



- In This Issue -

Home Sweet Home - When Affordable
First Home Help
Budget Considerations
When to take CPP and OAS
Market Moves
Keeping Safe and Secure

Written by: Linda and Melanie Cartier and John Lindsay

525-PLAN(7526) - www.financialdecisions.ca - plan@financialdecisions.ca

Home Sweet Home - When Affordable First Home Help



The dream of almost everyone is to have a home of their own. This **goal in recent years** has become something many can only fantasize about especially younger people.

Prices have skyrocketed and with the ever increasing cost of renting it is **difficult** to save for a down payment. The Federal government has recently announced that home mortgage payments can be extended for **30 years**. This does reduce monthly payments but the **total cost** of repayment over this extended period is higher.

What to do? The reason for the current housing crisis is a matter of **supply and demand**. More available affordable housing would make a difference, but this could take some time. Less immigration and fewer international students might help. Other factors are involved as well, such as seniors living longer, retiring later and deciding to stay in their own homes so these houses are not available to the same extent as in years past.

Of course building more homes would make a difference. However, this **requires action** by all levels of government, real action and not just talk. And the housing needs to be affordable as wages have not kept up with the cost of housing and rental accommodation.

Some say that the inflationary cycle will continue for some time and best to **"jump in"** now before prices go even higher. This of course depends if you have sufficient income and down payment for whatever might be available. Others say best to wait until prices will eventually come down or at least stabilize. There is no easy answer.

When asked for our advice, we remind those wanting a residence to remember that a home should not be primarily considered as an investment but rather a "lifestyle" decision, **a place to live in** and possibly raise a family. If you can find a property that a lender (bank or credit union) decides you can afford (something that does not take up more than 30 percent of your gross income) then possibly it is a consideration.

We are **always ready** to help those interested in making important lifestyle decisions based on your own specific situation and circumstances. We are just a phone call away.

Current home prices have made purchasing a home for the first time a serious challenge as to finding the savings required, especially for young couples and families.

In 2023 the **First Time Homeowners Savings Account (FHSA)** came into existence, a way to put away money for an initial house purchase.

An FHSA account allows for contributions of up to \$8,000 a year to a maximum of 5 years and the account can remain open for 15 years.

You can deduct the contribution amount on your tax return and when you access the account for a home purchase you pay **no taxes** on the amount accumulated. If you do not buy a home you can transfer the money saved into an RRSP and pay no tax.

To help further towards a first home purchase you can withdraw up to **\$35,000** from an RRSP account using the Home Buyers' Plan. With both partners working at creating an FHSA and RRSP account, the down payment amount after 5 years could be quite substantial and interest rates are hopefully expected to be more reasonable by then as well.

For **parents and grandparents** you have the opportunity to save tax while helping your family set up these accounts by contributing, a gift that lasts for years to come and eventually reduce estate taxes as well.

See reverse for more news

Market Moves

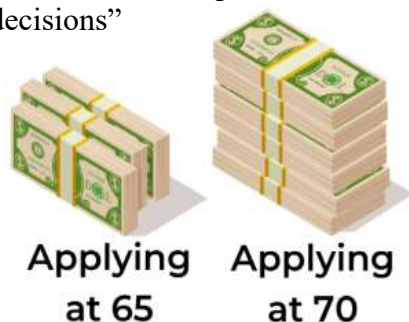
Why do the financial markets do what they do? There are many factors that determine **ups and downs** and **no one** can predict with any accuracy.

Factors as diverse as international and political events, interest rates, company performance, supply and demand, even the weather and **pure speculation** can have an effect.

In depth analysis on at regular basis is provided by our investment specialists at the Croft Financial Group which **benefit** you directly and are also **posted on our website**. Of course we are always available to discuss with you at anytime.

CPP and OAS Decisions

A question often asked - when to take CPP and OAS. The answer to both is **“it depends”**. Everyone’s situation is different and the options to be considered are important “financial decisions”



The short answer as to when to start receiving Canada Pension Plan and Old Age Security payments is “when you need it”. There is no sense of **depriving yourself** of needed income if your cash flow is too tight.

Delaying CPP and OAS payouts when eligible which for CPP can be as early as 60 and for OAS at 65 until later dates will increase the money received which is a consideration, but all amounts are **taxable** which is another factor of possible importance.

It can be complicated so when the time comes to decide it is a good idea to **consult with us** and together we can see what is best for you in your circumstances and life plans.

Keeping Safe and Secure



From stealing your car to your identity or money from your bank account there are many threats to our property and security. Bad people are **very skilled** in getting what they want and we have to be aware of the dangers present.

It is not just your computer that can be hacked or infected. The telephone is a favorite for evil-doers who tell you that your social insurance number has been compromised or your credit card has some expenditures that need to be checked. In both instances and similar others you are told to enter a number for more information - **don't**. Also, agencies like the Canada Revenue Agency will not call you - always check every suspicious phone call and hang up if unsure.

With the advent of artificial intelligence it is possible for crooks to **imitate the voices** of those you might know, relatives and friends. If the caller is asking for some form of help - just hang up and call the individual yourself.

Car theft is not as prevalent in our area as down south, but some simple precautions should also be used such as locking your vehicle and keeping your car “fob” **secure** inside your residence.

Other helpful hints, and there are many, for safety and security can be found on the internet: Google **“Canadian Anti-Fraud Centre”**

Budget Confusion and Considerations

Some government budget changes are not always well thought out. This seems to be the **situation** with respect to the measures to increase the capital gains exemption.

The original proposal to increase from half to two thirds for amounts over \$250,000 **could affect** those selling rental or vacation properties or investments where gains might be over that amount. Also some professionals with private corporations could be negatively effected and these individuals **have protested**. The timing of the change could effect planning for those effected as there are a number of tax planning factors to be taken into account.

The government has gone back to the **planning board** and some changes will likely take place and so we will keep informed when this occurs.