Quarterly Exchange

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TD Wealth

Summer can offer a welcome change of pace – and with it, an opportunity to step back, take stock, and look ahead with intention. As priorities evolve through the year, it can be a valuable moment to revisit what matters most in the coming months. Here are three curated articles designed to provide practical perspective and help support confident decision-making this season.

Case study: Can Sumaya help her granddaughter buy a first home one day?

Sumaya is planning ahead for her granddaughter's future. A First Home Savings Account (FHSA) may offer tax benefits, flexibility and growth potential.

THE CASE

THE PEOPLE

Sumaya, 73, is a successful entrepreneur who retired five years ago and now enjoys spending more time with her family. Her granddaughter Jeena, 17, is about to finish high school and head to university next year.

GOAL

Sumaya's goal is to help Jeena with the purchase of her first home when she's ready. Even though Jeena's just finishing high school, Sumaya wants to pass along some wealth in a way that is tax-efficient and meaningful. Jeena's plans might change so Sumaya wants to ensure her plan has some flexibility built into it.

STATE OF MIND

Sumaya is forward-thinking and practical and would love some reassurance that her money will have a significant impact on Jeena's life.

THE CHALLENGE

Sumaya recognizes that, as she moves through her later years, she may not be in a position to help Jeena directly in the next decade or so and wants to put a thoughtful plan in place now. She wants her wealth transfer to be secure, the money to compound, and that Jeena would have a certain amount of versatility when she needs it. After university, one likely goal would be saving for a home. Sumaya knows there are several savings accounts that could help, each with different benefits. The question is which one may fit best for Jeena's situation, now and later.

What the advisor says

Nicole Ewing, Principal, Wealth Planning Office, TD Wealth, says someone in Sumaya's situation has several options to consider. While a Tax-Free Savings Account (TFSA) and a Registered Retirement Savings Plan (RRSP) both have advantages, a First Home Savings Account (FHSA) may be the stronger fit because of its tax benefits, flexibility and contribution limits.

"You can't open an FHSA for your child or grandchild, but you can gift them the money so they can contribute to one," says Ewing. "It's an opportunity for parents and grandparents to help their loved ones purchase a home."

Eligibility to open an FHSA is subject to meeting all applicable age, residency and first time home buyer requirements.

In practice, that means Sumaya could choose to give Jeena (who meets all the eligibility criteria) the money each year or as a lump sum, and then Jeena would make the FHSA contributions herself.

While an FHSA has contribution limits, they are not tied to a person's income like an RRSP.

A maximum of $8,000 can be contributed annually up to a lifetime contribution limit of $40,000. If you don't contribute the full $8,000 in a particular year, you can carry the remaining amount forward and contribute later.

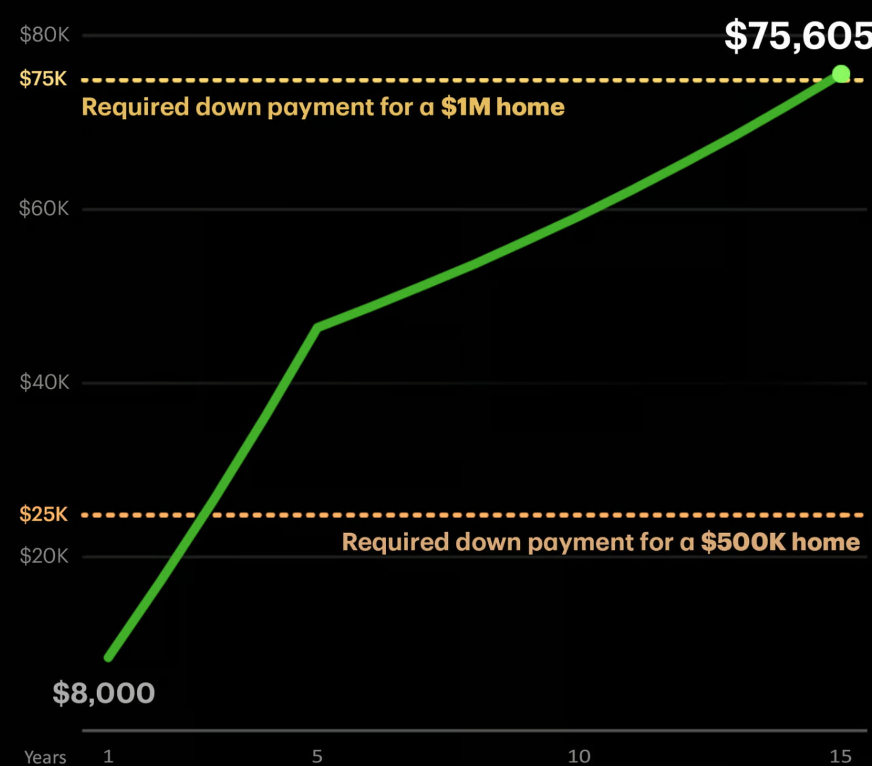
One of the main benefits is that qualifying withdrawals from the account are tax-free when they are used to buy a first home. As well, if Jeena has a partner who also has an FHSA, both can direct their FHSA contributions toward the same home.

RUN THE NUMBERS

What an FHSA could be worth after 15 years

Assumptions

- Annual maximum **($8K)** contributed for first 5 years
- Account held for maximum **15-year** period
- Annual rate of return is **5%**



Figures rounded. This hypothetical example is for illustrative purposes only and does not predict future values or performance.
Sources: TD Wealth, Government of Canada

Ewing says FHSAs also offer flexibility if goals change, noting the account has a maximum participation period of 15 years. For someone like Jeena, if a home is not bought during that time, the full account balance can be transferred tax-free to an RRSP, without impacting her regular RRSP contribution room. If home ownership is still her goal, those RRSP funds could later be accessed through the Home Buyers' Plan (HBP), which allows up to $60,000 to be withdrawn toward a home purchase, subject to repayment rules over 15 years.*

"If home buying plans change within that 15-year window, the money is actually still available — you can roll it into your RRSP and keep the tax deferral working for you," Ewing says.

Ewing adds that opening an FHSA is only part of the plan. The money also needs a clear strategy.

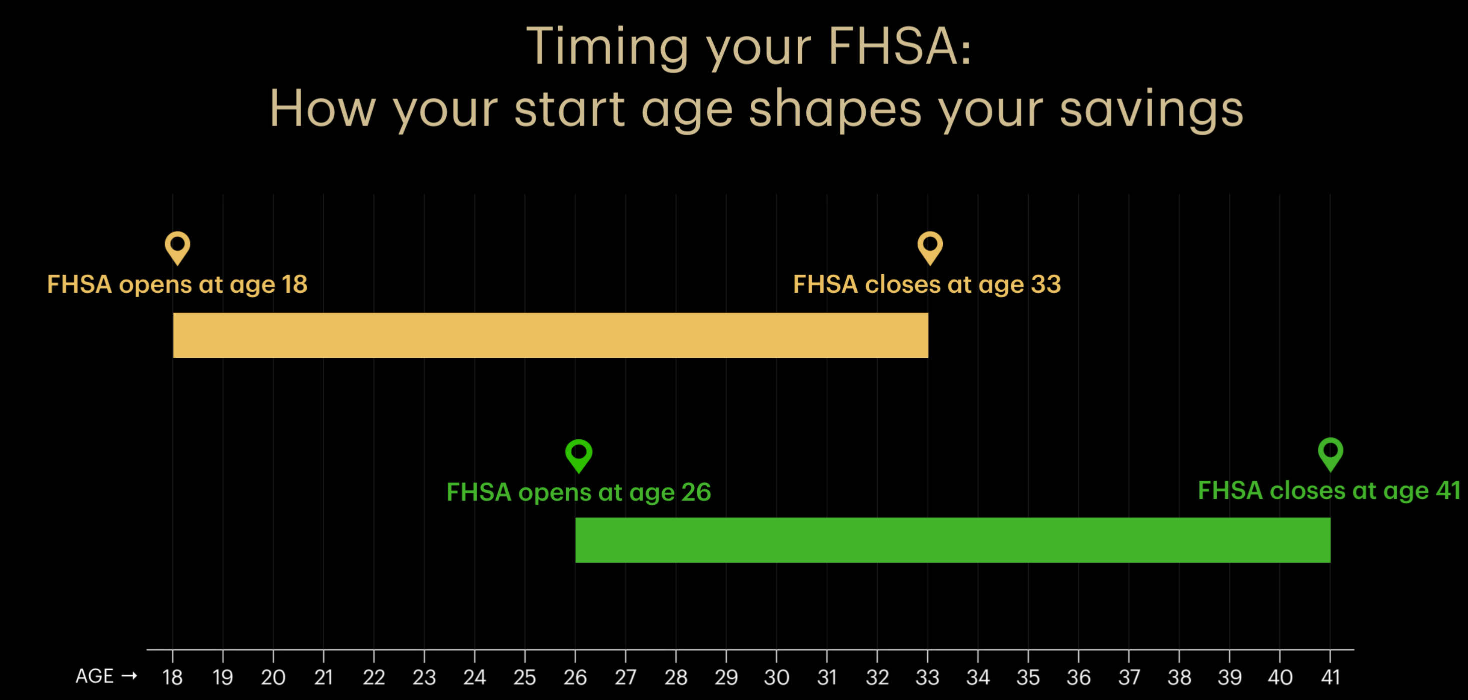
"This isn't just a savings account. It's an investment account. That means having an approach for what investments you're holding and how the timeline works," she says.

Making full use of an FHSA means investing the funds in order for the money to grow during the 15-year term. It can also help to maximize contributions early. If Jeena were to make an $8,000 contribution each year for the first five years, her total could grow to nearly $75,605 at the end of the account term, assuming a hypothetical annual compounded return of 5% on her investments.

One last thought: timing your FHSA

Because an FHSA can only be held for 15 years, timing can matter.

In Canada, 47% of first-time home buyers are between the ages of 25 and 34 years old.[1] But affordability pressures in larger cities, combined with extended periods of renting before purchase, are influencing when many Canadians are able to enter the housing market. That can influence when it makes sense to open an FHSA.



Figures rounded. This hypothetical example is for illustrative purposes only and does not predict future values or performance. **Sources:** TD Wealth, Government of Canada

For example, if Jeena opens an FHSA at 18, she would have to close the account at 33 whether she's ready to purchase a home or not. On the other hand, if she waits until 25 to open it, the money may have less time to grow before a home purchase. The good news is that the FHSA still offers options. If the timing changes, the funds could still support another strategy, including the Home Buyers' Plan.

- Don Sutton

* The repayment window for the Home Buyers' Plan has been subject to some changes. Normally, repayments begin in the second year after the year of withdrawal: Temporary repayment relief has allowed for a deferral of the repayment window to five years, but only for withdrawals made between Jan 1, 2022 and Dec 31, 2025. In addition, Canada's Spring Economic Update proposed to extend the temporary payment relief into 2028. (budget.canada.ca/update-miseajour/2026/report-rapport/pdf/update-miseajour2026-eng.pdf p. 99)

[1]The State of Homebuying in Canada: 2025 CMHC Mortgage Consumer Survey p. 27 https://assets.cmhc-schl.gc.ca/sites/cmhc/professional/housing-markets-data-and-research/housing-research/surveys/mortgage-consumer-surveys/survey-results-2025/mcs-ebook-2025.pdf?rev=d0441f31-639c-43e7-8f80-3b510a0044af&_gl=1*1h9j615*_gcl_au*MTczNDgyNzczOS4xNzgzMzQ4NzI5*_ga*MTE0ODA1NzY0NS4xNzgzMzQ4NzMw*_ga_CY7T7RT5C4*czE3ODMzNDg3MzAkbzEkZzAkdDE3ODMzNDg3MzckajUzJGwwJGgw

After you sell your business: A practical guide on what to do next

Don't let cash sit idle for weeks and months. If you're expecting a big payout from selling your business, here are key tax and planning questions you should raise with your advisors.

Congratulations! The papers have been signed, your years of sleepless nights and the long hours of entrepreneurship have paid off. Your company is about to be sold and your bank account will soon be full of sale proceeds. Moreover, you are far younger than you thought you would be at this stage: Many more business adventures await.

Now what?

Time for a breather, of course. But Chris Marta, Vice President and High Net Worth Planner with TD Wealth Advisory Services, TD Wealth, says it's important to get clarity on your direction. When there's nothing in your calendar, it can be an opportunity to rethink your future goals and make sure the roadmap you had before the sale still fits your life now.

"Right after a sale, many entrepreneurs find themselves for the first time in unfamiliar territory: significant cash in the bank, options everywhere, but not always a clear next step," says Marta.

Where your funds end up — in a personal or corporate account — will make a big difference on how your plans unfold. Yet some overriding principles can help keep you grounded as you plan your next move.

One fundamental principle is tax mitigation. Ideally, your sale was structured with tax implications in mind. This same discipline should carry forward in both the short and long term. Another is the need to stay open-minded about your options. Until you've decided what lies ahead, it's important not to commit to any strategies that will lock up capital or limit future options.

If your funds are in a personal account

When sale proceeds land in your personal account, the focus may turn to personal tax planning, investing and making the most of registered accounts and other planning opportunities.

What should you do with the cash while you decide what comes next?

In the short term, Marta says the priority will be to keep cash growing and safe. As long as tax considerations are addressed, you might consider investments in high-interest savings accounts or short-term instruments like guaranteed investment certificates (GICs).

"Some people are tempted to just sit on the cash. That's fine for a little while — but weeks turn into months, and months can turn into years. Pure cash gives you flexibility, but over time its value gets eroded by inflation," he says.

What parts of your personal financial plan should you revisit now?

This can be a natural time for financial housekeeping that can include maximizing registered accounts, settling or reevaluating debts, and reviewing estate planning and testamentary documents (Wills and powers of attorney).

Two areas where your needs might change are insurance and philanthropy.

Marta says that permanent insurance, while more expensive than term insurance, can serve multiple functions. It can be used to support estate planning since the death benefit is usually received tax-free by the recipient beneficiary. Also, its cash value may also be available as collateral for future financing (if needed).

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>
> CHRIS MARTA,
> Vice President and High Net Worth Planner with TD Wealth Advisory Services, TD Wealth

People who receive a windfall should also be aware of the opportunities philanthropic giving can offer, along with the tax implications. Depending on the situation, an entrepreneur could face a larger tax bill in the year the business was sold. Charitable donations can help offset this liability, provided they are made by Dec. 31 of the same tax year.

"If you're going to use philanthropy as a tax minimization tool, it needs to happen in the year the tax liability arises — timing matters," Marta says.

How can you manage the Alternative Minimum Tax?

If you personally sold your company, you may be subject to the Alternative Minimum Tax (AMT), even if the sale was structured tax-efficiently. The AMT is a tax calculation which applies a flat tax rate to income exceeding a certain threshold. While the AMT bill could seem large in the year of sale, a portion of it may be recoverable over time. A careful financial blueprint of your income sources — including employment, interest or rental income — will be needed to take advantage of any available AMT credits.

But while recovering AMT can be a smart tax pursuit, Marta says it has to be put into context with your other goals. You shouldn't restructure your tax strategy so that it gets in the way of your bigger goals.

What if you have already used your LCGE?

If you have successfully sold a business before, you may have already used your Lifetime Capital Gains Exemption (LCGE), which is $1.275 million in 2026 and indexed to inflation.

But if you are now looking for a future business opportunity, you may be wondering how to proceed if that tax exemption is no longer available. Marta says that's a good question to ponder as you structure any new business venture. One consideration is to include family members.

"You can structure your next company with different classes of shares, so that you retain all the voting control, while the company's growth in value primarily accrues to shares held by your family or a family trust," Marta says.

If your funds are in a corporate account

If proceeds from the sale are held in a corporate account, priorities will shift and the focus should be on corporate tax attributes, corporate investing and how and when to take out funds.

How should you withdraw from your corporate account?

A key course of action will use two corporate tax attributes: the capital dividend account (CDA) and the refundable dividend tax on hand (RDTOH) account.

The CDA can allow tax-free capital dividends up to the qualifying balance while the RDTOH may be refunded to the corporation when taxable dividends are paid.[1]

What if you need more personal income?

If these CDA and RDTOH accounts are exhausted or not available and you still need funds for lifestyle expenses, you might consider drawing on personal cash and non-registered funds first. Additional money can also be drawn from the company by way of taxable dividends. However, the best approach depends on many factors.

If the cash proceeds of your sale are your only material source for income, it can be worth speaking with an advisor before guessing how much to withdraw.

"It's generally not as tax-efficient to park money in a corporation and have it invested there, compared with earning investment income personally," Marta says. A financial planner and tax specialist can run projections to determine what's best in your situation.

Meanwhile, cash in the company should not sit idle either. Your advisor can help you determine an investment approach that helps those assets grow while remaining relatively safe and liquid, especially if another business opportunity suddenly appears.

You've been successful this far. Do you really need a plan?

Marta says people who have reached this stage of their life are usually quite savvy. But every entrepreneur could benefit from advice for the upcoming phase of their life. The right advisory team, including financial, investment, tax and legal professionals, can help translate today's success into long-term confidence, focus and flexibility.

"Everything depends on what comes next," he says. "Starting another business, taking a job, stepping back or retiring — along with family needs and cash-flow requirements."

- Don Sutton

[1] Income Tax Folio S3-F2-C1, Capital Dividends, Series 3: Property, Investments and Savings Plans, Canada.ca, (Jan. 14, 2026), accessed May 4, 2026, https://www.canada.ca/en/revenue-agency/services/tax/technical-information/income-tax/income-tax-folios-index/series-3-property-investments-savings-plans/series-3-property-investments-savings-plan-folio-2-dividends/income-tax-folio-s3-f2-c1-capital-dividends.html

T2 Corporation – Income Tax Guide – Chapter 6: Pages 6 and 7 of the T2 return, Canada.ca, (Mar. 28, 2026), accessed May 4, 2026, https://www.canada.ca/en/revenue-agency/services/forms-publications/publications/t4012/t2-corporation-income-tax-guide.html

Case study: Can a 60-year-old manager afford an unplanned early retirement?

John is suddenly laid off. Should he find work for another five years, or retire now?

THE CASE

SUBJECT

John is a 60-year-old manager who has worked for the same manufacturing company for more than 20 years.

GOAL

Retire early, if he can afford it.

STATE OF MIND

Upset and overwhelmed.

THE CHALLENGE

John's a diligent saver and has a defined benefit pension waiting for him upon retirement. But the sudden loss of five working years has thrown his retirement plans into disarray and he worries that if he stops working now, he won't be able to afford the retirement lifestyle he's always dreamed of. What's more, John hopes to be able to give his two kids $50,000 each for a down payment on homes. While he knows working another five years would help him achieve his goals, the prospect of looking for a new job feels both intimidating and unappealing. Can he retire now instead and still afford his retirement dreams? To make sense of his options, John reaches out to his financial advisor.

What the advisor says

Tannis Dawson, High Net Worth Planner, Wealth Advisory Services, TD Wealth, says that she often comes across these types of situations in her professional life. "Even among those who enjoy their work, many start to consider retirement around the age of 55," she says. In some cases it could arise in the form of a formal layoff but medical or family issues may also pop up.

"The questions then become 'When do I want to retire?' and 'How much do I need?' After all, even for those who are comfortable financially, choosing to pause or conclude your career is a big decision and there are a lot of factors to consider."

As an advisor, Dawson's job is to assess her clients' present and future finances, based on a thorough analysis of their personal goals and financial options via a series of projections.

These projections consider the impact of a variety of economic factors, including investment returns and inflation, as well as key economic milestones, such as when the client might decide to take their Canada Pension Plan (CPP).

For someone in John's situation, Dawson says she'd begin by looking at accumulated savings, including any registered accounts like a Tax-Free Savings Account (TFSA) or Registered Retirement Savings Plan (RRSP), as well as his corporate pension and any outstanding debt he might be carrying.

"With a corporate pension, particularly a defined benefit pension, your benefit is typically based on your best five salaried years — often your last five. Leaving early, therefore, can decrease that benefit. With a defined contribution plan, on the other hand, those final five years may not be as important," Dawson says.

She says it's also important to factor in your CPP and Old Age Security (OAS) benefits, and how taking some of those benefits earlier or later could affect your overall plan.

Finally, Dawson would examine John's expected lifestyle expenses in retirement — expenses that could worry someone in his circumstances. Some of us may be able to retire earlier if we plan to live more frugally in retirement. However John, like many of us, may be unwilling to give up an expected lifestyle in order to do so. In these cases, Dawson says it's a balancing act. What are you willing to compromise on? Ultimately, that's a personal decision.

Here's what Dawson sees when she runs some projections on John's options.

If John can find a comparable job quickly and continue working for five more years before retiring at age 65, Dawson calculates that he could afford an after-tax spend of as much as $141,000 per year (approximately) until the age of 95. This is dependent on him continuing to make maximum contributions to his TFSA and RRSP and investing in his non-registered account until retirement. On the other hand, if he chooses to retire at 60, his after-tax spend would have to drop to $109,000 (approximately). While the loss of $32,000 per year is significant — and perhaps surprising given the mere five-year reduction of an otherwise lengthy career — Dawson says his savings and pension should still afford him the ability to gift $50,000 to each of his two kids in the year of retirement and enjoy the retirement he has always dreamed of.

By far the biggest immediate impact on John's savings is his gifts to his kids. In his wealth plan projections (below), those gifts significantly dilute his non-registered savings, especially if he chooses to retire early, but his remaining savings are still enough to provide sufficient income until age 95.

RUN THE NUMBERS

What should John do? Should he retire now and accept reduced retirement spending or look for a job to secure more retirement income?

If John works until 65, his total annual retirement income is higher by about

$32,000

PERSONAL FINANCE*

Savings and income projections at retirement	OPTION 1 Find a job and retire later. (Continue maxing out TFSA, RRSP contributions and non-registered savings.)	OPTION 2 Retire now at 60 and start drawing on savings
TFSA savings	$244,611	$174,647
RRSP savings	$1,661,478	$1,217,518
Non-registered savings	$431,392	$197,987
CPP	$1,600 a month at age 65	$1,030 a month at age 60
OAS	$820 a month at age 65	$820 a month at age 65
Defined benefit pension (fully indexed with a bridge benefit)	$68,100 a year	$49,512 a year[1]
What John could spend per year up to age 95, after tax	**$141,000**	**$109,000**

[1] John's defined benefit plan includes a bridge benefit as a temporary top-up between early retirement and the time government benefits begin (often age 65). This benefit stops at age 65.

*Projections assume investment growth of 5% and inflation of 2%. CPP, OAS and pension amounts are in future dollars. CPP, OAS and total income numbers are approximate.

While John would likely have received a severance payment, this is not included in the calculations, given these amounts can vary greatly from individual to individual.

One last thought: Plan for the unexpected

Whether it's a layoff, volatility in your industry or plain and simple burnout, Dawson says it's normal to feel overwhelmed when faced with an unexpected crossroads in life. This is particularly true when your finances are involved. Part of what makes John's state difficult is the fact that his job loss was so unexpected. Not only is he dealing with real financial uncertainty, but he also has to deal with his frustration and lack of confidence over his prospects.

To help protect yourself from the shock of a similar career interruption, it could help to have a Plan B in place. Ask yourself: If you were to lose your job tomorrow, can you see a path forward? Ensuring you've taken the time to think through a situation like this can help you prepare mentally for the unthinkable, while an emergency fund could help shoulder some of the financial stress. An advisor can check your current situation and help prepare you for unexpected surprises.

- Tamara Young

If you have any questions about the content in these articles, or need help navigating any of the challenges discussed, please do not hesitate to reach out.

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