

Trending News

TD Wealth Private Investment Advice

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Tax Tips for Snowbirds



Many Canadian retirees head to warmer locales for the colder months with Florida remaining a popular destination. If you're new to the snowbird lifestyle, you may not be familiar with all of the tax and financial implications associated with spending time down south. Be wary of unforeseen costs because you've under-planned or overstayed your welcome – we've got tips for you to consider.

Have adequate insurance in place before you go

If you remain in Canada for most of the year, you'll probably be able to maintain your provincial health insurance. Rules on this vary across the country, so look into what applies in your home province before taking off to the beach. In addition to maintaining your Canadian health insurance, consider purchasing or maintaining travel insurance, home insurance (in Canada), rental insurance on your vacation property and health insurance to help cover your needs while abroad.

Be aware of taxes on rental income

If you rent out your Canadian residence while out of country, be aware that you'll incur taxes on all rental income generated from that Canadian home. Furthermore, while some snowbirds rent, others buy a second property to use as a winter getaway. In this case, you may end up paying foreign taxes on gross rental income earned from that property¹.

¹ <https://www.moneysense.ca/spend/real-estate/tax-pitfalls-canadian-snowbirds-to-the-u-s-need-to-know/>

Understand the substantial presence test

If you remain in the United States for 31 days in a year and 183 days during a three year period as determined by a formula, you will have met the [substantial presence test](#) which may have U.S. tax implications.

There's a catch, though – the Internal Revenue Service (IRS) uses a weighted formula to determine the number of days spent in the U.S. There are exemptions to this rule – review the [IRS web page](#) on this subject to help ensure that your personal travel habits do not result in unplanned international taxation.

If you meet the substantial presence test you may still qualify for the closer connection exception. Essentially, if you can establish that Canada is your tax home and you had a closer connection to it than the U.S., you may not be treated as a U.S. resident for tax purposes. A closer connection to Canada would be based on significant contacts including the location of your permanent home, your family, your vehicle(s) and its registration(s), other personal belongings and where you conduct your personal banking activities. If you qualify for the closer connection exception, you will need to file a closer connection exception statement with the IRS². We suggest reading the [Closer Connection Exception Statement for Aliens](#) to learn more.

Finally, if you meet the substantial presence test and do not qualify for the closer connection exception, the Canada-U.S. Tax Convention (the Treaty) provides a series of “tie-breaker” rules to avoid being considered a U.S. resident. However, even if the rules under the Treaty result in Canadian residency, you may still be required to make certain U.S. tax filings.

Again, your particular situation should be discussed with a tax advisor.

It's a lot to take in, but with some pre-planning, the trip south may be worth it to avoid all of that shoveling and cold. Safe travels! ■

² <https://www.irs.gov/pub/irs-pdf/f8840.pdf>

Tips for Closing up the Cottage



If you're a cottage owner, you're probably familiar with the usual end-of-summer **tasks**: cleaning and emptying the fridge, stripping the beds and packing away linens, turning off the water, dealing with docks and getting boats out of the lake. It may feel like second nature after a few years (or a few decades!) but there is often that one thing that gets missed or forgotten. It's that time of year, and we want to help. Here are our tips for successfully shutting down your summer property for the season.

Have a fall checklist

No matter how many times a family has closed up their cottage for the winter, a checklist is a helpful tool. Not only will it help you stay on task, it can help families divide up and delegate responsibilities. Remember to include indoor and outdoor tasks as well as other responsibilities, such as re-routing mail for the season. Consider having a printed list that can be photocopied and physically checked off each year – or, make an environmentally-friendly version by laminating a single copy and using a dry erase marker to check each box.

Make a “to do” list for spring

Oftentimes, end of season means getting rid of broken or worn-out items during fall clean up¹. You may decide to drop those old, cracked paddles at the dump or get rid of that ancient coffee-maker. When you say, “we’ll take care of that in the spring,” make sure you make a note to remind yourself later. Come Victoria Day weekend, you may have forgotten that you need bigger life jackets for growing children or a new propane tank for the BBQ. Making a to do list for the next cottage season can help you stay organized and get ahead so you can make the most of that first spring visit.

Examine the building from the outside

Take a walk around the perimeter of your cottage to look for access points. You’ll want to keep both rodents and thieves out, so check thoroughly and prepare for either possibility. Small holes can be blocked to help prevent mice and other small creatures from getting inside. Similarly, the chimney flue should be closed to keep larger animals out. To help minimize the risk of break-ins, ensure that you have a functioning, high quality lock on each door and window. You may want to cover each window with plywood to deter thieves and avoid glass damage. Consider a security system and remember – do not leave any valuables or firearms at the cottage over the winter².



To heat or not to heat

Some families opt to heat their cottage at a low temperature all winter long to help prevent frozen pipes and other weather damage. Others simply prepare the property for a few months without power by winterizing the building. Whichever option you choose, remember that in some provinces, you will be charged for hydro delivery fees even if you’ve shut off the power³. ■

1 <https://cottage.life/design-diy/clever-tips-for-closing-up-your-cottage-this-fall/>

2 <https://www.muskokaregion.com/community-story/3570249-closing-up-the-cottage-here-s-a-checklist-to-follow/>

3 <https://www.ctvnews.ca/canada/man-loses-court-battle-over-electricity-charges-for-cottage-without-power-1.3511546>



Budget-friendly Family Activities for Fall

Entertaining a family can be expensive. Even when you make efforts to keep costs at a minimum, they can quietly accumulate over time. Summer is a great season to get outdoors and enjoy the (free) sunshine, but once it's gone, how do you keep busy on a budget? We've got some great ideas you can consider.

Visit your local pumpkin patch

Pumpkin patches are classic fall – not to mention, a great family photo op. Look for one that has free admission and family-friendly activities to complement your pumpkin-picking adventure. Many places offer hayrides, animal petting areas, farm tours, hot apple cider and even haunted houses. Don't forget to carve or decorate your pumpkin later on, and roast those pumpkin seeds for a great fall snack!

Enjoy an autumn hike

Another great fall tradition, a hike to see the fall colours is always a wonderful idea. If you have young kids, consider making it a scavenger hunt by bringing a list of things to look for: a red leaf, a pine cone, a red squirrel, a cardinal and more! Make a day of your hike by heading off to a provincial park or packing a picnic lunch.



Go geocaching

Geocaching is a great option for families: it's fun, it's free and it brings people together for hours of entertainment. If you aren't familiar with the term, geocaching refers to a treasure hunt-like activity wherein you use a GPS-based app on your smartphone to find items placed by other geocachers¹. Give it a try – you might get hooked!

Host a fall barbeque

A fall barbeque with friends is fun and unexpected. Serve hot cider instead of cold drinks, put out some fun fall activities for kids (apple bobbing, pine cone crafts and lawn games, for example). If you have a fire pit, make use of it! No one ever said that s'mores are just for summer.

Volunteer together

Volunteering as a family is a fantastic thing to do any time of year, but the fall and early winter season includes holidays such as Thanksgiving and Christmas. Consider giving your time to a community dinner or fundraiser, organizing a food drive in your neighbourhood or simply helping out a senior who lives nearby. Whatever you do, focus on coming together to help others – it's kind and it feels good to give back! ■

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¹ <https://itunes.apple.com/ca/app/geocaching/id329541503?mt=8>