January 2013 starviewfinancial.com

STARVIEW
FINANCIAL ADVISORS

We would like to wish you and your family a healthy and prosperous new year.
Thank you for your continued support and we look forward to meeting in 2013.

Note: the RRSP Deadline for your 2012 contribution is **March 1st 2013.**

Contribute more to TFSA in 2013

In November the federal government announced that *the annual Tax Free Savings Account (TFSA) contribution limit has been increased from $5000 to* ***$5,500*** *for 2013.*

There is still a misconception that a TFSA can only contain an interest earning or savings account. However, TFSAs can include a wide range of investment options that include fixed income and equity investments that can be matched to your investment goals, timeframes and risk tolerance.

Since introduced in 2009, a TFSA has become a very valuable part of financial planning for all Canadians over 18 years of age. Common examples include establishing a family emergency fund; saving for an upcoming expense such as a new home, renovation, trip, wedding or maternity leave; and saving for retirement in addition to or as an alternative to an RRSP.

A great aspect of a TFSA for seniors is that you receive contribution room regardless of income earned and when funds are withdrawn they do not affect your eligibility for federal income tested benefits and credits such as Old Age Security and the Guaranteed Income Supplement.

Canadians that have not yet opened a TFSA have the potential to contribute up to $25,500, in 2013, to earn tax free income. For two people, such as a husband and wife, this is now an opportunity to potentially shelter up to $51,000 (plus any growth obtained) from future income taxation.

Market Update

Global financial markets provided strong returns in 2012, despite a litany of negative headlines about government debt problems in Europe and the United States and the slowing pace of growth in many regions. In the end, the global economy has continued on its path of gradual recovery from the financial crisis of four years ago, with improvements seen in key areas such as U.S. employment and housing.

World stock markets started 2012 on an encouraging note before declining through the spring and then recovering to post impressive gains. Canadian equities as measured by the S&P/TSX Composite Index finished the year with a

…see Market on page 2

As good as gold…or better

Maple syrup “has climbed 182 per cent since the end of 1980, more than crude oil and gold”. Why? Demand and costs to produce have been continually on the rise. More recently, output of Canadian maple products were down 8% in 2012.

Dec 20, 2012 – Bloomberg: Katia Dmitrieva & Ilan Kolet

Don’t Overlook Medical Expenses

Now that December 31 has passed, there are only a small number of actions you can take to potentially reduce your 2012 income taxes payable. One often overlooked deduction relates to medical costs incurred. Canadians with medical expenses over a threshold are entitled to claim a non-refundable tax credit. For most the threshold is 3% of your net income. This may not sound significant at first, however taking a retrospective look back at the medical costs your family paid out may be

…see Medical on page 2

Market - from page 1

gain of 4.0%. The moderate pace of global growth kept more defensive sectors such as health care, consumer staples and financials in favour, while the more cyclical industries that dominate the Canadian market, such as materials and energy, lagged. In the U.S., the S&P 500 Index reached 1,426 points, an increase of more than 100% from its low of March 2009. It was up 10.2% for the year. The MSCI World Index also rose, adding 10.0%. Despite persistent debt concerns in the Eurozone, the MSCI Europe Index was up 17.3%. (All index returns are reported in Canadian dollars.)

While major policy announcements from the European Central Bank (ECB) and the US Federal Reserve sparked market rallies, investors nonetheless remained relatively cautious. Government bond yields in Canada and the U.S., which move inversely to prices, reached historic lows in July and remained low towards the end of the year, reflecting the continued popularity of this asset class. Investment-grade and high-yield corporate bonds also recorded good returns, as investors continued to seek income-producing investments.

Looking ahead, the global economy appears set to continue its modest growth in 2013. Interest rates and inflation are expected to remain low. However, significant economic challenges remain. Although U.S. politicians reached a compromise in early January to soften the impact of the “fiscal cliff,” difficult decisions over government spending must be made in the coming weeks and months. Similarly, policymakers in Europe must continue to work to contain and resolve the region’s ongoing sovereign debt problems.

What we have seen, however, is that businesses can grow and create wealth and capital markets may continue to provide gains, despite such overhangs.

Should you have any questions about your investments or the outlook for the coming year, please contact us.

Medical - from page 1

significant and result in a potential reduction in actual taxes payable.

Medical expenses can be claimed that relate to yourself, your spouse and minor children. Expenses incurred by a close relative who is dependent on you for support can also be claimed however each dependent is subject to a separate threshold calculation.

The list of eligible expenses is quite long and includes most professional medical treatments including but not limited to those provided by your Doctor, Registered Nurse, Dentist, Physiotherapist, Optometrist, Chiropractor as well as the products they provide (such as prescription medications, eye glasses, dentures, hearing aids etc. as well as medical and assistive devices such as walkers, wheel chairs and insulin needles) that are not covered by an existing medical plan. Amounts you paid above your existing medical plan coverage should be considered in your total.

For this credit you can also choose any 12 month period that ends in 2012. This is significant if you incurred major costs spanning two calendar years.

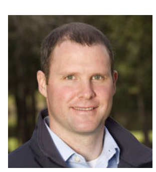
In certain situations, the Income Tax Act also allows a claim for travel expenses for one person when needed to aid in the treatment and recovery of a spouse or dependent undergoing major medical care.

More details on claiming a medical expense tax credit can be obtained from your tax professional or CRA’s Interpretation Bulletin IT-519R2.

Terry Sullivan:

tsullivan@starviewfinancial.com

519-941-4813



Trevor Pugh

tpugh@starviewfinancial.com

519-941-4813

Barry Sinclair:

bsinclair@starviewfinancial.com

519-941-8735

www.starviewfinancial.com

Toll-Free: 888-820-9426 • Fax: 519-941-9515