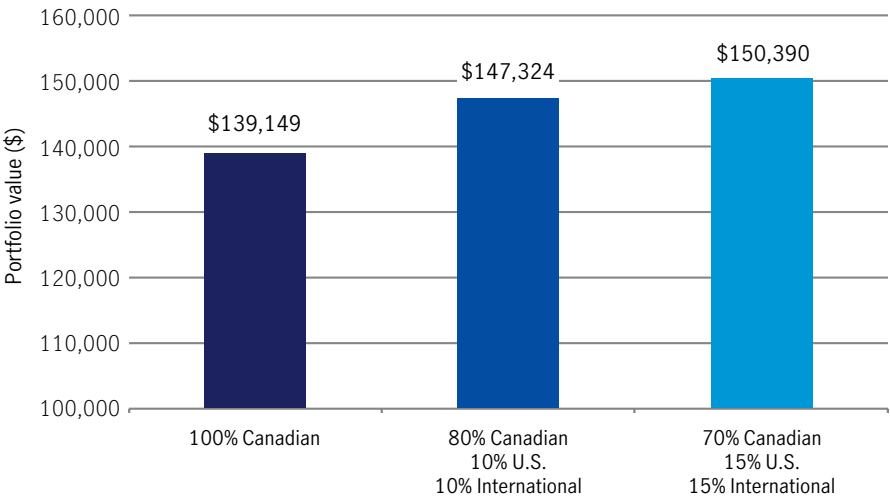
Mutual fund sector weights – Canadian Equity Category Average vs. International Equity Category Average



Source: Morningstar Direct as at September 30, 2021. For illustration purposes only.

Based on historical performance, a portfolio with a 30 per cent foreign equity component frequently outperforms a portfolio with 100 per cent Canadian equity, while taking on less risk. Therefore, adding foreign equity to your client's portfolio can help them maximize returns and reduce investment risk.

The growth of a \$10,000 portfolio with and without foreign content 30 years (October 1, 1991 — September 30, 2021)

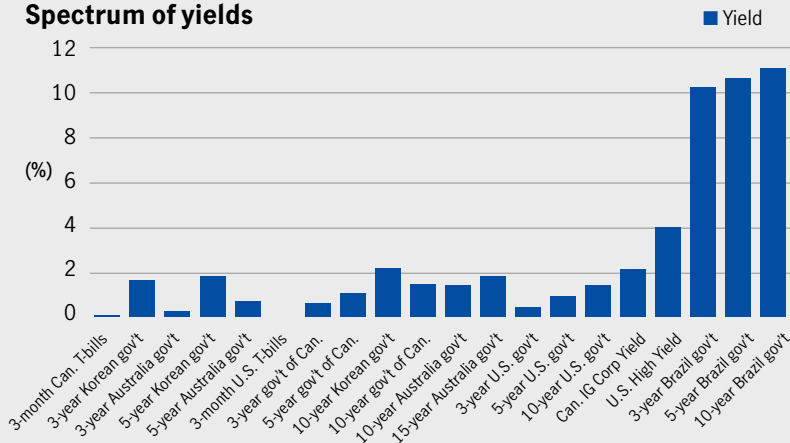


Source: Morningstar Direct as at September 30, 2021. For illustration purposes only. This is based on a hypothetical scenario.

Yield spectrum

While Canadian government bond yields may be low, there's a world of income out there worth exploring. The chart to the right illustrates the wide spectrum of choices available to portfolio managers looking to build a globally diversified income portfolio.

Spectrum of yields



Source: Bloomberg as of September 30, 2021.

Generating income

When building retirement income strategies for your clients, keep in mind how certain product features can address your clients’ needs and concerns, depending on their specific situation. The table below provides an overview of how each income product category is positioned to accommodate specific client goals.

Income solutions	Sources of guaranteed lifetime income	Sources of non-guaranteed lifetime income	
	Guaranteed Minimum Withdrawal Benefit (GMWB) ¹	Mutual funds and traditional segregated fund contracts ²	GIA ³
Investor retirement need/concern			
Liquidity: Ability to withdraw additional money when needed ⁴	High	High	High
Guaranteed lifetime income provides guaranteed income for life	Yes	No	No
Product complexity: The need for ongoing investment decisions and/or the complexity of product features	High	Med	Med
Income flexibility: Choice of when to begin or defer taking income	Med ⁵	High	Med
Inflation protection: Features that can potentially help the investment keep pace with inflation	Med	High	Low

¹ Exceeding the withdrawal thresholds may have a negative impact on future income payments. Age restrictions and other conditions may apply.

² Includes Systematic Withdrawal Plans (SWPs) from these categories.

³ GIA refers to insurance company Guaranteed Interest Accounts.

⁴ Fees may apply.

⁵ Some products may provide greater flexibility.

For illustration purposes only. This is a brief summary of various products and their features and benefits. Refer to product-specific materials for more details. The low, medium and high scoring is a qualitative ranking of each product's ability to meet a specific need or concern when compared to the other products.



Did you know?

Manulife now offers three investment products that combine the investment and insurance benefits of segregated funds and exchange traded funds (ETF). There are three single asset category Manulife Smart ETF-segregated funds, the first ETF segregated funds of their kind in Canada, currently available in both Manulife GIF Select InvestmentPlus and Manulife Private Investment Pools (MPIP) Segregated Pools. Speak to your wholesaler to learn more about these new products, and check out [Manulifeim.ca/smart](https://www.Manulifeim.ca/smart).

Earn continuing education credits; register for the new ETF segregated fund course available at Manulife’s Continuing Education Centre. Log in: [Manulife.ca/advisors](https://www.Manulife.ca/advisors).



Did you know?

A Guaranteed Interest Account (GIA) qualifies for deposit protection on investments up to \$100,000. Assuris, which protects Canadian insurance policyholders, provides additional protection.

Risks and goals in retirement

With Canadians facing many challenges as they transition into retirement, the traditional financial planning and investment strategies such as asset allocation may no longer be enough to protect assets and ensure a sustainable retirement income stream, especially during volatile market conditions. Below are some of the potential risks that retirees may face.

Inflation risk

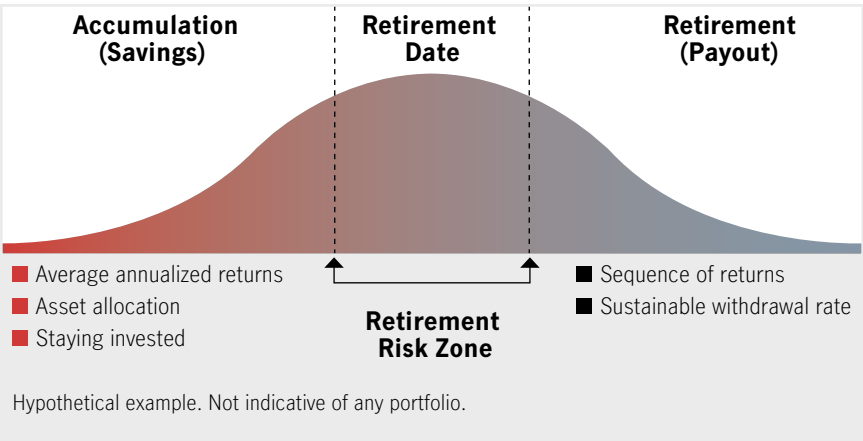
Inflation over the long term can significantly erode buying power. For example, in the table below you can see that in 30 years, the buying power would be reduced by nearly 60 per cent, assuming a 3 per cent inflation rate.

Effects of inflation on \$1,000

Number of years	0% (\$)	1% (\$)	2% (\$)	3% (\$)	4% (\$)
1	1,000	990	980	970	962
10	1,000	905	820	739	676
20	1,000	820	673	545	456
30	1,000	742	552	402	308

Market volatility

During retirement, an investor's rate of withdrawal and the order or sequence that they earn their market returns can have a dramatic impact on their portfolio's ability to last. For example, if an investor experiences poor market returns early in retirement, this may have a dramatic impact on how much income they can continue to receive or how long it will last.



Longevity risk

Compared to previous generations, both male and female Canadians can expect to live longer lives and could spend as much time in retirement as they did working.

The probability of a healthy 65-year-old living until...

Age	Single female (%)	Single male (%)	At least one of a male and female couple who are the same age (%)
70	96	95	99
80	82	77	96
90	47	38	67
95	25	17	37

Source: 2012 IAM Basic ANB Tables, Society of Actuaries. For illustration purposes only.



Did you know?

You can now offer Guaranteed Interest Accounts (GIAs) and the Daily Interest Account (DIA) to your clients within GIF Select InvestmentPlus and MPIP Segregated Pools.

Faced with market volatility, investors are looking for both reassurance and flexibility. Offering GIA's and the DIA will allow your clients more options to diversify their portfolios while managing risk.

Why the sequence of returns matters

Sequence of returns means the risk of receiving lower or negative returns early in a period when withdrawals are made from the underlying investments. The order or the sequence of investment returns is a primary concern for those individuals who are retired and living off the income and capital of their investments.

During the accumulation phase, regardless of whether a portfolio experiences poor or strong returns early on, the market value will be the same in the end.

Accumulation phase

Starting value for Portfolio A and Portfolio B = \$200,000
Annual income withdrawal = None

	Portfolio A Poor early returns	Portfolio B Strong early returns
Age	Year-end value (\$)	Year-end value (\$)
40	200,000	200,000
41	189,400	230,600
42	185,423	222,068
43	171,887	253,157
44	145,760	275,688
45	159,461	319,798
▼		
55	191,036	810,445
56	188,170	885,006
57	199,461	906,246
58	226,388	925,277
59	247,895	874,387
60	281,112	934,720
▼		
65	484,130	970,919
66	561,591	1,062,185
67	611,573	900,733
68	697,193	834,980
69	671,397	817,445
70	774,120	774,120
Avg.	774,120	774,120

No Difference

A portfolio that experiences poor early returns can run out of money during retirement, whereas a portfolio experiencing strong early returns can last for many more years and maintain a high market value. This illustrates how the sequence of returns in those crucial first years can produce two very different outcomes.

In the chart below we look at two portfolios. Portfolio A has poor early returns and runs out of money within 17 years. Portfolio B experiences strong early returns, has 13 more years of withdrawals and still has a positive market value at age 95.

Retirement phase

Starting value for Portfolio A and Portfolio B = \$500,000
Annual income withdrawals = \$20,000
(4% of first-year value) adjusted thereafter for inflation. Inflation rate = 3%

	Portfolio A Poor early returns	Portfolio B Strong early returns
Age	Withdrawal (\$) Year-end value (\$)	Withdrawal (\$) Year-end value (\$)
65	– 500,000	– 500,000
66	20,000 454,560	20,000 553,440
67	20,600 424,847	20,600 513,125
68	21,218 374,164	21,218 560,774
69	21,855 298,758	21,855 586,883
70	22,510 302,216	22,510 654,673
▼	▼	▼
80	30,252 58,386	30,252 1,245,891
81	31,159 26,818	31,159 1,326,487
82	26,818 0	32,094 1,325,458
83	0 0	33,057 1,319,542
84	0 0	34,049 1,214,791
85	0 0	35,070 1,261,122
▼	▼	▼
90	0 0	40,656 1,111,520
91	0 0	41,876 1,170,191
92	0 0	43,132 955,746
93	0 0	44,426 844,794
94	0 0	45,759 782,256
95	0 0	47,131 696,163
Avg.	429,956 0	951,508 696,163

Total income generated by portfolio during retirement = \$429,956 Big Difference \$951,508

Difference in withdrawals	\$521,552
Difference in end value	\$696,163
Total difference	\$1,217,715

For illustration purposes only. Returns for Portfolio A are hypothetical returns, and not indicative of future performance. It does not include any fees or Management Expense Ratios (MERs). For Portfolio B, the returns are reversed. The sequence of returns has an average compounded annualized return of 4.6 per cent over the respective periods. The accumulation portfolios assume a starting value of \$200,000 at age 40 with no annual withdrawals. The retirement portfolios assume a starting value of \$500,000 at age 65 as well as a four per cent first-year withdrawal, thereafter adjusted for three per cent inflation annually.

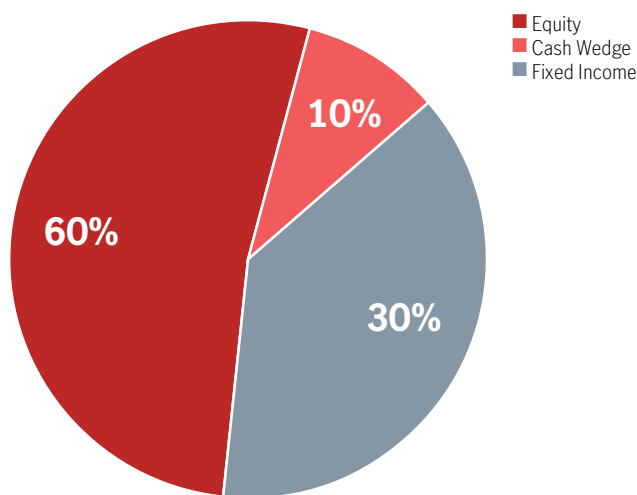
Cash wedge strategy

Market volatility can be both an investor’s friend and foe. For the long-term investor, a stumbling market presents an opportunity to buy stocks at reduced prices. But this doesn't work for an investor with immediate cash needs, such as retirees drawing an income. If the market drops early in their retirement, it can make a significant dent in their retirement income.

The cash wedge strategy is designed to help mitigate the impact of volatility on your client’s retirement income. It’s a way of organizing their wealth so that the assets they draw income from — a cash wedge representing one, two, or three years of income — is invested in stable, short-term investments. The remaining money can be invested in funds selected to capture the growth potential that's associated with market-based investing, with any gains realized used to replenish their income source — the cash wedge.

How does the cash wedge strategy work?

Typical asset allocation for a balance-oriented investor



The cash wedge strategy works by taking advantage of the nature of various investment classes to help deliver predictable retirement income. It helps establish a “buy low/sell high” process that could result in higher returns, and also helps to avoid selling market-based securities at the wrong time. Your client remains in control, taking gains where and when appropriate.

The cash wedge: Keep one to three years of retirement income in a stable, accessible investment option that is less sensitive to market ups and downs. This is the cash wedge. The wedge should have minimal or no exposure to market volatility.

Fixed income: Keep another portion of your client’s portfolio in low volatility funds, to create another stable wedge to the portfolio. This will be used to replenish the cash wedge.

Equity: Invest in funds that match your client’s investor profile and can tap into the growth opportunities of the market. This portion of the portfolio is more focussed on growth, and any gains realized can be moved to replenish the other wedges in the portfolio.

Did you know?

GIAs have the potential to help with creditor protection during the investor’s lifetime, as well as after death when the death benefit passes directly to a named beneficiary outside the estate. It is very important to consult with a legal advisor to discuss the rules surrounding eligibility for creditor protection.

Tax treatment of investment income

Income from investments is included in taxable income at different rates. Active management of income-generating investments can significantly affect the way income is taxed and may help reduce clawbacks.

Chart 1: Consider the after-tax income on \$10,000

Source of income	Inclusion rate (%)	Income reported on tax return (\$)	Tax payable (\$)	After-tax income (\$) (MTR 40%)
Eligible dividends	138	13,800	2,500	7,500
GIA/bond/RRIF/salary	100	10,000	4,000	6,000
Capital gains	50	5,000	2,000	8,000
Mutual/Segregated fund withdrawals	2.5	250	100	9,900
Series T mutual fund	0	–	–	10,000

The above chart illustrates how \$10,000 of income, from different sources, is reported on a tax return and how much is remaining after tax.

Dividends

Dividends received from Canadian corporations receive preferential tax treatment through the application of the dividend tax credit. However, dividend income is the least income-friendly since only the grossed-up amount is reflected on the tax return, which is used to determine eligibility for many income-tested benefits such as Old Age Security (OAS). Dividends paid by public corporations qualify as ‘eligible dividends’ and are included at 138 per cent. Non-eligible dividends are included at 115 per cent. For illustration purposes, an effective tax rate of 25 per cent is assumed in the above chart – although it will vary by province.

Mutual/Segregated fund withdrawals

From an income-inclusion perspective, receiving income in this manner is income friendly since only a small portion of the income stream is taxable as a capital gain; the balance will be non-taxable Return of Capital (ROC). Chart 1 assumes \$200,000 invested, five per cent annual rate of return (\$10,000) and mutual/ segregated fund withdrawals of \$10,000. It represents results for year one and does not consider year-end distributions or allocations.

Series T mutual funds

Series T funds are a special class of mutual fund designed to help create a tax-efficient income stream from investments in non-registered accounts, while allowing the deferral of capital gains taxes until a later point. ROC levels will fluctuate based on the level of income earned and distributed by the fund, as well as availability of the original capital. Illustration assumes 100 per cent ROC and no year-end distributions.

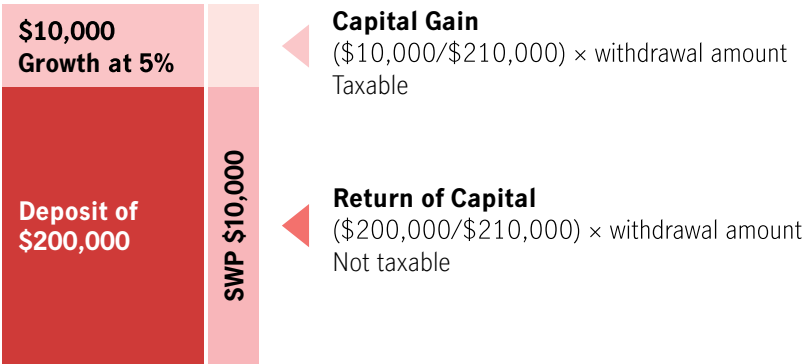


Note

For more information about tax topics like investment taxation visit the **Tax Planning section in Viewpoints** on the Manulife Investment Management website.

**Withdrawal from investment funds –
how to calculate the tax**

At the time of each withdrawal, there is a sale of units to fund the withdrawal. This sale will trigger a capital gain or loss. To determine the amount of the capital gain or loss, one must look at the Adjusted Cost Base (ACB) and the growth/loss (Fair Market Value – ACB).



This diagram illustrates how to calculate the capital gain and the return of capital. In this example, the growth represents 1/21 ($\$10,000 / \$210,000$) or 4.76% of the total Fair Market Value (FMV) and the return of capital represents 20/21 ($\$200,000 / \$210,000$) or 95.24% of the FMV. Therefore, 1/21 (or 4.76 cents) of each dollar realized because of a redemption will be considered a capital gain (of which only 50% is taxable) and 20/21 (or 95.24 cents) of each dollar will be considered a return of capital (which is not taxable but reduces the ACB). The calculations will depend on the growth/loss and ACB at the time of withdrawal.

Guaranteed payment phase

For a product with a guaranteed lifetime income benefit, payments will continue when the FMV is \$0 but there is a positive benefit base. The taxation of these payments is not certain at this time. Please consult your tax advisor for further information.

Welcome to
AdvisorCafé.



Easy access to Manulife’s thought leadership on insurance and investments. Videos and articles provide insight and commentary on products, services and market trends to help you build your business. Plus, underwriting handbooks and quick reference tax tables are available at your fingertips.

Check it out at www.advisorcafe.ca



Tax planning

Individual savings plans

Registered Retirement Savings Plans (RRSPs) are available to help Canadians save for their retirement years. In 2009, the Tax-Free Savings Account (TFSA) was introduced to Canadians age 18 and older to provide a savings vehicle to meet any ongoing savings need.

The tax assistance provided by a TFSA is, in many ways, the opposite to that provided through RRSPs.

- RRSP contributions are tax deductible, with both the contributions and the investment earnings taxable upon withdrawal. Withdrawals are included in income and considered in determining eligibility for federal income-tested benefits and tax credits
- TFSA contributions are made from after-tax income, with both the contributions and the investment earnings exempt from tax upon withdrawal. Withdrawals will not affect eligibility for federal income-tested benefits or tax credits

Determining which savings plan, or combination of savings plans, is best depends on an individual's personal situation and objectives. Anyone saving outside of an RRSP should consider contributing to a TFSA first.



Tip

To earn CE credits on topics such as tax planning, visit Manulife's Continuing Education Centre. Log in: [Manulife.ca/advisors](https://www.manulife.ca/advisors).

Comparison of savings options

	Non-registered investments	Tax-Free Savings Accounts (TFSAs)	Registered Retirement Savings Plans (RRSPs)
Annual contribution limit	No – unlimited	Yes – but no earnings requirement	Yes – based on earned income
Carry forward of unused room	N/A	Yes	Yes
Monthly penalty on excess contribution	N/A	Yes – on highest excess during month ¹	Yes – on excess at month-end
Tax-deductible contribution	No	No	Yes
Tax-deferred/-free investment growth	No	Yes – tax free	Yes – tax deferred
Taxable on withdrawal	Yes – gain/loss on taxable disposition	No – tax free except for growth after death if no spouse/successor holder	Yes – fully taxable
Withdrawals added to contribution room	N/A	Yes – following year ²	No
Impacts federal income-tested benefits/credits	Yes	No	Yes
Minimum age to contribute	No	Yes – age 18	No
Maximum age to contribute	No	No	Yes – end of year age 71
Interest deductible on loan to invest	Yes	No	No
Assets used as collateral for loan	Yes	Yes	No
Tax-free/-deferred transfer to spouse/common-law partner on death	Yes	Yes – if successor holder or value at date of death	Yes
Tax-free/-deferred transfer to second generation at death	No	Yes – investment income after date of death is taxable	No – fully taxable unless financially dependent
Loss denied on transfer-in-kind to plan	Yes	Yes	Yes

¹ Any income attributable to deliberate over-contributions will be taxed at 100 per cent.

² The withdrawal of amounts in respect of deliberate over-contributions, prohibited investments, non-qualified investments, asset transfer transactions and income related to those amounts does not create additional TFSA contribution room.

Annual contribution limits for TFSAs and RRSPs

Year	TFSA (\$)	RRSP (\$)
2009	5,000	21,000
2010	5,000	22,000
2011	5,000	22,450
2012	5,000	22,970
2013	5,500	23,820
2014	5,500	24,270
2015	10,000	24,930
2016	5,500	25,370
2017	5,500	26,010
2018	5,500	26,230
2019	6,000	26,500
2020	6,000	27,230
2021	6,000	27,830
2022	6,000	29,210
2023	Indexed to inflation	30,780
2024	Indexed to inflation	Indexed to average wage growth

Source: Canada Revenue Agency.

TFSA

- Annual contribution limit is currently \$6,000 per year. Increases, rounded to the nearest \$500, will be applied as warranted by the consumer price index
- Tax in respect of over-contributions is one per cent per month on the highest excess contribution at any time during the month
- Withdrawals in a year will be added to contribution room in the following calendar year
- Any income attributable to deliberate over-contributions will be taxed at 100 per cent. As well, the withdrawal of amounts in respect of deliberate over-contributions, prohibited investments, non-qualified investments, asset transfer transactions and income related to those amounts does not create additional TFSA contribution room

RRSP

- Annual RRSP limit applies to the total contributions to all of an individual's RRSPs, spousal RRSPs, and group RRSPs
- Contribution limit = 18 per cent of earned income in previous year up to the annual dollar limit, adjusted for certain pension amounts
- For clients over age 18, \$2,000 over-contribution is allowed
- Tax in respect of over-contributions (beyond \$2,000 maximum) is one per cent per month on the excess amount at the end of the month

Spousal RRSP

- Contributor claims tax deduction, but spouse or common-law partner who owns the plan makes all the investment decisions and is the legal owner
- Main advantage: opportunity for income splitting at any age and not limited to 50 per cent
- Clients over age 71 who have available contribution room can contribute to a spousal RRSP if their spouse is under 72
- Generally, attribution will apply on withdrawals made from a spousal plan if there were any contributions made by the spouse in the current calendar year or previous two calendar years



Fact

The RRSP contribution deadline for the 2021 taxation year is Tuesday March 1, 2022.

Registered Education Savings Plans (RESPs)

Restriction	Details
Contribution maximum	Lifetime maximum of \$50,000 per beneficiary; no annual maximum
Contribution age limit	Final contribution must be made by the end of the 31st year after the year the plan is entered into for all plans, and in addition before a beneficiary's 31st birthday for a family plan
Plan age limit	RESP must be collapsed before December 31 of the 35th year following the year the plan is entered into
Over-contribution penalty	One per cent per month of the over-contribution amount at the end of the month
Canada Education Savings Grant (CESG)	20 per cent of the annual contribution to an RESP on the first \$2,500 contributed each year per beneficiary, until the end of the year in which the beneficiary turns 17, up to a maximum of \$7,200; the CESG does not count towards the \$50,000 contribution maximum; note the government has enhanced the CESG for low income families ¹
Refund of contributions	Subscribers can withdraw their contributions tax-free at any time; however, the plan may have to repay CESG
Educational assistance payments (EAPs)	Generally, \$5,000 maximum payout for full-time students within first 13 weeks of a qualifying education program; no limits after 13 weeks; generally, \$2,500 maximum payout for part-time students provided certain conditions are met

Source: Canada Revenue Agency.

¹ For families with income below the first federal tax bracket, the CESG will increase to 40 per cent on the first \$500 contributed to an RESP. For families with income between the first and second federal tax brackets, the CESG will increase to 30 per cent on the first \$500 contributed to an RESP for the year. Some RESP providers are currently not offering this feature. Federal tax brackets can be found in the tax tables on page 48.

Charitable donations tax guidelines

- Individuals will receive a federal tax credit at the lowest federal tax rate (15 per cent) on the first \$200 donated to charity, and 29 per cent on any remaining amounts¹
- An individual can claim an amount for total donations of up to 75 per cent of net income. In some cases, donations of capital property can increase this limit
- Donors can claim total donations up to 100 per cent of net income in the year of death and the preceding year
- Tax savings can be expected to range between 40 per cent and 50 per cent (depending on the province and any applicable surtaxes) for every dollar donated over \$200
- Donations can be used in the current year or carried forward up to five years
- If an individual donates publicly traded securities directly to a charity, the usual 50 per cent capital gains inclusion rate is reduced to zero per cent. In other words, the tax credit is calculated on the fair market value of the donation but there is no tax to pay on the associated capital gains
- For corporations, donations are generally deductible against income subject to certain limits

For individuals who wish to give cash to a charity:

- Ensure that the organization has a CRA charitable registration number. A charity cannot issue a valid tax receipt without one
- Many charities will not issue a receipt if the amount of the donation is less than \$10
- Married and common-law couples can pool their donation receipts to maximize their tax credits. This will avoid having two \$200 'thresholds'
- Donations can be deferred up to five years when the total claimed will exceed \$200. For example, if the donor made a donation in 2022, they could carry it forward as far as 2027.

¹ Donations in excess of \$200 qualify for the 29 per cent credit rate, except to the extent that the 33 per cent federal income tax rate applies; and will receive the 33 per cent credit rate on the lesser of the amount of those donations and the donor's taxable income in excess of \$221,708.

Employer-sponsored plans – contribution limits and withdrawal restrictions by plan type

	Registered Pension Plan (RPP) Defined Contribution or Money Purchase Plans ONLY	Group Registered Retirement Savings Plan (RRSP)		Deferred Profit Sharing Plan (DPSP)	Non-registered savings plan	Group Tax-Free Savings Account
Contribution limits	Minimum plan sponsor required contributions of 1% of a member's earnings Maximum contribution is the lesser of: 18% of current year earned income and - Money purchase limit (\$30,780 for 2022)	No minimum Maximum contribution is the lesser of: 18% of prior year earned income less any pension adjustments and - RRSP dollar limit (\$29,210 for 2022)		No minimum Maximum plan sponsor contributions are the lesser of: 18% of compensation from the employer and - Half the money purchase limit (\$15,390 for 2022)	No contribution limits	No minimum Maximum contribution limit is a legislative dollar amount per year, indexed to inflation (\$6,000 for 2022) Withdrawals in a calendar year will be added to contribution room in the following calendar year Unused contribution room continues to accumulate in the following calendar year
Withdrawal restrictions	No in-service withdrawals of required contributions are allowed¹ Plan provisions may allow withdrawal of employee voluntary contributions Minimum vesting and locking-in requirements are determined by the applicable pension benefits legislation²	No legislated restrictions Withdrawal restrictions may be specified in plan provisions by the employer		Legislation allows partial withdrawals while the employee is employed Plan sponsor may restrict withdrawals while employed	No legislated restrictions Withdrawal restrictions may be specified in plan provisions by the plan sponsor	No legislated restrictions Withdrawal restrictions may be specified in plan provisions by the plan sponsor

¹ Funds must remain in an RPP until termination of employment, death or retirement.
² A plan sponsor can also choose to provide more favourable provisions.



Note

For more information about group retirement plans, visit **Advisor Portal** (login required).

What happens to locked-in pension funds?

If an individual was previously a member of a pension plan, they may be entitled to transfer their locked-in pension funds to a locked-in RRSP (also called a Locked-in Retirement Account or LIRA).

Locked-in funds are not generally available for cash withdrawal and must be used to provide some form of life retirement income. Various pension jurisdictions do allow for earlier access under the following circumstances:

- Shortened life expectancy
- Financial hardship
- Non-residency status
- Small-balance cash outs
- Partial unlocking when transferring to an income fund such as a Life Income Fund (LIF) or Restricted Life Income Fund (RLIF)

Depending on the original pension legislation governing a client's locked-in funds, at the maturity date of the plan (usually no earlier than age 55), the client can transfer funds to a Life Income Fund (LIF), Locked-in Retirement Income Fund (LRIF), Prescribed Retirement Income Fund (PRIF) or Restricted Life Income Fund (RLIF)



Note

For more information on locked-in and unlocking rules that may apply, refer to the applicable provincial or federal pension authority.

Pension income splitting

Spouses can jointly elect to split up to 50 per cent of qualified retirement income with their spouse or common-law partner. This can result in a reduction of family taxes and can also minimize the impact on income-tested tax credits and benefits.

- For individuals age 65 or older, income from a pension plan and other registered plans such as RRIFs, annuities purchased from RRSPs and deferred profit sharing plans (DPSPs) qualifies for pension income splitting. In addition, the income reported on an annuity, including a Guaranteed Interest Account (GIA), from a life insurance company qualifies
- Under age 65, only income received directly from a pension plan, or received from other registered plans or an annuity because of the death of a spouse or common-law partner, qualifies for pension income splitting

Other income splitting options are available with CPP/QPP and spousal RRSPs.

- CPP/QPP allows spouses who are at least 60 years of age to share up to 50 per cent of the benefits earned while they were living together
- Spousal RRSPs provide income splitting at any age and are not restricted to 50 per cent

Registered Retirement Income Funds

An RRSP must mature no later than December 31 of the year in which the RRSP annuitant turns 71. The RRSP can be cashed in, annuitized or, as more commonly done, converted to a RRIF.

Minimum annual withdrawals

To determine the minimum amount that must be withdrawn from a RRIF in a given year for a specific annuitant, multiply the January 1 fair market value of the RRIF by the factor associated with the annuitant's age on January 1. Clients can opt to use the age of their spouse or common-law partner if this election is made before the first withdrawal. No minimum withdrawal is required in the year a RRIF is established. To maximize tax-deferred growth in the RRIF, set up withdrawals to occur on December 31. While RRIFs have a minimum that must be withdrawn in a year, there is no maximum.

Age	General (%)	Qualifying RRIFs ¹ (%)
71 ²	5.28	5.26
72	5.40	5.40
73	5.53	5.53
74	5.67	5.67
75	5.82	5.82
76	5.98	5.98
77	6.17	6.17
78	6.36	6.36
79	6.58	6.58
80	6.82	6.82
81	7.08	7.08
82	7.38	7.38
83	7.71	7.71
84	8.08	8.08
85	8.51	8.51
86	8.99	8.99
87	9.55	9.55
88	10.21	10.21
89	10.99	10.99
90	11.92	11.92
91	13.06	13.06
92	14.49	14.49
93	16.34	16.34
94	18.79	18.79
95 or older	20.00	20.00

Source: Canada Revenue Agency.

¹ A qualifying RRIF is generally a RRIF established before 1993.

² To calculate minimum annual withdrawals for below age 71, use the formula $1/(90-\text{age})$.

Withholding taxes

Generally, all funds withdrawn from registered funds such as an RRSP, RRIF or LIF are fully taxable as income. Minimum annual withdrawal amounts from RRIFs or LIFs are not subject to withholding taxes. For withdrawals from an RRSP and withdrawal amounts over and above these RRIF/LIF minimums, withholding taxes are as follows:

Amount withdrawn in excess of minimum (\$)	All provinces except Quebec (%)	Quebec (%)
Up to 5,000	10	20
5,001 to 15,000	20	25
Over 15,000	30	30

Source: Canada Revenue Agency, Revenu Québec.

There is no tax withheld upon death if the deceased owner was a Canadian resident for tax purposes.



Did you know?

Federal provisions provide creditor protection to all RDSPs, RRSPs, RRIFs and DPSPs in the event of bankruptcy only. Contributions made within 12 months of declaring bankruptcy are not protected. The federal legislation does not override provincial laws dealing with creditor protection such as the provincial Insurance Acts or where full provincial protection is already available.

Under the provincial Insurance Acts full creditor protection may be available to registered plans and non-registered contracts where an appropriate beneficiary is named.

Life income funds

2022 LIF Minimum/Maximum Withdrawal Percentages

Age as at Jan. 1, 2022	Minimum withdrawal percentage (non-qualified)	Maximum withdrawal percentage for		
		ON, ¹ NB, SK, ² NL, BC ³ and AB ⁴	QC, MB ⁵ and NS	Federal/PBSA (LIF and RLIF)
50	2.50	6.27	6.10	4.33
51	2.56	6.31	6.10	4.36
52	2.63	6.35	6.10	4.40
53	2.70	6.40	6.10	4.44
54	2.78	6.45	6.10	4.48
55	2.86	6.51	6.40	4.53
56	2.94	6.57	6.50	4.58
57	3.03	6.63	6.50	4.64
58	3.13	6.70	6.60	4.70
59	3.23	6.77	6.70	4.76
60	3.33	6.85	6.70	4.83
61	3.45	6.94	6.80	4.91
62	3.57	7.04	6.90	4.99
63	3.70	7.14	7.00	5.09
64	3.85	7.26	7.10	5.19
65	4.00	7.38	7.20	5.30
66	4.17	7.52	7.30	5.43
67	4.35	7.67	7.40	5.57
68	4.55	7.83	7.60	5.73
69	4.76	8.02	7.70	5.90
70	5.00	8.22	7.90	6.10
71	5.28	8.45	8.10	6.33
72	5.40	8.71	8.30	6.59
73	5.53	9.00	8.50	6.89
74	5.67	9.34	8.80	7.24
75	5.82	9.71	9.10	7.64
76	5.98	10.15	9.40	8.11
77	6.17	10.66	9.80	8.65
78	6.36	11.25	10.30	9.28
79	6.58	11.96	10.80	10.03
80	6.82	12.82	11.50	10.93

Age as at Jan. 1, 2022	Minimum withdrawal percentage (non-qualified)	Maximum withdrawal percentage for		
		ON, ¹ NB, SK, ² NL, BC ³ and AB ⁴	QC, MB ⁵ and NS	Federal/PBSA (LIF and RLIF)
81	7.08	13.87	12.10	12.02
82	7.38	15.19	12.90	13.40
83	7.71	16.90	13.80	15.16
84	8.08	19.19	14.80	17.52
85	8.51	22.40	16.00	20.81
86	8.99	27.23	17.30	25.76
87	9.55	35.29	18.90	34.01
88	10.21	51.46	20.00	50.50
89	10.99	100.00	20.00	100.00
90	11.92		20.00	
91	13.06		20.00	
92	14.49		20.00	
93	16.34		20.00	
94	18.79		20.00	
95	20.00		20.00	

Note: Quebec, Alberta, Manitoba, New Brunswick & British Columbia pension legislation permits LIF clients who begin a LIF in the middle of a calendar year with funds transferred from a LIRA or pension plan to take the FULL maximum payment for the year. First year payments under the other jurisdictions must be prorated based on the number of months the LIF was in force.

¹ Ontario New LIF, Ontario Old LIF, Ontario LRIF maximum calculation is based on the greater of a) the result using the factor and b) the previous year's investment returns.

² Saskatchewan LIFs must be converted to a life annuity at age 80.

³ British Columbia LIF maximum calculation is the greater of 1) the result using the applied factors and 2) the previous year's investment returns under the same LIF contract.

⁴ Alberta LIF maximum calculation is based on the greater of 1) the result using the new factors or 2) the previous year's investment returns.

⁵ Manitoba LIF maximum calculation is based on the greater of a) the result using the factor and b) the previous year's investment returns + 6% of the value of all transfers in from a LIRA or Pension Plan during the current year.



Tip

For more information on how LIF maximums are calculated, visit **Advisor Portal** (login required).

Canada Pension Plan

Canada Pension Plan (CPP) rates are adjusted every January to take into account increases in the cost of living, as measured by the Consumer Price Index.

Type of benefit	Average monthly benefit (October 2021) (\$)	Maximum monthly benefit (2022) (\$)
Disability benefit	1,050.29	1,464.83
Retirement pension (at age 65)	702.77	1,253.59
Post-Retirement Benefit ¹	11.56	36.26
Survivor benefit (under age 65)	461.51	674.79
Survivor benefit (age 65 and over)	307.55	752.15
Children of disabled or deceased contributors benefit	257.58	264.53
Combined survivor and retirement benefit (pension at age 65)	895.43	1,257.13
Combined survivor and disability benefit	1,121.66	1,467.04
Death benefit (maximum lump sum)	2,495.36	2,500.00

Source: Canada.ca.

¹ If you are under the age of 70 and working outside of Quebec while receiving your CPP or QPP retirement pension, you can make CPP contributions towards the Post-Retirement Benefit, a fully indexed lifetime benefit that increases your retirement income. Contributions are mandatory for working retirement pension recipients under age 65, while those aged 65 or above may elect not to contribute. If you are eligible, the Post-Retirement Benefit will be automatically paid to you the following year.



For more information on CPP, OAS and the GIS, visit [Canada.ca](https://www.canada.ca).

Old Age Security

Old Age Security (OAS) benefit rates are reviewed in January, April, July and October, and adjusted to keep pace with inflation, as measured by the Consumer Price Index.

Maximum monthly benefit (Jan – Mar 2022)	2022 maximum annual income
\$642.25	Pensioners with an individual net income above \$81,761 must repay part or all of the maximum OAS pension amount. Repayment amounts are normally deducted from monthly payments before they are issued. The full OAS pension is completely eliminated when a pensioner's net income is \$133,141 or more.

Source: Canada.ca.

Guaranteed Income Supplement

The Guaranteed Income Supplement (GIS) tops up the Old Age Security pension for seniors with low incomes. Low-income seniors, 60 to 64 years old, may be eligible for a related allowance if their spouse is entitled to receive the OAS/GIS or has passed away.



Tip

For more information on fighting clawbacks, visit Tax and Retirement Services at www.manulifeim.ca/treps

Tax tables

Selected non-refundable tax credits – 2021

Factors	Federal (%)	Provincial (%)			
		BC	AB	SK	MB
General factor ¹	15	5.06	10	10.5	10.8
Increase due to surtax ²					

Maximum amounts for selected tax credits	Federal (\$)	Provincial (\$)			
		BC	AB	SK	MB
Basic	13,808	11,070	19,369	16,225	9,936
Spouse or equivalent to spouse	13,808	9,479	19,369	16,225	9,134
Age 65	7,713	4,964	5,397	4,943	3,728
Net income threshold	38,893	36,954	40,179	36,794	27,749
Disability					
Basic	8,662	8,303	14,940	9,559	6,180
Under 18 supplement	5,053	4,844	11,212	9,559	3,605
Infirm dependent (18 or over)	7,348				
Caregiver		4,844	11,212	9,559	3,605
Pension income	2,000	1,000	1,491	1,000	1,000
Child (each child under 19)				6,155	
Child (each child under 6)					
Adoption	16,729	16,729	13,247		10,000
CPP/QPP ³	3,166	3,166	3,166	3,166	3,166
Employment Insurance (EI) ⁴	890	890	890	890	890
Canada Employment	1,257				
Education (per month) ⁵					
Full-time					400
Part-time					120
Textbook (per month) ⁵					
Full-time					
Part-time					

This table presents maximum amounts for selected non-refundable tax credits. Further information on tax credits, as well as thresholds and rules to claim each credit can be found in the tax return guides for each province (except Quebec) on the CRA site at <https://www.canada.ca/en/revenue-agency/services/forms-publications/tax-packages-years.html>. Quebec residents can find information on federal credits on the CRA site and Quebec credits on the Revenu Quebec site at <https://www.revenuquebec.ca/en/citizens/tax-credits/>.

Provincial (%)								
ON	QC	NB	NS	PE	NL	YK	NT	NU
5.05	15	9.4	8.79	9.8	8.7	6.4	5.9	4
1.2 or 1.56				1.1				

Provincial (\$)								
ON	QC	NB	NS	PE	NL	YK	NT	NU
10,880	15,728	10,564	8,481	10,500	9,536	13,808	15,243	16,467
9,238		8,970	8,481	8,918	7,792	13,808	15,243	16,467
5,312	3,308	5,158	4,141	3,764	6,087	7,713	7,456	10,512
39,546	35,650	38,400	30,828	28,019	33,359	38,893	38,893	38,893
8,790	3,492	8,552	7,341	6,890	6,435	8,662	12,361	14,016
5,127		4,989	3,449	4,019	3,028	5,053	5,053	5,053
5,128						7,348		
		4,989	4,898	2,446	3,028		5,052	5,052
1,504	2,939	1,000	1,173	1,000	1,000	2,000	1,000	2,000
			1,200	1,200				1,200
13,274					12,869	16,729		
3,166		3,166	3,166	3,166	3,166	3,166	3,166	3,166
890		890	890	890	890	890	890	890
						1,257		
			200	400	200		400	400
			60	120	60		120	120
								65
								20

¹ The general factor, multiplied by the federal or provincial/territorial amount, yields the value of the federal or provincial/ territorial non-refundable tax credit. For Quebec taxpayers, the factor for each federal credit is reduced by 16.5% due to the federal tax abatement.

² Where provincial/territorial surtaxes apply, the value of the credits shown will be higher by the factors indicated.

³ For residents of Quebec, the maximum federal credit for QPP contributions is \$3,428.

⁴ For residents of Quebec, the federal EI plan does not provide maternity or parental benefits therefore the maximum federal credit for EI contributions is \$664. The Quebec Parental Insurance Plan (QPIP) is a separate plan for maternity, paternity, parental and adoption benefits and for QPIP the maximum federal credit for contributions is \$412.

⁵ The federal education and textbook tax credits were eliminated effective January 1, 2017. Unused education and textbook credit amounts carried forward from years prior to 2018 will remain available to be claimed in 2018 and subsequent years.

Federal and provincial top rates, tax brackets and surtaxes for 2021¹

	2021				
	Selected non-refundable tax credits ²	Salary/interest (%)	Capital gains (%)	Eligible dividends ³ (%)	Ineligible dividends ⁴ (%)
Federal	PE 13,808 PIC 2,000 Age 7,713 @ 38,893	33.00	16.50	24.81	27.57
British Columbia	PE 11,070 PIC 1,000 Age 4,964 @ 36,954	53.50	26.75	36.54	48.89
Alberta	PE 19,369 PIC 1,491 Age 5,397 @ 40,179	48.00	24.00	34.31	42.31
Saskatchewan	PE 16,225 PIC 1,000 Age 1,305 + 4,943 @ 36,794	47.50	23.75	29.64	42.29
Manitoba	PE 9,936 PIC 1,000 Age 3,728 @ 27,749	50.40	25.20	37.78	46.67
Ontario	PE 10,880 PIC 1,504 Age 5,312 @ 39,546	53.53	26.76	39.34	47.74

2021					2020		
Tax rates and brackets			Surtaxes and thresholds ⁵		Tax rates and brackets		
(%)	(\$)	(\$)	(%)	(\$)	(%)	(\$)	(\$)
15.00	0	49,020			15.00	0	48,535
20.50	49,021	98,040			20.50	48,536	97,069
26.00	98,041	151,978			26.00	97,070	150,473
29.00	151,979	216,511			29.00	150,474	214,368
33.00	216,512	+			33.00	214,369	+
5.06	0	42,184			5.06	0	41,725
7.70	42,185	84,369			7.70	41,726	83,451
10.50	84,370	96,866			10.50	83,452	95,812
12.29	96,867	117,623			12.29	95,813	116,344
14.70	117,624	159,483			14.70	116,345	157,748
16.80	159,484	222,420			16.80	157,749	220,000
20.50	222,421	+			20.50	220,001	+
10.00	0	131,220			10.00	0	131,220
12.00	131,221	157,464			12.00	131,221	157,464
13.00	157,465	209,952			13.00	157,465	209,952
14.00	209,953	314,928			14.00	209,953	314,928
15.00	314,929	+			15.00	314,929	+
10.50	0	45,677			10.50	0	45,225
12.50	45,678	130,506			12.50	45,226	129,214
14.50	130,507	+			14.50	129,215	+
10.80	0	33,723			10.80	0	33,389
12.75	33,724	72,885			12.75	33,390	72,164
17.40	72,886	+			17.40	72,165	+
5.05	0	45,142			5.05	0	44,740
9.15	45,143	90,287	20	4,874	9.15	44,741	89,482
11.16	90,288	150,000	36	6,237	11.16	89,483	150,000
12.16	150,001	220,000			12.16	150,001	220,000
13.16	220,001	+			13.16	220,001	+

¹ Rates of tax based on publicly available information as of July 2021

² Non-refundable tax credits are generally calculated at the lowest marginal rate. For example, federal tax credits are at 15%. All provinces use the rate for the first bracket. PE: Basic Personal Exemption, PIC: Pension Income Credit, Age: Credit reduced if income exceed specified limit.

³ Eligible Dividends: Dividends paid by corporations resident in Canada from income that has been subject to the general federal corporate tax rate (public corporations, CCPCs from eligible dividends received from public corporations, other Canadian resident corporations subject to the general corporate rate).

⁴ Ineligible Dividends: Dividends paid by Canadian Controlled Private Corporations (CCPC) that is from income that is eligible for the small business deduction (SBD) or from investment income other than income from eligible dividends from public corporations.

⁵ Surtaxes apply to provincial tax above the threshold.

	2021				
	Selected non-refundable tax credits ²	Salary/ interest (%)	Capital gains (%)	Eligible dividends ³ (%)	Ineligible dividends ⁴ (%)
Quebec	PE 15,728 PIC 2,939 Age 3,308 @ 35,650	53.31	26.65	40.11	48.02
New Brunswick	PE 10,564 PIC 1,000 Age 5,158 @ 38,400	53.30	26.65	33.51	47.75
Nova Scotia	PE 8,481 PIC 1,173 Age 4,141 @ 30,828	54.00	27.00	41.58	48.28
Prince Edward Island	PE 10,500 PIC 1,000 Age 3,764 @ 28,019	51.37	25.69	34.22	46.21
Newfoundland and Labrador	PE 9,536 PIC 1,000 Age 6,087 @ 33,359	51.30	25.65	42.61	44.59
Yukon	PE 13,808 PIC 2,000 Age 7,713 @ 38,893	48.00	24.00	28.93	44.04
Northwest Territories	PE 15,243 PIC 1,000 Age 7,456 @ 38,893	47.05	23.53	28.33	36.82
Nunavut	PE 16,467 PIC 2,000 Age 10,512 @ 38,893	44.50	22.25	33.08	37.79
Non-Resident		48.84	24.42	36.72	40.80

2021					2020		
Tax rates and brackets			Surtaxes and thresholds ⁵		Tax rates and brackets		
(%)	(\$)	(\$)	(%)	(\$)	(%)	(\$)	(\$)
15.00	0	45,105			15.00	0	44,545
20.00	45,106	90,200			20.00	44,546	89,080
24.00	90,201	109,755			24.00	89,081	108,390
25.75	109,756	+			25.75	108,391	+
9.40	0	43,835			9.68	0	43,401
14.82	43,836	87,671			14.82	43,402	86,803
16.52	87,672	142,534			16.52	86,804	141,122
17.84	142,535	162,383			17.84	141,123	160,776
20.30	162,384	+			20.30	160,777	+
8.79	0	29,590			8.79	0	29,590
14.95	29,591	59,180			14.95	29,591	59,180
16.67	59,181	93,000			16.67	59,181	93,000
17.50	93,001	150,000			17.50	93,001	150,000
21.00	150,001	+			21.00	150,001	+
9.80	0	31,984			9.80	0	31,984
13.80	31,985	63,969	10	12,500	13.80	31,985	63,969
16.70	63,970	+			16.70	63,970	+
8.70	0	38,081			8.70	0	37,929
14.50	38,082	76,161			14.50	37,930	75,858
15.80	76,162	135,973			15.80	75,859	135,432
17.30	135,974	190,363			17.30	135,433	189,604
18.30	190,364	+			18.30	189,605	+
6.40	0	49,020			6.40	0	48,535
9.00	49,021	98,040			9.00	48,536	97,069
10.90	98,041	151,978			10.90	97,070	150,473
12.80	151,979	500,000			12.80	150,474	500,000
15.00	500,001	+			15.00	500,001	+
5.90	0	44,396			5.90	0	43,957
8.60	44,397	88,796			8.60	43,958	87,916
12.20	88,797	144,362			12.20	87,917	142,932
14.05	144,363	+			14.05	142,933	+
4.00	0	46,740			4.00	0	46,277
7.00	46,741	93,480			7.00	46,278	92,555
9.00	93,481	151,978			9.00	92,556	150,473
11.50	151,979	+			11.50	150,474	+
7.68	0	49,020			7.20	0	48,535
9.84	49,021	98,040			9.84	48,536	97,069
12.48	98,041	151,978			12.48	97,070	150,473
13.92	151,979	216,511			13.92	150,474	214,368
15.84	216,512	+			15.84	214,369	+

2021 Effective income tax rates for individuals

Prepared from information available at July 2021.

This table shows combined federal and provincial or territorial taxes, including surtaxes, on interest or ordinary income, assuming only the basic personal tax credit is claimed (except non-residents – see note 1).

Taxable income (\$)	(%)						
	BC	AB	SK	MB	ON	QC	NB
20,000	6.9%	5.0%	6.6%	10.1%	6.9%	7.1%	9.1%
25,000	9.5%	9.0%	10.4%	13.2%	9.6%	11.2%	12.1%
30,000	11.3%	11.6%	12.9%	15.3%	11.3%	13.9%	14.2%
35,000	12.5%	13.5%	14.7%	16.9%	12.6%	15.8%	15.6%
40,000	13.5%	15.0%	16.1%	18.2%	13.5%	17.3%	16.7%
45,000	14.4%	16.1%	17.1%	19.3%	14.2%	18.4%	17.7%
50,000	15.3%	17.1%	18.2%	20.3%	15.3%	19.9%	19.0%
55,000	16.5%	18.3%	19.6%	21.4%	16.6%	21.5%	20.5%
60,000	17.5%	19.3%	20.7%	22.4%	17.7%	22.8%	21.8%
70,000	19.0%	20.9%	22.5%	24.0%	19.4%	24.8%	23.7%
80,000	20.1%	22.1%	23.8%	25.5%	20.7%	26.4%	25.2%
90,000	21.2%	23.1%	24.8%	26.9%	21.9%	27.6%	26.3%
100,000	22.4%	23.9%	25.7%	28.1%	23.5%	29.0%	27.5%
110,000	23.8%	25.0%	26.9%	29.5%	25.3%	30.5%	28.9%
120,000	25.1%	25.9%	27.9%	30.7%	26.8%	31.9%	30.0%
130,000	26.3%	26.7%	28.7%	31.6%	28.1%	33.1%	31.0%
140,000	27.3%	27.5%	29.5%	32.5%	29.2%	34.2%	31.8%
150,000	28.2%	28.2%	30.2%	33.2%	30.1%	35.0%	32.6%
200,000	32.5%	31.6%	33.6%	36.6%	34.6%	38.8%	36.6%
300,000	39.0%	36.5%	38.0%	41.0%	40.6%	43.5%	42.0%
400,000	42.7%	39.4%	40.4%	43.3%	43.8%	45.9%	44.8%
500,000	44.8%	41.1%	41.8%	44.7%	45.8%	47.4%	46.5%
750,000	47.7%	43.4%	43.7%	46.6%	48.4%	49.4%	48.8%
1,000,000	49.2%	44.5%	44.7%	47.6%	49.7%	50.4%	49.9%

Top marginal tax rates	(%)						
	BC	AB	SK	MB	ON	QC	NB
Eligible dividends	36.54%	34.31%	29.64%	37.78%	39.34%	40.11%	33.51%
Ineligible dividends	48.89%	42.31%	42.29%	46.67%	47.74%	48.02%	47.75%
Capital gains	24.90%	24.00%	23.75%	25.20%	26.77%	26.66%	26.65%
Other income	53.50%	48.00%	47.50%	50.40%	53.53%	53.31%	53.30%

¹ Assumes that non-residents will not qualify for the federal personal basic credit.

(%)						
NS	PE	NL	YK	NT	NU	Non-residents ¹
8.4%	9.3%	9.2%	6.6%	6.0%	5.4%	11.8%
11.5%	12.4%	12.1%	9.6%	9.0%	8.1%	13.9%
13.7%	14.5%	14.0%	11.6%	11.0%	9.9%	15.3%
16.1%	16.3%	15.4%	13.0%	12.4%	11.2%	16.3%
17.9%	17.9%	16.7%	14.0%	13.5%	12.2%	17.0%
19.3%	19.1%	18.1%	14.8%	14.3%	12.9%	17.6%
20.5%	20.1%	19.4%	15.6%	15.4%	13.8%	18.2%
21.9%	21.4%	20.8%	16.9%	16.6%	15.1%	19.3%
23.1%	22.5%	22.0%	18.0%	17.7%	16.1%	20.2%
25.2%	24.4%	23.8%	19.6%	19.3%	17.7%	21.7%
26.7%	26.0%	25.3%	20.8%	20.5%	19.0%	22.8%
27.9%	27.3%	26.5%	21.8%	21.5%	19.9%	23.6%
29.0%	28.4%	27.6%	22.7%	22.7%	20.9%	24.4%
30.3%	29.8%	28.9%	24.0%	24.2%	22.2%	25.7%
31.4%	31.0%	30.0%	25.1%	25.3%	23.3%	26.8%
32.3%	32.1%	30.9%	26.0%	26.3%	24.2%	27.7%
33.1%	32.9%	31.3%	26.8%	27.2%	24.9%	28.5%
33.8%	33.7%	32.2%	27.4%	28.0%	25.6%	29.1%
37.9%	37.2%	36.0%	31.1%	31.8%	29.4%	32.6%
43.1%	41.7%	40.9%	35.8%	36.7%	34.2%	37.7%
45.8%	44.1%	43.5%	38.3%	39.3%	36.8%	40.5%
47.4%	45.6%	45.1%	39.8%	40.8%	38.3%	42.2%
49.6%	47.5%	47.1%	42.5%	42.9%	40.4%	44.4%
50.7%	48.5%	48.2%	43.9%	43.9%	41.4%	45.5%

(%)						
NS	PE	NL	YK	NT	NU	Non-residents ¹
41.58%	34.22%	42.61%	28.93%	28.33%	33.08%	36.72%
48.28%	46.21%	44.59%	44.04%	36.82%	37.79%	40.80%
27.00%	25.69%	25.65%	24.00%	23.53%	22.25%	24.42%
54.00%	51.37%	51.30%	48.00%	47.05%	44.50%	48.84%

Provincial probate/verification fees and tax chart

Province	Value of estates	Fees/tax
British Columbia	Up to \$25,000	\$0
	\$25,001 to \$50,000	\$6 per \$1,000 in excess of \$25,000
	\$50,001 or more	\$14 per \$1,000 in excess of \$50,000
Alberta	Up to \$10,000	\$35
	\$10,001 to \$25,000	\$135
	\$25,001 to \$125,000	\$275
	\$125,001 to \$250,000	\$400
	\$250,001 or more	\$525 maximum
Saskatchewan	Any amount	\$7 per \$1,000 or portion thereof
Manitoba ¹	Any amount	\$0 fees for all estates
Ontario	Up to \$50,000	\$0
	\$50,001 or more	\$15 per \$1,000 or portion thereof in excess of \$50,000
Quebec	Non-notarial will	N/A – court verification fee only
	Notarial will	No fee
New Brunswick	Up to \$5,000	\$25
	\$5,001 to \$10,000	\$50
	\$10,001 to \$15,000	\$75
	\$15,001 to \$20,000	\$100
	\$20,001 or more	\$5 per \$1,000 or portion thereof in excess of \$20,000 (0.5%)

¹ As of November 6, 2020, there are no longer probate fees payable in Manitoba. This applies to any estate application filed from November 6, 2020 onward, regardless of the date of death of the deceased.



Tip

For current probate and verification fees, visit **Provincial probate/verification fees and tax chart**.

Province	Value of estates	Fees/tax
Prince Edward Island	Up to \$10,000	\$50
	\$10,001 to \$25,000	\$100
	\$25,001 to \$50,000	\$200
	\$50,001 to \$100,000	\$400
	\$100,001 or more	\$400 + \$4 per \$1,000 or fraction thereof in excess of \$100,000
Nova Scotia	Up to \$10,000	\$85.60
	\$10,001 to \$25,000	\$215.20
	\$25,001 to \$50,000	\$358.15
	\$50,001 to \$100,000	\$1,002.65
	\$100,001 or more	\$1,002.65 + \$16.95 per \$1,000 or fraction thereof in excess of \$100,000
Newfoundland and Labrador	Up to \$1,000	\$60
	\$1,001 or more	\$60 + \$0.60 per \$100 in excess of \$1,000 (0.6%)
Northwest Territories	Up to \$10,000	\$30
	\$10,001 to \$25,000	\$110
	\$25,001 to \$125,000	\$215
	\$125,001 to \$250,000	\$325
	\$250,001 or more	\$435
Yukon	Up to \$25,000	\$0
	\$25,001 or more	\$140
Nunavut	Up to \$10,000	\$25
	\$10,001 to \$25,000	\$100
	\$25,001 to \$125,000	\$200
	\$125,001 to \$250,000	\$300
	\$250,001 or more	\$400

Notes:

Some provinces may also charge filing fees and other administrative costs. Provincial legislation must be reviewed to understand all applicable fees and costs.

The value of estates is calculated according to the rules of each province, which may or may not allow deductions for such things as specific debts or property (real or personal) located outside the province.

Fees may be payable in more than one province.

As of October 2021, subject to change where amendments to provincial legislation and regulations occur.

Key Corporate Income Tax Rates (combined Federal & Provincial)

For December 31 year end (12 month taxation year)

2021 rates

Jurisdiction	General		CCPC	
	Non-M&P investment (%)	M&P (%)	Active business income	Investment income (%)
			Up to \$500k federal threshold (%)	
Federal only ¹	15.00	15.00	9.00	38.67
British Columbia ²	27.00	27.00	11.00	50.67
Alberta ³	23.00	23.00	11.00	46.67
Saskatchewan ⁴	27.00	25.00	9.00	50.67
Manitoba ⁵	27.00	27.00	9.00	50.67
Ontario ⁶	26.50	25.00	12.20	50.17
Quebec ⁷	26.50	26.50	12.38	50.17
New Brunswick ⁸	29.00	29.00	11.50	52.67
Nova Scotia ⁹	29.00	29.00	11.50	52.67
Prince Edward Island ¹⁰	31.00	31.00	11.00	54.67
Newfoundland & Labrador ¹¹	30.00	30.00	12.00	53.67
Yukon ¹²	27.00	17.50	9.00	50.67
Northwest Territories ¹³	26.50	26.50	11.00	50.17
Nunavut ¹⁴	27.00	27.00	12.00	50.67

M&P: Manufacturing or processing income, CCPC: Canadian Controlled Private Corporation

This table is prepared from publicly available information announced as of July 2021.

All changes must be pro-rated for the number of days in the taxation year.

The rates may not be applicable to income earned by credit unions, mutual fund corporations, mortgage investment corporations, most deposit insurance corporations and investment corporations as the income qualifies for special tax treatment.

Some of the provinces also levy a capital tax which has not been addressed in this table.

¹ Federal: The small business income tax rate was reduced to 9% (from 10%) effective January 2019.

² BC: The 2017 budget announced that the small business rate will be reduced to 2% from 2.5%, effective April 1, 2017. Effective January 1, 2018, the general corporate rate increased to 12% from 11%.

³ Alberta: Effective July 1, 2020, the corporate tax rate was reduced to 8% (from 10%) which was 1.5 years ahead a schedule.

⁴ Saskatchewan: Temporarily reduced its small business tax rate to nil from 2%. Increasing to 1% effective July 1, 2022 and returning to 2%, July 1, 2023.

⁵ Manitoba announced that effective January 1, 2019 the small business limit threshold will increase to \$500,000 (from \$450,000).

Key Corporate Income Tax Rates (combined Federal & Provincial)

2022 rates

Jurisdiction	General		CCPC	
	Non-M&P/ investment (%)	M&P (%)	Active business income	Investment income (%)
			Up to \$500k federal threshold (%)	
Federal only ¹	15.00	15.00	9.00	38.67
British Columbia ²	27.00	27.00	11.00	50.67
Alberta ³	23.00	23.00	11.00	46.67
Saskatchewan ⁴	27.00	25.00	9.50	50.67
Manitoba ⁵	27.00	27.00	9.00	50.67
Ontario ⁶	26.50	25.00	12.20	50.17
Quebec ⁷	26.50	26.50	12.20	50.17
New Brunswick ⁸	29.00	29.00	11.50	52.67
Nova Scotia ⁹	29.00	29.00	11.50	52.67
Prince Edward Island ¹⁰	31.00	31.00	10.00	54.67
Newfoundland & Labrador ¹¹	30.00	30.00	12.00	53.67
Yukon ¹²	27.00	17.50	9.00	50.67
Northwest Territories ¹³	26.50	26.50	11.00	50.17
Nunavut ¹⁴	27.00	27.00	12.00	50.67

⁶ Ontario: Effective January 1, 2020 the small business rate will decrease from 3.5% to 3.2%.

⁷ Quebec: Effective March 26, 2021 the small business tax rate decreased from 4% to 3.2%.

⁸ New Brunswick: Effective April 1, 2017 the small business tax rate decreased to 3% (from 3.5%). The small business tax rate was further reduced to 2.5% effective April 1, 2018.

⁹ Nova Scotia: The general corporate tax rate reduced to 14% (from 16%) effective April 1, 2020. The small business rate was also reduced from 3% to 2.5% effective April 1, 2020.

¹⁰ Prince Edward Island: Effective January 1, 2021 the small business rate was reduced to 2% (from 3%), and further reduced to 1% effective January 1, 2022.

¹¹ Newfoundland and Labrador: The 2016 budget increased the general income tax to 15% (from 14%) and eliminated the provincial M&P profits tax credit retroactive to January 1, 2016.

¹² Yukon: Effective July 1, 2021 the small business rate will be reduced from 2% to 0%.

¹³ Northwest Territories: Effective January 1, 2021, the small business rate was reduced from 4% to 2%.

¹⁴ Nunavut: reduced the small business rate from 4% to 3% effective July 1, 2019.

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