



CESTNICK

TAX MATTERS

Year-end is an opportunity for families to focus on tax savings

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Some family trees bear a huge number of nuts. That would describe mine. But I'm still thankful for every one of my family members. And together, we're saving tax. You can too. Check out these ideas.

1. **Review your estate plan.**

Year-end is a good time to dust off your will and estate documents. Make sure your will is valid, and your executors, beneficiaries and estate distribution still look good. If you haven't prepared a Letter of Wishes – a non-legally binding document that may give direction on such things as funeral services, distribution of personal possessions and trustee guidance – make that a priority (see my articles from Sept. 17 and Sept. 25, 2025). There may be opportunities to reduce probate fees by, for example, naming beneficiaries directly on registered plans and insurance, holding assets in joint names with right of survivorship, or using multiple wills to pass on

certain assets like private company shares.

2. **Consider a prescribed-rate loan.** If you have a spouse or children in a lower tax bracket, a properly structured loan to your spouse or a family trust can shift future investment income to them without triggering the attribution rules. Your spouse, or the trust, can invest the funds and pay interest to you (by Jan. 30 for the prior year's interest) at the prescribed rate, which is currently 3 per cent. This will allow your spouse or the trust beneficiaries to pay the tax on earnings rather than you, setting you up for tax savings in 2027. You have until Dec. 31 each year to pay, or make payable, trust income to beneficiaries to split income.
3. **Help fund a family member's TFSA.** You can give or lend money interest-free to your spouse or adult child so they can contribute to a TFSA. Normally, transferring money to a spouse for investment can create attribution problems where you'll

pay the tax on any income earned on the funds, but income earned inside a TFSA is tax-free, so those rules don't apply while the funds remain in the plan. Just make sure the recipient has enough unused contribution room.

4. **Top up an RESP.** If you have children or grandchildren, review their RESP contributions before year-end. Contributions can attract Canada Education Savings Grants (CESGs) worth up to 20 per cent of contributions, to a maximum of \$7,200 in a beneficiary's lifetime. Making withdrawals from an RESP before Dec. 31 can make sense if the student beneficiary is attending a qualifying postsecondary program and has a low income for 2026.
5. **Pay child-care costs before year-end.** If you've incurred eligible child care expenses, make sure they're paid by year-end and keep receipts. Daycare is the obvious example, but certain camp and boarding-school costs can also qualify, subject to limits. Some provinces provide separate child care tax credits. Get your paperwork organized now to make tax-filing easier and help ensure eligible costs aren't missed.
6. **Make use of an RDSP.** If a child or family member qualifies for the disability tax credit, consider whether a registered disability savings plan (RDSP) should be set up or funded before year-end. Contributions can attract Canada Disability Savings Grants (CDSGs), while lower-income beneficiaries may qualify for Canada Disability Savings Bonds. A contribution of \$1,500 can generate up to \$3,500 of

grants in a year – a 300-per-cent match on the first \$500 and 200 per cent on the next \$1,000. The lifetime CDSG maximum is \$70,000.

7. **Claim caregiver credits.** Families caring for an infirm spouse, parent, grandparent or other dependant can overlook caregiver tax relief. Federal and provincial or territorial credits can apply depending on your situation. The rules can be detailed, so gather the information before year-end and make sure your tax preparer knows about the caregiving arrangement.
8. **Consider a multi-generational renovation.** If you've renovated your home to create a secondary unit for a senior or adult eligible for the disability tax credit, you could qualify for the multi-generational home renovation tax credit. This federal credit is 14 per cent of up to \$50,000 of eligible costs, for a maximum of \$7,000 back in your pocket. Keep contracts, invoices and proof of payment to support the claim.
9. **Review fertility-treatment expenses.** Several provinces offer tax credits for eligible fertility-related costs, and these expenses can be big. If your family incurred these costs this year, collect invoices and receipts now rather than reconstructing everything next spring. Eligibility, reimbursement rates and annual or lifetime limits vary by province, so check the rules where you live and co-ordinate the claim with other medical expense tax relief.
10. **Time withdrawals from registered plans.** If you or your

spouse will be leaving the work force, even temporarily, and expect a lower income this year or in the future, it may be possible to make withdrawals from an RRSP or spousal RRSP with little tax cost while income is lower. Consider whether withdrawals make sense before year-end.

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