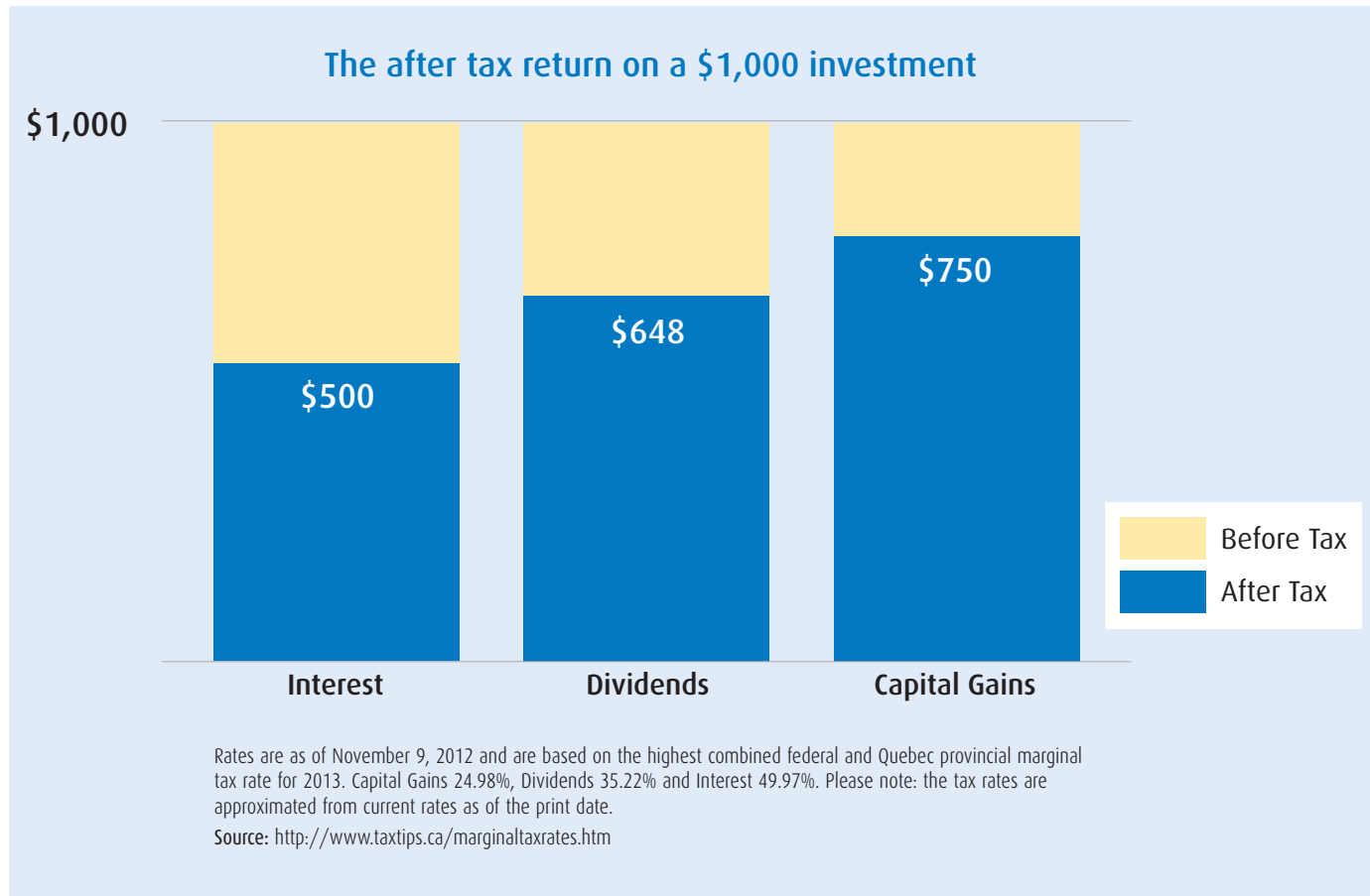


The impact of taxes (Quebec)

Let's compare capital gains, dividends and interest



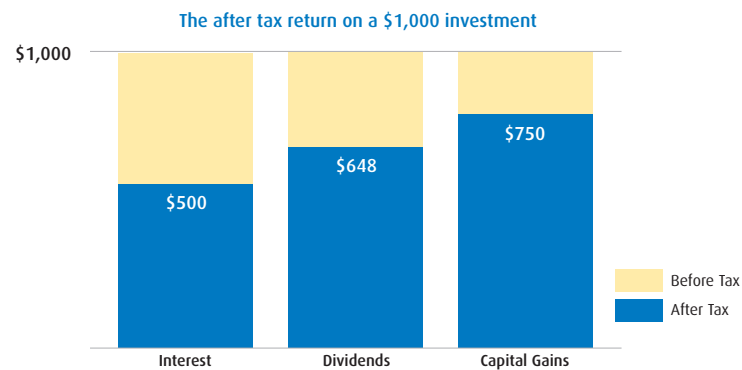
Tax tip

Interest income is 100% taxable. As such, investors may want to consider holding interest bearing investments inside a tax sheltered plan to potentially maximize tax-efficiency.

Consider the impact of taxes when structuring your investment portfolio.

Please see next page for additional information and important disclaimers.

The impact of taxes (Quebec)



Background

There are different types of investments with different types of investment income, which are taxed differently. When investing outside of your tax sheltered plans (RSP/RIF/RESP) it is important to understand the differences.

Key points

- Interest income is 100% taxable. As such, investors may want to consider holding interest bearing investments inside a tax sheltered plan to potentially maximize tax-efficiency.
- Dividend income from Canadian corporations receive preferential tax treatment, benefitting from the Dividend Tax Credit.
- Capital gains enjoy preferred tax treatment – only 50% of capital gains are included in taxable income.
- As the graph illustrates, \$1,000 earned is not \$1,000 saved.
 - The investor earning interest pays the most tax.
 - The investor earning capital gains pays the least.

Conclusion

It makes sense to consider the impact of taxes when structuring your investment portfolio.

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