



Common-law couples' to do list

Common-law partners – whether they're of the same or opposite sex – receive the same treatment as married spouses when it comes to most provisions of the Income Tax Act. Here are a few things to consider when you're doing financial planning for two:

- 1.** Although you pay more in bank fees to maintain multiple accounts than you would to maintain just one joint account, it's more important to choose the solution that will cause the least amount of conflict. That may mean maintaining two or more separate accounts.
- 2.** If you anticipate having a much higher income in retirement than your spouse, set up a spousal RRSP now to help equalize your retirement income and minimize taxes. With a spousal RRSP, your partner owns the funds but you claim the tax deduction.

- 3.** At tax time, don't forget to claim the "spouse or common-law partner" credit.
- 4.** Remember that you can transfer non-registered assets to your common-law partner on a tax-deferred basis at any time, and may do the same for RRSP or RRIF assets at death.
- 5.** If your income is much higher than your partner's, or vice-versa, consider having the lower-income partner make any non-registered investments while the higher-earning partner pays the household bills. Investment profits will be taxed in the hands of the lower-earning spouse, minimizing your tax bill.
- 6.** Update your insurance policies and investments to make sure that you and your common-law partner are each other's beneficiaries.





7. On your tax return, you and your common-law partner can combine your charitable donations to produce a higher non-refundable tax credit.
8. Speak to your tax or legal advisor for more information.

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