Trending News

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Tax Tips for Young Families

As tax season approaches, it's natural to start thinking about ways to make the most of the income you have earned. Each family is different and so are their taxes; there are various deductions and credits that may be available to young families. As you prepare to file your tax return for the 2017 tax year, remember to consider potential tax benefits, some of which are listed below, and determine whether or not they apply to your family.

Childcare Expenses

In Canada, you can claim a deduction from income for child care expenses (up to certain maximums) where these expenses were incurred so you could work, run your own business, attend a qualified education program (such as college or university) or perform research under a grant. Generally, these deductions apply to all dependent children in your household under the age of 16. (see: line 214 of your income tax statement).

Canada Caregiver Amount

In cases where one (or more) of your dependent children has a disability causing significant impairment, you may be able to claim a tax credit based on the Canada Caregiver Amount. This requires a note from your child's doctor to validate the claim, and applies to children under the age of 18. (see: line 367 of your income tax statement).

RSP Contributions

While RSP deductions don't only apply to young families, they can potentially be a great way for young families to save for retirement. Ask us about contribution strategies. (see: line 208 of your income tax statement).

Situational Benefits

Did you adopt a child in the previous tax year? Do you have ongoing medical expenses? Is there a dependent adult in your family with a disability? All of these scenarios could impact your tax return – speak to your tax preparer or call Canada Revenue Agency to learn more about what you are entitled to claim as per your specific situation.

Recent changes in Canada

You may have made additional child-related claims on your income tax in previous years, such as the Children's Fitness Credit or the Children's Arts Credit. These credits were eliminated by the 2016 budget, together with the introduction of the Canada Child Benefit – an income-tested monthly payment which replaced the CCTB (Canada Child Tax Benefit), NCBS and Universal Child Care Benefit (UCCB) benefits. If you have questions about additional benefits that you may be eligible for, please speak to your tax preparer as these benefits vary by province. ■

If you have questions about tax deductions for young families or would like to speak to a tax specialist at TD, please contact us - we'd be happy to arrange a consultation.

Life in the Sandwich Generation

With every generation comes change. Perennially, there are new developments in technology and social issues, and an ever-changing landscape in politics, the workplace, entertainment and the environment. Even the structure of the average Canadian family has changed dramatically over the years, with people starting their families later in life and reassessing the way they approach work, family life and retirement.

Changes to the Canadian family were gradual, but 2010 was a notable year in motherhood. As Statistics Canada reported in a 2013 release, it was in 2010 that it became more common for a first-time mother to be over age 30 instead of under it. Some of the social framework around this evolution is clear – perhaps most notably, the rise of women in the workforce (and in many cases, the subsequent delay to enter motherhood). In 1953, only 24% of women worked outside of the home (compared to 96% of men) but by 1990, that number had skyrocketed to 76%. A recent survey had that number higher still, at 82% (compared to 91% of men).[1]

Caring for two families at once

As more couples decide to have children in their 30s or 40s instead of in their early 20s, as previous generations had, the age gap between child, parent and grandparent has changed. It's become more and more common for a parent with young children to have the added responsibility of caring for aging parents – and thus, the Sandwich Generation was born.

1 http://www.statcan.gc.ca/pub/11-630-x/11-630-x2015009-eng.htm

A recent survey of Canadians revealed that **55% of those aged 45-64 are caring for dependent children while providing support to their aging parents**.[2]

We have created services to help meet the needs of a modern family - but how did those needs come to be what they are today?

The majority of these individuals are also employed outside of the home, creating a pressure cooker in which they must juggle raising children, assisting their parents and having a career. It has also been found that women generally take on more caregiving responsibilities than their male partners, and that the burden of responsibility increases greatly if a parent has dementia or other cognitive issues.

Challenges - and how to face them

Caregivers are often pulled in several directions at once, and there is a physical, mental and financial toll associated with being in the Sandwich Generation. To help address the financial implications of caring for children as well as aging parents, we can discuss financial strategies designed to ease the impact of these responsibilities. ■

[2] http://www.canadianliving.com/life-and-relationships/family/article/the-sandwich-generation-squeeze-how-to-balance-work-and-family-life