ATB WEALTH™

ALBERTA TAX REFERENCE GUIDE

January 2025

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The ATB Wealth Tax Reference Guide is designed to provide important tax planning information at your fingertips, and includes important dates, tax rates, government benefit payments, contribution amounts, and other helpful information for your 2025 tax year.

We hope you find this guide helpful, but recommend that professional tax advice always be obtained when dealing with taxation issues, as each individual's situation is different. This guide is not intended to replace or serve as a substitute for professional advice.

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2025 COMBINED FEDERAL AND ALBERTA TAX BRACKETS AND MARGINAL TAX RATES

Taxable income		Interest, other income & foreign dividends	Capital gains	Canadian eligible dividends	Canadian non-eligible dividends
Over	Up to				
	*16,129	0.00%	0.00%	0.00%	0.00%
$16,129	$22,323	15.00%	7.50%	-0.03%	6.87%
$22,323	$57,375	23.00%	11.50%	-0.19%	13.56%
$57,375	$60,000	28.50%	14.25%	7.40%	19.89%
$60,000	$114,750	30.50%	15.25%	10.16%	22.18%
$114,750	$151,234	36.00%	18.00%	17.75%	28.51%
$151,234	$177,882	38.00%	19.00%	20.51%	30.81%
$177,882	$181,481	41.32%	20.66%	25.09%	34.63%
$181,481	$241,974	42.32%	21.16%	26.47%	35.78%
$241,974	$253,414	43.32%	21.66%	27.85%	36.93%
$253,414	$362,961	47.00%	23.50%	32.93%	41.16%
$362,961		48.00%	24.00%	34.31%	42.31%

*This figure represents the basic personal amount (BPA) for those with income below $177,882. The BPA is gradually reduced as income increases above $177,882 and for those with income above $253,414 the BPA will reduce to $14,538.

LIFETIME CAPITAL GAINS EXEMPTION (LCGE)

Qualified small business corporation (QSBC) shares and qualified farm or fishing property	
Exemption limit	$1,044,291*

*Budget 2024 proposed to increase the lifetime capital gains exemption limit to $1,250,000 (effective June 25, 2024), with indexation to resume in 2026. At the time of publication, the legislation to enact these changes has not yet been introduced in the House of Commons.

General rules for the LCGE for QSBC shares

- 90% of the fair market value of the assets in the corporation must be used in active business in Canada at the time the shares are sold or transferred;
- The shares must have been held by the individual or a related person for 24 months; and
- During the 24-month period preceding the sale or transfer, 50% of the fair market value of the assets in the corporation must have been used in active business in Canada.

DIVIDEND TAXATION

Dividends represent a distribution of after-tax profits from a corporation to its shareholders. The taxation of dividends received from Canadian corporations is designed to reflect that the corporation paying out the dividend has already paid tax on its profits. This is done through a "gross-up" of the dividend with a corresponding "dividend tax credit" that is applied. The amount included in the individual's income is grossed-up to estimate the total amount of pre-tax income that the corporation distributed. Since individuals pay tax at different tax rates than corporations, the individual's own personal tax rate is applied to the grossed-up dividend. The individual then applies the tax credit to offset the estimated tax the corporation has paid. For an individual in a very low tax bracket the tax credit can be more than enough to offset their tax owing on the dividend, and the remainder can be applied to offset other tax that may be payable.

Although dividends are favourably taxed, due diligence is required to avoid jeopardizing any income based government benefits. The Old Age Security (OAS) clawback is based on net income earned, and in the case of dividends, the grossed-up amount of the actual dividend received is the amount reported as income for OAS purposes. The income inclusion is 138% for an eligible dividend and 115% for a non-eligible dividend.

ATTRIBUTION RULES

Type of income	Gift	No or low interest loan	Prescribed rate loan
Spouse or partner			
Interest and dividends	Attributed to giftor	Attributed to lender	No attribution
Capital gains	Attributed to giftor	Attributed to lender	No attribution
2^{nd} generation income	No attribution	No attribution	No attribution
Child under 18			
Interest and dividends	Attributed to giftor	Attributed to lender	No attribution
Capital gains	No attribution	No attribution	No attribution
2^{nd} generation income	No attribution	No attribution	No attribution

ANNUAL CONTRIBUTION LIMITS FOR TFSA AND RRSP

TFSA		RRSP
$7,000	**2024**	$31,560
$7,000	**2025**	$32,490
$7,000 (plus indexing if applicable)	**2026**	$33,810

TAX-FREE SAVINGS ACCOUNT (TFSA)

The TFSA dollar limit is indexed to inflation rounded to the nearest $500. This means that each year an unrounded indexed amount (the base figure) is calculated based on increases in the CPI, but the annual limit changes only when the unrounded amount reaches the next rounding threshold. The next contribution limit increase to $7,500 will not occur until the base figure reaches $7,250 (i.e. the mid-point between $7,000 and $7,500). Over the long term the indexing will keep up with inflation, however, the dollar limit will lag slightly behind inflation initially and slightly ahead as each threshold is reached.

The cumulative total for someone who has never contributed and has been eligible for the TFSA since it was introduced in 2009 is $102,000.

Your TFSA contribution room is made up of:

- The annual TFSA dollar limit ($7,000 for 2025); plus
- Any unused TFSA contribution room from the previous year; plus
- Total amount of withdrawals from TFSAs in the previous year (excluding qualifying transfers and withdrawals of TFSA "excess").

You can request your TFSA contribution room by calling 1-800-267-6999 or by logging into your My Account for Individuals.

REGISTERED RETIREMENT SAVINGS PLAN (RRSP)

The current year's RRSP contribution limit is the lesser of 18% of earned income or the maximum dollar limit as indicated in the chart on page 3. An individual's available contribution room is a factor of many things including the current year's RRSP contribution limit, unused RRSP deductions from the previous year, unused contributions from the previous year, pension adjustments, and any pension adjustment reversal from the previous year. You should refer to your own 2025 RRSP Deduction Limit Statement provided by CRA on your 2024 Notice of Assessment for an accurate calculation of your 2025 RRSP deduction limit and available contribution room.

- To qualify as a 2024 deduction, contributions to your own or a spousal RRSP must be made on or before Monday, March 3, 2025.
- To qualify as a 2025 deduction, contributions to your own or a spousal RRSP must be made on or before Monday, March 2, 2026.

RRSP over-contribution rules

A monthly penalty tax of 1% is applied to RRSP contributions made in excess of the maximum contribution limits.

If an individual is over the age of 18, they are entitled to a cumulative over-contribution limit of $2,000 to an RRSP before the penalty tax is applied.

Withholding tax applied for RRSP/RRIF withdrawals

Cash withdrawals from an RRSP, or withdrawals from a RRIF/LIF that are above the minimum annual payment amount, will be subject to a withholding tax based on the amount withdrawn as follows:

- **10%** for amounts up to and including $5,000
- **20%** for amounts more than $5,000 and up to $15,000
- **30%** for amounts more than $15,000

Please be aware that for recurring transactions the financial institution is expected to combine all lump-sum payments that have been or are expected to be paid in the calendar year when determining the withholding tax rate applied. For individual lump sum withdrawals the withholding tax is to be based on that specific withdrawal.

Spousal RRSP rules

If you have RRSP contribution room, contributions to a spousal RRSP can be made by a contributing spouse up to and including the year the non-contributing spouse turns 71 and will be deductible to the contributing spouse.

Withdrawals from a spousal RRSP

If there were contributions to ANY spousal RRSP in the year of a withdrawal from a spousal plan, or in the two previous calendar years, such withdrawals (up to the amount of the total contributions made in that time frame), would attribute back to the contributor. A withdrawal in 2025 would attribute back if a contribution was made in 2023, 2024 or 2025.

Removal of spousal designation – death and divorce

The spousal designation may be removed by CRA upon the death of the contributor or following divorce, provided all three of the conditions below are met.

Condition 1 - Proof of separation caused by breakdown:
The annuitant and contributor must be living apart at the time of the request because their marriage or common-law partnership has broken down. The issuer or carrier should ask for a written statement, signed and dated by the annuitant, stating that they are no longer living with the person identified as the contributor as well as a copy of any relevant legal documents such as a separation agreement or divorce decree.

Condition 2 - No contributions:
There must be no spousal or common-law partner contributions to any of the annuitant's RRSPs for the year of the request and the two previous years.

Condition 3 - No withdrawals:
There must be no withdrawals from the spousal or common-law partner RRSP during the year of the request or, in the case of a RRIF, no more than the minimum amount may be withdrawn.

When these three conditions are met, the issuer or carrier may remove the contributor information from the spousal or common-law partner RRSP or RRIF, or transfer the property to a new or existing individual RRSP or RRIF in the annuitant's name.

Where these three conditions are not met, information about the contributor cannot be removed from a spousal or common-law partner RRSP or RRIF unless the spouse or common-law partner who contributed to the plan is deceased.

Please refer to the CRA's Registered Retirement Savings Plans and Registered Retirement Income Funds (RRSP/RRIFs) web page for more information.

FIRST HOME SAVINGS ACCOUNT (FHSA)

The First Home Savings Account (FHSA) is a registered plan available that allows first-time home buyers a tax-advantaged option to save for the purchase of a home.

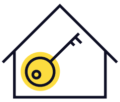
Like an RRSP, contributions to an FHSA are tax-deductible. Qualifying withdrawals to purchase a first home, including withdrawals of the growth or earnings in the account, are non-taxable similar to a TFSA, assuming certain conditions are met.

To open an FHSA, you must be a resident of Canada and at least 18 years of age. In addition, you must be considered a first-time home buyer, meaning that you or your spouse or common-law partner cannot have owned a home in which you lived as your principal residence at any time during the part of the calendar year before the account is opened or at any time in the preceding four calendar years.

There is an annual contribution limit of $8,000 per year, with a lifetime limit of $40,000. Your FHSA contribution does not accrue until the year the FHSA is opened. An individual can carry forward up to a maximum of $8,000 of unused room.

For additional information regarding FHSAs, please refer to the ATB Wealth FHSA Guide.

HOME BUYERS' PLAN (HBP) AND LIFELONG LEARNING PLAN (LLP)



Home Buyers' Plan (HBP)

Limits:
$60,000 per participant

Repayment:
1/15th per year beginning the second year following the year of withdrawal, payable before the first 60 days into the following year.

Temporary repayment relief is available to defer the start of the 15-year repayment period by an additional three years for participants making a first withdrawal between Jan. 1, 2022 and Dec. 31, 2025. As a result, the 15-year repayment period would start the fifth year following the year in which a first withdrawal was made. For example, if you made your first withdrawal in 2022, your first year of repayment will be 2027.

Lifelong Learning Plan (LLP)

Limits:
$10,000 per year to a maximum of $20,000 over four years

Repayment:
1/10th per year, with the first payment due 60 days after the fifth year following the first withdrawal. If the course is completed in the year of withdrawal, repayments may commence in the second year following the withdrawal.

REGISTERED EDUCATION SAVINGS PLAN (RESP)

Lifetime maximum contribution	$50,000 per beneficiary
Contribution age limit	**Individual plan:** Final contribution must be made by the end of the 31st year after the year the plan is entered into.
	Family plan: Before a beneficiary's 31st birthday.
Plan age limit	Plan must be collapsed before December 31 of the 35th year following the year the plan is entered into.
Over-contribution penalty	1% per month of the over-contribution amount at the end of the month.
Canada Education Savings Grant (CESG)	20% of the annual contribution to an RESP on the first $2,500 contributed each year per beneficiary, until the end of the year in which the beneficiary turns 17. Maximum of $500 annually ($1,000 if sufficient unused grant room from a previous year exists) and $7,200 lifetime. For families with income below the first federal tax bracket, the CESG will increase to 40% on the first $500 contributed to an RESP. For families with income between the first and second federal tax brackets, the CESG will increase to 30% on the first $500 contributed to an RESP for the year. The CESG does not count towards the $50,000 contribution maximum.
Canada Learning Bond (CLB)	Eligibility for the CLB is based, in part, on the number of qualified children, and the adjusted income of the primary caregiver. Provides $500 on opening an RESP and $100 annually (to a maximum of $2,000) until age 15 for children born after 2003.

REGISTERED EDUCATION SAVINGS PLAN (RESP) CONTINUED

Educational withdrawals	**Educational Assistance Payments (EAP):** **Full-time student:** Generally, $8,000 maximum payout for full-time students within first 13 weeks of a qualifying education program. **Part-time student:** Generally, $4,000 maximum payout, provided certain conditions are met.
	Post-secondary educational withdrawal of capital: No penalty as withdrawn when beneficiary is qualified for an EAP.
Non-educational withdrawals	**Accumulated Income Payment (AIP):** Fully taxable to the subscriber, plus 20% penalty, may be able to shelter up to $50,000 with RRSP room. Can only be applied for if all beneficiaries are over 21 and ineligible for EAP and plan has been in place for 10 years; or all beneficiaries are deceased; or if the payment is made in the 35th year after the inception date.
	Non-educational withdrawal of capital: When withdrawals of capital are made at a time when a beneficiary does not qualify for an EAP, the CESG is clawed back at a rate of 20% to the amount of the withdrawal. Repayment of other government grants and bonds will be required as well.

For additional information regarding RESPs and applicable grants and bonds, please refer to the ATB Wealth RESP Guide.

REGISTERED DISABILITY SAVINGS PLAN (RDSP)

Designed to provide long-term financial security to persons with disabilities.

Eligibility to open RDSP

- Qualified for Disability Tax Credit
- Valid social insurance number (SIN)
- Canadian resident
- Opened before December 31 of the year the beneficiary turns 59
- $200,000 lifetime contribution limit

Grant eligibility

- Contribution before December 31 of the year the beneficiary turns 49
- $70,000 lifetime limit

Bond eligibility

- Contribution before December 31 of the year that the beneficiary turns 49
- Under income threshold (see following page)
- $20,000 lifetime limit

RDSP grant entitlement for 2025

Beneficiary's 2023 family income	Matching grant		Maximum grant payable per year
Less than or equal to $114,750	On first $500 Grant equivalent to 300% ($3 for every $1 of eligible contributions)	$1,500	**$3,500**
	On the next $1,000 Grant equivalent to 200% ($2 for every $1 of eligible contributions)	$2,000	
Greater than $114,750 **(or if no income information is available from CRA)**	On the first $1,000 Grant equivalent to 100% ($1 for every $1 of eligible contributions)	-	**$1,000**
Carry forward annual maximum			**$10,500**

RDSP bond entitlement for 2025

Beneficiary's 2023 family income	Bond entitlement
Less than or equal to $37,487 (or, if the holder is a public institution)	$1,000
Between $37,487 and $57,375	Based on annual formula: $1,000 - ($1,000 x (2023 family income - $37,487) / $57,375 - $37,487)
Greater than $57,375 (or if no income information is available from CRA)	None
Carry forward annual maximum	**$11,000**

For additional information regarding RDSPs and applicable grants and bonds, please refer to the [ATB Wealth RDSP Guide.]

RRIF, LIF, RLIF & LRIF MINIMUM AND MAXIMUM WITHDRAWAL AMOUNTS

Fair market value of RRIF/LIF/RLIF/LRIF on December 31, 2024 multiplied by percentages below:

Age at beginning of 2025	Minimum withdrawal %[1]	Maximum withdrawal %			
		AB[2], BC[2], NB, NL[2], ON[2] & SK[3]	MB[2,4] & NS	QC [5]	Federal (PBSA)
50	2.50%	6.27%	6.10%	6.25%	4.88%
51	2.56%	6.31%	6.10%	6.25%	4.92%
52	2.63%	6.35%	6.10%	6.25%	4.96%
53	2.70%	6.40%	6.10%	6.25%	5.00%
54	2.78%	6.45%	6.10%	100%	5.05%
55	2.86%	6.51%	6.40%	100%	5.10%
56	2.94%	6.57%	6.50%	100%	5.15%
57	3.03%	6.63%	6.50%	100%	5.21%
58	3.13%	6.70%	6.60%	100%	5.27%
59	3.23%	6.77%	6.70%	100%	5.34%
60	3.33%	6.85%	6.70%	100%	5.42%
61	3.45%	6.94%	6.80%	100%	5.50%
62	3.57%	7.04%	6.90%	100%	5.59%
63	3.70%	7.14%	7.00%	100%	5.68%
64	3.85%	7.26%	7.10%	100%	5.79%
65	4.00%	7.38%	7.20%	100%	5.91%
66	4.17%	7.52%	7.30%	100%	6.04%
67	4.35%	7.67%	7.40%	100%	6.19%
68	4.55%	7.83%	7.60%	100%	6.35%
69	4.76%	8.02%	7.70%	100%	6.53%
70	5.00%	8.22%	7.90%	100%	6.73%
71	5.28%	8.45%	8.10%	100%	6.96%

72	5.40%	8.71%	8.30%	100%	7.22%
73	5.53%	9.00%	8.50%	100%	7.52%
74	5.67%	9.34%	8.80%	100%	7.86%
75	5.82%	9.71%	9.10%	100%	8.27%
76	5.98%	10.15%	9.40%	100%	8.73%
77	6.17%	10.66%	9.80%	100%	9.26%
78	6.36%	11.25%	10.30%	100%	9.88%
79	6.58%	11.96%	10.80%	100%	10.62%
80	6.82%	12.82%	11.50%	100%	11.50%
81	7.08%	13.87%	12.10%	100%	12.59%
82	7.38%	15.19%	12.90%	100%	13.95%
83	7.71%	16.90%	13.80%	100%	15.70%
84	8.08%	19.19%	14.80%	100%	18.03%
85	8.51%	22.40%	16.00%	100%	21.30%
86	8.99%	27.23%	17.30%	100%	26.22%
87	9.55%	35.29%	18.90%	100%	34.41%
88	10.21%	51.46%	20.00%	100%	50.80%
89	10.99%	100.00%	20.00%	100%	100.00%
90	11.92%	100.00%	20.00%	100%	100.00%
91	13.06%	100.00%	20.00%	100%	100.00%
92	14.49%	100.00%	20.00%	100%	100.00%
93	16.34%	100.00%	20.00%	100%	100.00%
94	18.79%	100.00%	20.00%	100%	100.00%
95 & older	20.00%	100.00%	20.00%	100%	100.00%

1 Prior to receiving any payments, the annuitant may elect to use the age of their spouse when calculating the minimum payment amount.

2 The maximum LIF/RLIF payment for AB, BC, MB, NL & ON is the greater of the investment gains in the previous year, or the % indicated above.

3 Withdrawal rate for existing SK LIFs & LRIFs only, as these are no longer available. SK locked-in assets are now transferred to a Prescribed RRIF which has no maximum limit on withdrawals.

4 Manitoba permits 100% unlocking after reaching age 65.

5 Québec LIF payments are based on the age at the time of application (not age at the beginning of the year). For calculating the maximum LIF payment for Québec regulated LIFs please refer to the following: https://www.rrq.gouv.qc.ca/en/retraite/cri_frv/Pages/modifications-frv-2025.aspx

OLD AGE SECURITY (OAS) BENEFITS

Old Age Security benefit rates are reviewed in January, April, July and October to reflect changes in the Consumer Price Index (CPI).

OAS benefit payment amounts, January – March 2025

Type of benefit	Maximum monthly	Income level cut-off[1]
OAS pension regardless of marital status[2] (age 65 to 74)	$727.67	$151,668 (Individual income)
OAS pension regardless of marital status[2] (age 75 and over)	$800.44	$157,490 (Individual income)
Guaranteed Income Supplement (GIS)		
Single	$1,086.88	$22,056 (Individual income)
Spouse/common law partner of someone who:		
• Receives an OAS pension	$654.23	$29,136 (Combined income)
• Does not receive an OAS pension	$1,086.88	$52,848 (Combined income)
• Is an Allowance recipient	$654.23	$40,800 (Combined income)
Allowance	$1,381.90	$40,800 (Combined income)
Allowance for the survivor	$1,647.34	$29,712 (Individual income)

1 The income level cut-offs do not include the OAS pension or the first $5,000 of employment income and 50% of employment income between $5,000 and $15,000.

2 Pensioners with an individual 'net income before adjustments' (line 23400 of your tax return), that is above $93,454 in 2025 will have to repay part of the maximum Old Age Security pension amount. The full OAS pension is eliminated when a pensioner's net income is $151,668 or above. For those aged 75 and over, the upper limit threshold is $157,490.

Individuals have the option to defer receiving OAS payments for up to five years. If the deferral option is elected, the individual's OAS payments will be increased to adjust for the fact that fewer payments will be received over that individual's lifetime. The rate of increase will be 0.6% per each month of deferral.

CANADA PENSION PLAN (CPP) BENEFITS

CPP rates are adjusted every year in January to reflect changes in the Consumer Price Index (CPI).

CPP payment amounts

Type of benefit	**Average benefit for new beneficiaries** (October 2024)	**Maximum amount** (2025)
Retirement (at age 65)	$808.14	$1,433.00
Post retirement benefit[1]	$16.01	$47.82
Disability	$1,186.40	$1,673.24
Post-retirement disability benefit	$583.32	$598.49
Survivor – younger than 65	$527.91	$770.88
Survivor – 65 and older	$325.64	$859.80
Children of disabled contributors	$294.12	$301.77
Children of deceased contributors	$294.12	$301.77
Death (one-time payment)	$2,499.54	$2,500.00[2]
Combined benefits		
Survivor/retirement (retirement at 65)	$1,017.67	$1,449.53
Survivor/disability	$1,293.81	$1,683.57

[1] If you are under the age of 70, while receiving your CPP or QPP retirement pension, you can make CPP contributions towards the Post-Retirement Benefit, a fully indexed lifetime benefit that increases your retirement income. Contributions are mandatory for working retirement pension recipients under age 65, while those aged 65 or above may elect not to contribute.

[2] Up to $5,000 may be payable for contributors have have no survivors and have never collected CPP payments.

You can request your own Statement of Contributions which contains an estimate of your CPP benefits at 1-800-277-9914 or by logging into your [My Service Canada Account.]

Early & late election of CPP

- For each month your CPP is received before age 65 the benefit entitlement will decrease by 0.6% (7.2% per year).
- For each month your CPP is postponed after age 65 the benefit entitlement will increase by 0.7% (8.4% per year).

CPP pension election, before & after age 65:

Age 60	64.00%
Age 61	71.20%
Age 62	78.40%
Age 63	85.60%
Age 64	92.80%
Age 65	100.00%
Age 66	108.40%
Age 67	116.80%
Age 68	125.20%
Age 69	133.60%
Age 70	142.00%

Contributions to CPP while receiving CPP retirement pension

If you are 60 to 65 years old, working outside of Quebec and receiving a retirement pension from the CPP or the QPP, you must make CPP contributions towards CPP's "Post-Retirement Benefit" (PRB) program. These contributions will result in increased retirement benefits even for persons already receiving the maximum pension amounts. Contributions made in 2025 will create benefits that begin in 2026.

CPP AND EI CONTRIBUTION INFORMATION 2025

CPP

Canada Pension Plan

Yearly Maximum Pensionable Earnings (YMPE) for 2024:	$71,300
Basic exemption:	$3,500
Employee & employer contribution rate:	5.95%
Self-employed contribution rate:	11.90%
Maximum employee contribution:	$4,034.10
Maximum self-employed contribution:	$8,068.20

CPP2

Canada Pension Plan Enhancement (CPP2)

Year's Additional Maximum Pensionable Earnings:	$81,200
Employee & employer contribution rate:	4%
Self-employed contribution rate:	8%
Maximum employee contribution:	$396
Maximum self-employed contribution:	$792

EI

Employment Insurance

EI maximum earnings:	$65,700
EI contribution rate:	1.64%
Maximum employee EI premium:	$1,077.48
Maximum employer EI premium:	$1,508.47

CPP ENHANCEMENT

Enhancements to the Canada Pension Plan (CPP) began in 2019.

Effect on CPP benefits:

Prior to 2019, the CPP was designed to replace 1/4 of an individual's average working earnings up to the YMPE each year.

The enhanced CPP is designed to replace 1/3 of an individual's average working earnings with an increased limit. In order to receive the full enhanced benefit, individuals must contribute to the enhanced CPP for 40 years.

Impact on CPP contributions:

Phase 1 of the CPP enhancement concluded in 2023 with a final increase in the contribution rate from 5.70% in 2022 to 5.95% for earnings between $3,500 and the YMPE ($71,300 for 2025).

Phase 2 of the CPP enhancement began in 2024. Employees will also contribute 4% on earnings between the first earnings ceiling and a second higher limit, known as the Year's Additional Maximum Pensionable Earnings. For 2025, the higher limit will be 14% higher than the first earnings ceiling.

Please refer to [CPP enhancements and your retirement] for more information.

PENSION INCOME CREDIT

The pension income credit provides a non-refundable reduction in taxes payable on the first $2,000 of eligible pension income (see page 24). For 2025, the value of the pension credit can be illustrated as follows:

Federal savings

Qualifying pension amount	$2,000
Applicable tax rate	15%
Federal savings	**$300**

Provincial savings

Qualifying pension amount	$1,719
Applicable tax rate	10%
Provincial savings	**$172**

Combined savings

Combined savings	**$472**
Combined savings if doubled (i.e. for a couple)	**$944**

INCOME SPLITTING IN RETIREMENT

Income splitting refers to transferring income from the higher-income-earning spouse to the lower-income-earning spouse. Since Canada's tax system is based on progressive tax rates, spouses with more equal income generally pay lower overall taxes. For example, less tax is paid on two incomes of $60,000 than one income of $120,000. CPP pension sharing and pension income splitting are two allowable income splitting options and are discussed below:

CPP pension sharing

If one spouse or common-law partner has both higher retirement income and higher CPP retirement benefits, consider applying to share CPP pension(s). The CPP retirement benefits that were earned while the spouses or common-law partners lived together will be shared between them. This provides for a more even split of income, which may bring down the total taxes you pay as a couple. The CPP pension sharing arrangement ends on separation*, divorce, death of one of the spouses, or if both partners request that it be cancelled.

For additional information regarding CPP pension sharing, please refer to the Government of Canada's CPP Pension Sharing webpage for more information.

*CPP pensions sharing ceases in the 12th month following the month in which the spouses or common-law partners start to live separate and apart.

Pension income splitting

Pension income splitting can be another way to transfer income between spouses. If the income is eligible pension income (see next page), it can be split between spouses. To take advantage of this opportunity, both spouses must jointly agree to make this election when they are completing their personal income tax returns. A spouse can allocate up to 50% of their eligible pension income to be taxed in the hands of the other spouse, with the allocated amount deducted from their income and included in the income of their spouse.

The amount of income splitting that will produce the most tax savings will vary greatly among couples depending on the income of each individual. However, be aware that you may also need to take into account the impact that the increase in a spouse's taxable income may have in reducing or eliminating the amount of personal tax credits otherwise available, such as the age credit and medical expense credit. Income splitting may also change a spouse's entitlement to Old Age Security (OAS) and/or trigger a clawback of your spouse's OAS benefits.

"Eligible" pension income includes:

At any age:
Income in the form of a pension directly from a registered pension plan (RPP) (i.e. a lifetime pension from an employer-sponsored defined benefit plan or defined contribution plan).

If the recipient is 65 years of age or older:
Income from a registered annuity, a registered retirement income fund (RRIF), a locked-in RRIF (LIF), or a deferred profit sharing plan (DPSP) annuity.

"Ineligible" income includes:

- Old Age Security (OAS)
- Guaranteed Income Supplement (GIS)
- Canada Pension Plan / Quebec Pension Plan
- Registered annuities, RRIFs, LIFs and DPSP annuities (if recipient is under age 65)
- RRSP withdrawals
- Income from retirement compensation arrangements (RCAs)

ALBERTA PENSION UNLOCKING

If you have an Alberta regulated locked-in account there are five specific situations that may allow you to unlock funds:

- Considerably shortened life
- Becoming a non-resident
- 50% unlocking
- Financial hardship
- Small amount unlocking

If you meet the criteria for unlocking, you have the option to transfer the funds into a RRSP or a RRIF on a tax-deferred basis. Alternatively, the funds could be taken in cash and subject to income tax in the current year.

Access to small amounts

If an amount held in an Alberta regulated locked-in account falls below a set level, the account may be unlocked. For the year 2025 these levels are as follows:

- If the dollar value of any single locked-in account is less than $14,260 on the day you request the withdrawal, the account can be unlocked. This rule applies to anyone, at any age, on any single locked-in account.
- If you are aged 65 or older and the value of any single locked-in account is less than $28,520 on the day you request the withdrawal, then the account can be unlocked.

The small amount dollar values are based, respectively, on 20% and 40% of the Year's Maximum Pensionable Earnings (YMPE). If your account value is beneath the small amounts threshold, you do not need your pension partner to waive entitlement to a pension as the amount in the fund is considered too small to provide a pension.

For additional information regarding locked-in accounts please refer to the ATB Wealth <u>Locked-in accounts reference guide.</u>

DONATION TAX CREDIT

For Alberta resident individuals, donations to Canadian registered charities are eligible for a tax credit. For 2025, the tax credit is as follows:

	% on first $200	% on amount over $200
Federal	15%	29% (33% will apply to the extent that taxable income is subject to 33% federal tax rate; the amount of income above $253,414)
Alberta	60%	21%

If you have securities that have increased in value, you may wish to consider a donation of securities in-kind to a registered charity. In addition to the donation tax credit, the capital gain on the appreciation of the securities will not have to be included in your taxable income.

PROBATE FEES IN ALBERTA

The court fees for issuing grants of probate with a net value of property in Alberta are as follows:

Value of estate	Fees*
$10,000 or under	$35
over $10,000 and not exceeding $25,000	$135
over $25,000 and not exceeding $125,000	$275
over $125,000 and not exceeding $250,000	$400
over $250,000	$525

*These fees relate only to the court fees and do not include legal or other fees related to the preparation and submission of the Application for Probate.