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Trending News

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Should You Buy An Electric Car?

Many Canadians are actively trying to make choices that lessen their impact on the environment. This might mean buying fewer single-use plastics or adding sustainable features to their home or business. When it comes to choosing a vehicle, there are more and more eco-friendly options including hybrid and fully electric models. So should you buy electric? Here are some of the primary benefits.

They're often cost-effective

Sales of electric vehicles are approximately doubling every year as demand grows.[1] Not only are there more electric models on the market than ever before, but they are also available at increasingly competitive prices. Furthermore, an electric car generally costs less to maintain than a gas-operated vehicle[2] and insurance companies often offer a discount on automobile insurance premiums for driving a hybrid or electric vehicle. Good for the environment, and potentially good for your wallet – a win all around!

They're more innovative

Gone are the days when electric meant simple or basic. Some of today's electric vehicles have all of the bells and whistles expected on a luxury car. Picture the extensive control panel on a Telsa or the luxe features of an electric Mercedes or BMW. Buyers can now get the look, performance and features they want in a fully electric model. There are also many economy options on the market, but buyers should not feel limited as more high-end automakers join the electric vehicle movement.

They're better for the planet

This point alone is enough to motivate many buyers, but it bears repeating: an electric car produces far fewer emissions and greenhouse gases than a gas-powered vehicle,making it an environmentally responsible choice. If you're looking to lessen your carbon footprint, this is a great option to consider. It's worth noting that electric car production isn't always eco-friendly, but buyers can weigh the drawbacks and benefits in order to make a decision they're comfortable with.

Some points to consider

Electric vehicles have many benefits, but they aren't for everyone. Before purchasing an electric car, consider your access to charging stations. While it's become common to see public charging stations in many urban and even suburban settings, Canadians living in rural areas may not have the same opportunities. In some cases, a hybrid vehicle may be a more practical option than a fully electric car. Compromise can be better than nothing, in this case, and still something to feel good about.

[1] https://globalnews.ca/news/3899054/reality-check-electric-cars-cheaper/
[2] https://globalnews.ca/news/3899054/reality-check-electric-cars-cheaper/

What is the Lifespan of an RRIF?

What is an RIF?

To help get the best possible results from your retirement plan, a wealth advisor may often recommend a variety of investment vehicles. This is done not only to diversify your investments but to help maximize cash flow during your post-working years. Your wealth advisor may consider rates of taxation, interest and other factors when determining the ideal combination of products. While a Registered Retirement Savings Plan (RSP) is a common and practical savings tool, you may be less familiar with a Registered Retirement Income Fund (RIF). Here's what you need to know, from when they're commonly introduced to what happens to a RIF when the planholder passes away.

What is an RIF and how does it work?

A RIF can be a successor plan to an RSP. Both are tax-deferred investment accounts designed to fund an individual's retirement. That said, RSPs and RIFs function quite differently. An RSP account is generally something you contribute funds to during your career whereas a RRIF is something you withdraw income from in retirement. While an investor can convert an RSP to a RIF at any point, an RSP 'ages out' and must be converted to a form of retirement income, such as a RIF, no later than the year an investor turns 71. Additionally, there is a minimum annual RIF withdrawal after age 71. This minimum withdrawal amount is determined by CRA using a formula involving your age and other factors. These minimum withdrawals are not subject to withholding taxes, making them an attractive retirement income option. Any funds that are withdrawn in excess of your determined minimum amount are subject to taxation at a tiered rate, much like income tax is calculated on employment income. There is no maximum withdrawal, which gives investors a lot of freedom.

Think of it this way: contributing to an RSP can be a great way to save money and invest your retirement in a tax-efficient manner, and withdrawing funds from a RIF can be great way to create tax-efficient income in retirement. The two aren't the same, but they can go hand-in-hand.

What happens to a RIF when the planholder dies?

As a RIF can be of significant monetary value, one should consider including it in their estate plan and Legal Will. When a person dies, the value of their RIF must be declared on their final income tax return (generally filed by the executor of their Will). If the sole beneficiary of the RIF is their spouse or common-law partner, or legal dependent of the deceased, the value of the RIF can be transferred to their RSP, RIF or annuity account with deferred taxation. These beneficiaries are referred to as "qualified" individuals. Alternatively, the owner of a RIF can designate their spouse or common-law partner as "successor annuitant" rather than the beneficiary. This allows the surviving spouse or common-law partner to take over the RIF on the owner's death, rather than having a transfer of the RIF funds to a registered account in their name.

If a beneficiary is not qualified, there may be a delay in the receipt of funds from the RIF and tax deferral rules do not apply. Finally, if no beneficiary is listed, the RIF is liquidated and its value would be added to the overall total value of the deceased individual's estate. Taxation would apply on all funds distributed to heirs and the value of the RIF would be subject to creditor claims as part of the estate.

This is only an overview of a RIF's lifespan and use, and does not comprehensively explain this investment product. To learn more, speak with a TD Estate planning specialist.

https://www.td.com/ca/en/personal-banking/products/saving-investing/registered-plans/rif/
https://www.canada.ca/en/revenue-agency/services/tax/individuals/topics/registered-retirement-income-fund-rrif.html

Smart Tech for Your Cottage

For many Canadian families, summertime means cottage time – but just because you're in the woods doesn't mean you have to rough it. Innovations in home technology have provided a plethora of options to upgrade your summer home. Here are some ideas to consider in making your cottage smarter and more enjoyable.

Come and go as you please

There have been major advancements in door lock technology over the years, and gone are the days of hiding a spare key under a flower pot or in the woodshed. Consider installing a smart lock that can be opened with your phone. This allows family members and guests to enter and exit conveniently without having to share a physical key. This technology also allows users to lock or unlock a door from another location – a big help if you forget to secure the building after the long weekend or want to let in a handyman while you're out of town. Finally, many of these products have video monitoring and built-in alarm systems for added security – great for helping to provide peace of mind as well as year-round security.

Be comfortable

A smart thermostat can keep your cottage cool in the summer and warm in the winter. As these products connect to your smartphone, you'll be able to turn on your air conditioning or furnace while en route, ensuring a comfortable temperature when you arrive. Plus, you'll be able to track your energy use and create efficiencies that help the environment and your energy bill.

Get some sleep

Summer sunshine is a wonderful thing, but if you've ever woken up to a bright, hot cottage bedroom at 6:00 a.m. when you planned on sleeping til nine, you know how important blinds can be to your cottage experience. Fortunately, there are solutions. Smart blinds can be programmed to keep your room extra dark while you sleep and let light in gradually when you want to wake up. In a similar fashion, you can set them to be fully open, partially open or closed at different times of day, giving you as much light or privacy as you desire. Add a modern, customizable white noise machine to your cottage bedroom and you'll be ready to sleep soundly all night. There are even smart pillows that offer gentle music, play audiobooks, stay cool and monitor your sleep quality. Some models will even vibrate if you snore, encouraging you to change positions (a bonus for your partner).

Have a little fun

Smart speakers, a virtual assistant, a smart TV with all of the bells and whistles... your cottage can have it all. Consider buying items that fit into the existing style and function of your summer home. It's best to complement your cottage style rather than distract from it, and you may want to preserve the "away from it all" feeling many cottages have. Or, forget being subtle and create the modern vacation oasis you've always wanted – the choice is yours.

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