







2016 2017

CANADA'S BUDGET

The new Liberal government announced significant changes in their budget on March 22, 2016 that affect your personal finances.

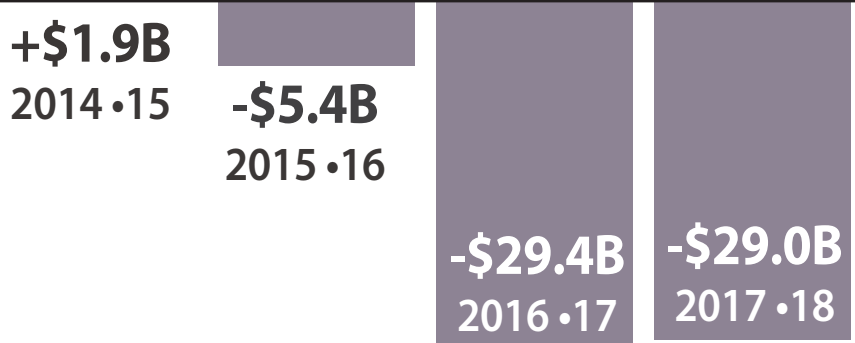
REFLECTIONS SINCE THE LAST BUDGET*

| | | | |
|-------------------------------------|--|-------------------------------|---|
| Canadian Dollar vs. the U.S. Dollar |  83.68¢ high 13 May 2015 | Oil Price per barrel in \$CAD |  \$61.26 high 2 Jun 2015 |
| |  68.70¢ low 18 Jan 2016 | |  \$26.55 low 20 Jan 2016 |
| |  76.62¢ @budget 22 Mar 2016 | |  \$41.22 @budget 22 Mar 2016 |

Low oil prices have put significant pressure on Canada's economic growth. However, the lower Canadian dollar will lend some support to growth. Canada's economy is projected to grow by 1.4% in 2016 and by 2.2% in future years.

* Period between 23 Mar 15 - 22 Mar 16

PROJECTED DEFICIT



PERSONAL FEDERAL INCOME TAX RATES









New personal tax rate system structure for 2016.

| | | | | |
|----------------|---------------------|----------------------|-----------------------|------------|
| \$0 - \$45,282 | \$45,283 - \$90,563 | \$90,564 - \$140,388 | \$140,389 - \$200,000 | \$200,000+ |
| 15% | 20.5% | 26% | 29% | 33% |






Tax cuts for individuals earning between \$45,283 - \$90,563.
Tax increases for individuals earning more than \$200,000.

HIGHLIGHTS

The budget aims to grow the economy and strengthen the middle class.

| | | |
|---|--|--|
| 65 OAS Payments Decrease the eligibility for old age security (OAS) back to age 65 from 67. |  Guaranteed Income Supplement Low income single seniors receive up to 10% more - up to \$947 annually. |  Canada Child Benefit New tax-free benefit with up to \$6,400 per child under 6, and up to \$5,400 per child aged 6-17. |
|  Child Disability Benefit Families with disabled children under age 18 will continue to receive a disability benefit of up to \$2,730. |  Affordable Higher Education Canada Student Grants increasing to \$3,000 for students from low income families and to \$1,200 for students from middle income families in 2016-2017. |  Student Debt Repayment Individuals are not required to start repaying Canada Student Loans until they are earning at least \$25K. |
|  Labour Sponsored Funds The federal tax credit will be restored to 15% starting in 2016. |  Small Business Tax Rate The small business tax rate will remain unchanged at 10.5% on the first \$500K in future years. |  Small Business Deduction Limits access to the \$500K small business deduction using multiple corporate structures. |

The following items are being phased out or eliminated.

| | | |
|--|--|---|
|  Family Income Splitting This Family Tax Cut will be eliminated starting in the 2016 tax year. |  Child Fitness & Arts Credits These tax credits are reduced by 50% in 2016 and will be eliminated in 2017. |  Education & Textbooks Education and textbook tax credits will be eliminated in 2017. |
|  Charitable Giving The proposed tax exemption on capital gains of donated private corporate shares or real estate starting in 2017 is eliminated. |  Corporate Class Funds Investors will no longer be able to shelter capital gains from tax when switching between corporate class funds after September 2016. |  Life Insurance Distributions Loopholes allowing business owners to use life insurance policies to make tax-free distributions will be closed as of March 22. |

Give your IPC Advisor a call to discuss how these changes may impact your financial plan.

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Sources: Budget highlights: www.budget.gc.ca. Crude oil prices: <http://ca.investing.com/commodities/crude-oil-historical-data>. Canadian/US Dollar: <http://www.bankofcanada.ca/rates/exchange>.
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