

## New Estate Administration Tax Replaces Probate Tax in 2013

Despite the challenges our economy faced this past year, such as the crisis in Europe, China, and the US recovery (Fiscal Cliff); 2012, though volatile, provided positive returns in Canadian Real Estate, Financials and Utilities.

Energy, Metals and Mining were the underperforming markets on the TSX index. Specifically, this sector continues to be undervalued and trades at a discount due to weakness and fear in the Global market place.

We see opportunity and continued strength in all sectors including resources over the next few

quarters. While markets on both a technical and valuation basis have room to grow, we continue to climb a wall of worry as the United States continues to sort out its financial issues. Volatility, uncertainty and patience are still the name of the game. Depending on your risk tolerance, we head into 2013 cautiously optimistic. Should a significant rise in the markets on a short-term basis develop, our suggested strategy is to continue being prudent by realizing the profits and rebalancing your portfolio.

### FISCAL CLIFF

The so-called fiscal cliff is a slate of automatic tax hikes and spending cuts that will take effect on the US Economy. A tentative resolution was put to work starting January providing a sense of temporary relief for the US Economy and the global market place. We would like to remind you, it took Canadians over a decade from the GST on the revenue side and the Martin budget cuts to get Canada's budget balanced. Expecting the United States can do it over the holidays is truly unrealistic. Sensibly, they have done a good job laying the groundwork, however, the rollout and success of the program will remain to be seen.

## Group Benefit Tax Changes – January 1<sup>st</sup>, 2013:

- If you are a member of a Group Benefits Plan, or you are an employer, you should be aware of the following changes to the taxation of some of the benefit elements that take effect on January 1, 2013.

Premiums paid by the employer:	Before January 1 <sup>st</sup> , 2013	After January 1 <sup>st</sup> , 2013
Life Insurance	Taxable Benefit	Taxable Benefit
Dependant Life Insurance	Taxable Benefit	Taxable Benefit
Accidental Death & Dismemberment	Non-Taxable	Taxable Benefit
Critical Illness	Non-Taxable	Taxable Benefit
Long Term Disability	Taxable Benefit*	Taxable Benefit*
Short Term Disability	Taxable Benefit*	Taxable Benefit*
Health Care	Non-Taxable	Non-Taxable
Dental Care	Non-Taxable	Non-Taxable
*Taxable benefit if premiums paid in part or in full by employer		

## TFSA:

### New Maximum Eligible Contribution Limit \$5,500

- As of January 1<sup>st</sup>, 2013, Canadian residents, age 18 and older, can contribute up to \$5,500 annually to a TFSA. This is an increase from the annual contribution limit of \$5,000 for 2009 through 2012 and reflects indexation to inflation.

### How does a TFSA work?

- Investment income earned in a TFSA is tax-free.
- Withdrawals from a TFSA are tax-free.
- Unused TFSA contribution room is carried forward and accumulates in future years.
- Full amount of withdrawals can be put back into the TFSA in future years. Re-contributing in the same year may result in an over-contribution amount which would be subject to a penalty tax.
- Choose from a wide range of investment options.

## RRSP:

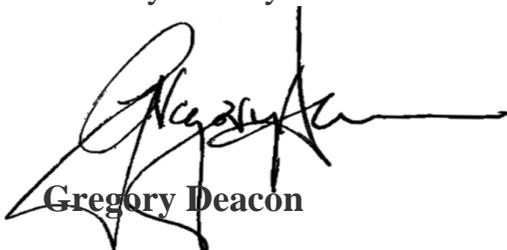
- 2012 Contributions to your RRSP must be made by March 1<sup>st</sup>, 2013. The maximum you can contribute this year is \$22,970. In addition to any unused contribution room you may have. Please call us to help determine what you are eligible to contribute for 2012.

## Economic Indicators at a Glance

	Jan 3, 2012	Nov 30, 2012	Dec 31, 2012	MTD	YTD
S&P/TSX Composite Index	12,097.23	12,239.36	12,433.53	+1.58%	+2.78%
Canadian Dollar to US Dollar	1.0213	1.0078	1.0031	-0.47%	-1.78%
Gold (USD)	\$1,564.95	\$1,715.10	\$1,675.83	-2.29%	+7.09%
WTI Crude Oil (USD)	\$100.20	\$88.90	\$91.80	+3.26%	-8.38%
Canada Commodity Price Index	\$652.01	\$619.73	\$613.91	-0.94%	-5.84%
Canadian Unemployment Rate	7.5%	7.4%	7.2%	-0.2%	-0.3%

We wish you and your respective families continued health, wealth and good fortune in 2013 and beyond.

Thank you for your continued trust and confidence.



**Gregory Deacon**



**Paul Kalata**