

## Tax Strategies of the Wealthy

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A recent study showed that wealthy Canadians have a very different approach to tax planning than other Canadians. The study assessed Canadians' attitudes towards tax planning, revealing that Canadians are *half* as likely to focus on maximizing their tax refund. Their primary focus is to minimize the amount of tax they pay.

When reviewing tax returns with clients, more often than not, the first question is, "how much do I get back?" How many times have you actually looked at the amount of tax you have paid through the year? In reality, the refund amount is tax that has been paid in advance of the tax filing which is being returned to you, (the government of Canada should thank you for the interest free loan!). A large refund may in fact be more indicative of a less than optimal tax strategy.

Tax planning opportunities are available for all levels of income and wealth. Here are five strategies we can learn from the affluent at tax time:

1. **Take a longer view.**  
Plan your taxes from the beginning of the year not just at tax time. Take your Notice of Assessment with you when you meet with your advisor and make sure you let your advisor know what's going on in your life – there are lots of tax-planning opportunities that may occur through the year and, unless your advisor knows your situation, you could be missing out.
2. **Invest in a tax-wise manner.**  
Your advisor can help you choose tax efficient investments with short, medium, and long term goals. It may even be that incurring a tax bill now will save you in the long run.
3. **Work together.**  
Make your tax planning a family affair. Pension and income splitting along with shared education and family credits could provide much needed tax relief if planned correctly through the year.
4. **Stay reasonable.**  
Make sure all of your tax planning is appropriate and reasonable. Look to your advisor to stay prudent while still enjoying all of the tax benefits open to you.