



CESTNICK

TAX MATTERS

Life's milestones mean tax savings – if you plan properly

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My wife, Carolyn, says I never listen – or something like that. But honestly, our marriage is great. I'm even trying to remember to open the car door for her when we go out. When you see a guy opening the car door for his wife, you know either the car is new, or his wife is new. In my case, neither are new – we celebrated our 25th anniversary three years ago.

Maybe you've reached some milestones in life over the past year. How will this impact your taxes? Last week, I talked about becoming an adult, starting a career, and homeownership. Today, I'll finish with a few more life events to consider.

Tying the knot

If you got married recently, there are some things you should consider. First, you should let the Canada Revenue Agency know about the change in your marital status. You have until the end of the month after the month of the change to let the taxman know.

Now that you're married, consider splitting income with your spouse if you're in different tax brackets. Lending

money to your spouse (at the prescribed rate) to invest, paying your spouse a salary from your business, using a spousal RRSP to save for retirement, and having the higher-income spouse cover household expenses to enable the lower-income spouse to invest some of their earnings can all make sense – among other ideas.

Tim Cestnick: How milestone life events could affect your tax return this year

Becoming a parent

If you've welcomed a child into your family, there are several benefits and credits to consider. The Canada Child Benefit (CCB) is key – worth up to \$7,997 this year for a child under six – and you can apply when registering the birth, through My Account, or using Form RC66. And your GST/HST credits may increase.

Once daycare begins, you may qualify to claim child-care expenses, and you may be eligible to claim medical expenses for fertility treatments, childbirth, or pediatric care. It's also smart to start saving for your child's education through a registered education savings

plan (RESP) and benefit from the Canada Education Savings Grant (up to \$7,200 per child). If you own a corporation, consider income planning to support your spouse during a leave, or reduce personal income to help maximize the CCB.

Marriage breakdown

Sorry you're going through this. To make life easier financially, consider claiming the amount for an eligible dependent (line 30400 of your tax return) if you have children. Be aware that child support payments are not deductible to the payer and not taxable to the recipient, but spousal support is both deductible and taxable, respectively. Transfers of assets like a principal residence or registered plans can be made tax-free between spouses when you settle things. Separation is a good time to use any capital losses you might have and update beneficiaries on your registered plans or insurance policies, revise your will, and consider insurance needs.

Inheriting money

If you've inherited money, consider whether you might be on the hook for any taxes owing by the transferor, which can be the case if taxes were owing to the CRA at the time of the transfer. Then, consider how you'll use the money you've received. Good options include: paying down debt; investing the money (it's a good time to revisit your asset allocation); making donations; or spending the money. If you use the money to renovate your principal residence, you might increase its value, which could be a tax-free benefit to you later if you sell.

Tim Cestnick: When dealing with a loved one's estate, follow this checklist

Reaching age 65

Getting older can come with financial opportunities. You may be entitled to the age amount (which can save up to \$1,381 in federal taxes for 2026), and the following tax credits where they apply: Pension credit, medical-expense tax credit, disability tax credit, Canada caregiver credit, and the home-accessibility tax credit. You should also think about splitting up to one half of eligible pension income with your spouse. It's also a good time to consider how you'll draw income from your various accounts (see my articles from Feb. 4, 12 and 19).

Losing a loved one

I'm sorry for your loss. The final tax return for your deceased loved one is due the later of April 30, 2026 (for a death in 2025), or six months after the date of death. The executor might also have to file a T3 trust tax return for the estate itself if any income was earned, or capital gains realized, in the estate after the date of death and before the assets were distributed to the beneficiaries. The estate might qualify as a Graduated Rate Estate for up to three years after the date of death, which can save tax for the family since income in the estate can be taxed at graduated tax rates. Check with a tax professional for more. See my article from March 12 for a checklist of things to do.

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