







2016 2017

CANADA'S BUDGET

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

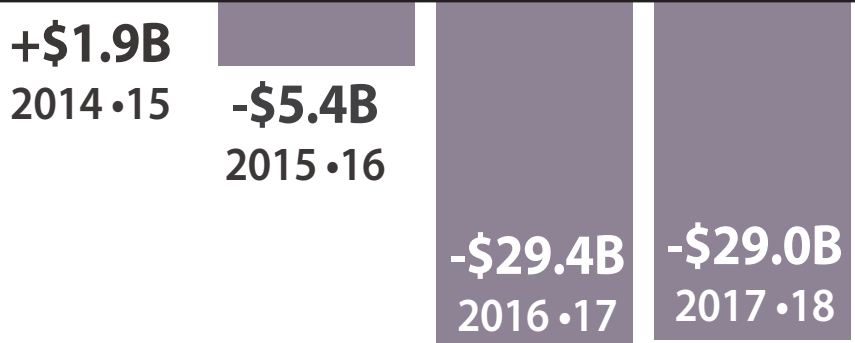
REFLECTIONS SINCE THE LAST BUDGET*

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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