

Income Tax and Financial Planning News

2025-2026

With the new tax season upon us, here are the main income tax and financial planning developments for 2025-2026.

Table of contents

General	2
Difficult times for the Canada Revenue Agency (CRA)	2
Medical expenses	5
Political contributions (Quebec)	6
Luxury tax on aircrafts and boats	6
Tax on unused dwellings abolished	6
Production of personal tax returns by the CRA	6
Families	7
Parental union	7
Childcare expenses (Quebec)	8
Parental Leave	8
Future owners	9
GST and QST refunds on new housing	9
Investments	14
Alternative minimum tax (AMT)	14
Obligation to report foreign property (Quebec – Form TP-1079.8.BE)	14
Abolition of the additional capital gains exemption on flow-through shares	14
Retirees	15
Tax credit for career extension	15
Quebec Life Income Fund (LIF)	21
Advance life deferred annuity (ALDA)	16
Elders	21
Home Accessibility Tax Credit	24
Disabled persons	25
Canada Disability Benefit (200 \$ / Monthly)	25

Tax and Financial Planning Guide

You can also consult our 2025-2026 Tax and Financial Planning Guide.

This year, we have added several topics. For example, in the “Future Homeowners” section (property transfer tax, GST holiday on new housing, and CMHC insurance). In addition, the section on persons with disabilities has been further developed.

As mentioned previously, the Guide does not claim to be exhaustive. Each year, we add topics based on new developments and questions most frequently asked by our clients.



PAUL RIOUX CPA inc.

*Planification financière
et fiscale*

General

Difficult times for the Canada Revenue Agency (CRA)

Auditor General's Report on CRA Call Centers

On October 21, 2025, Auditor General Karen Hogan released her report on, among other subjects, the quality of services provided to taxpayers by the CRA's 8 call centers for the 2024-2025 fiscal year.

Below are the highlights of the report.

- **Only 17% of answers to general questions about personal income tax were accurate** (54% for questions about business income tax).

Areas of inquiries	Accuracy of response
Personal income tax	17%
Corporate income tax	54%
Benefits	56%

Source: Auditor General's Report, page 15

- One likely reason for the low rate of correct answers is that agent evaluations focused more on the respect of schedules than on the accuracy of answers. **Less than 9% of agent evaluation scores related to the accuracy of information provided to taxpayers.**

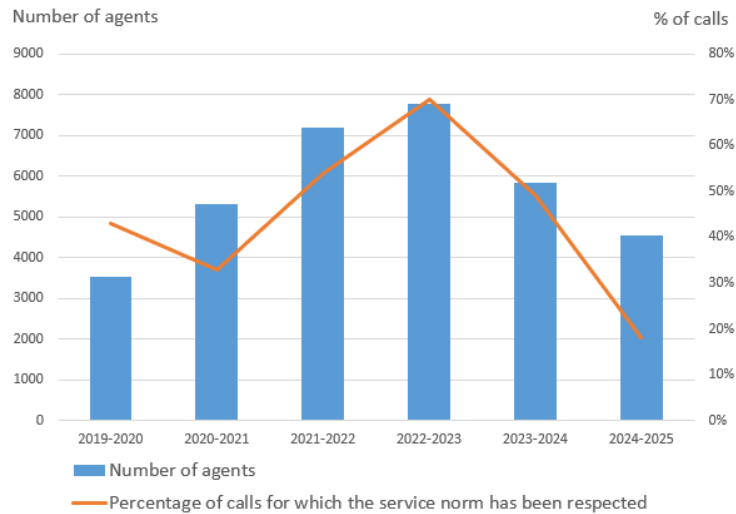
Employee evaluation criteria	%
Productivity	
Average call handling time and Adherence to schedule	22.5
	22.5
	45
Quality of service	
Procedures and communication	24.75
Taxpayer authentication (security issues)	11.25
Accuracy of responses	9
	45
Behavior	10
Total	100

Source: Auditor General's Report, page 18

- **The 8 call centers across the country received 32 million calls, of which only 10 million were answered by a CRA agent.** In addition, in the fall of 2024, the CRA introduced call forwarding to the self-service option (interactive voice response system) without offering taxpayers the option of speaking to an agent.

General

- Although the number of calls increased by 30% between 2023-2024 and 2024-2025, **the total number of calls handled by agents decreased by 17%** over the same period. The increase in the number of calls is mainly due to:
 - Population growth
 - Complexity and frequent changes in tax measures



Source: Auditor General's Report, page 6

- **The average wait time before speaking to an agent was 32.6 minutes, almost twice as long as the previous year.** The goal was to be able to answer 65% of calls in less than 15 minutes. However, only 18% of calls were answered in less than 15 minutes.

Scope of inquiries	Average wait time before reaching an agent	Average time spent with an agent	Average total duration
All	32.6	17.3	50.0
Personal income tax	36.0	16.0	52.0
Corporate tax	23.0	17.0	40.0
Benefits	39.0	19.0	58.0

Source: Auditor General's Report, page 7

General

Administration of new tax measures

In addition to the call center issues identified by the Auditor General, the CRA has experienced numerous problems in administering new tax measures.

For example, we all remember the saga surrounding the proposed changes to the capital gains inclusion rate from 50% to 66.66%, which were never adopted. This caused harm to many taxpayers who anticipated selling stocks to avoid a possible increase in the inclusion rate.

Another example is the requirement for Canadian companies owning real estate in Canada to file complex forms in 2023 relating to the properties they owned, even though the new measures were aimed at unrented properties owned by Canadian non-residents. The measure was amended the following year to exclude Canadian companies and was completely abandoned in 2025.

In reports published in 2024-2025, the Joint Committee on Taxation formed by the Canadian Bar Association and Chartered Professional Accountants Canada expressed concern about the flurry of changes and called for the adoption of framework legislation with strict guidelines to prevent, among other things, the CRA from administering changes that Parliament has not yet adopted.

Processing delays

Since the pandemic, there has been a slowdown in the processing of various types of follow-ups by the CRA. For example:

- Requests for tax return adjustments (up to one year)
- Follow-ups on audits conducted by the CRA
- Processing of notices of objection (up to two years)

Another problem arose during the 2024 personal tax season when the CONNECT system was not operational. This system is very useful to tax preparers, as it provides access to tax slips issued by employers (T4), financial institutions (T3, T5), governments (RRQ, PSV), etc. during the personal tax season.

Any improvement in sight?

Tax preparers had to deal with longer processing delays by the CRA, which unfortunately had an impact on their clients. Thanks for your patience on that matter.

Last fall, Federal Finance Minister François-Philippe Champagne asked the CRA to take concrete steps within 100 days to address taxpayers' access issues and improve service quality. Let's hope the message was heard.

General

Medical expenses

Starting January 1, 2026, only medical expenses for practitioners who are members of a professional order in Quebec will be eligible for the medical expense tax credit.

Thus, starting in 2026, the following expenses will be excluded, as they already were at the federal level.

- Homeopathy
- Naturopathy
- Osteopathy
- Herbalist

Licensed healthcare professionals	Federal	Québec
Acupuncturist	X	X
Audiologist	X	X
Chiropractor	X	X
Dental technician or technologist	X	X
Dental hygienist	X	X
Dentist	X	X
Denturologist	X	X
Dietitian	X	X
Doctor	X	X
Guidance counselors or psychoeducators who hold a psychotherapist license (for psychotherapy services)	X	X
Hearing aid specialist	X	X
Marriage or family therapist	X	X
Medical laboratory technologist	X	X
Midwife	X	X
Naturopath	X	
Nutritionist	X	X
Nurse	X	X
Occupational therapist	X	X
Optician	X	X
Optometrist	X	X
Pharmacist	X	X
Podiatrist	X	X
Professional orthotics/prosthetics technologist	X	X
Psychologist	X	X
Physical therapist	X	X
Radiation or radiology technologist	X	X
Respiratory therapist	X	X
Sexologist	X	X
Social worker	X	X
Speech therapist	X	X
Surgeon	X	X

For the complete list, you can consult the CRA by clicking on the following link:

<https://www.canada.ca/en/revenue-agency/services/tax/individuals/topics/about-your-tax-return/tax-return/completing-a-tax-return/deductions-credits-expenses/lines-33099-33199-eligible-medical-expenses-you-claim-on-your-tax-return.html>

General

Political contributions (Quebec)

Starting in 2026, **municipal political contributions will no longer be eligible for a tax credit**. It should be noted that since 2013, political contributions to provincial parties have no longer been eligible for tax credits. Thus, starting in 2026, only political contributions to federal parties will be eligible for a tax credit on federal tax returns.

2025			2026	
Amount \$	Rate %	Credit \$	Rate %	Credit \$
Contributions to a federal party			Contributions to a federal party	
0 – 400	75	300	75	300
401 -750	50	175	50	175
751 – 1275	33 1/3	175	33 1/3	175
Total		650	Total	650
Contributions to a municipal party				
0 – 50	85	43		
51– 200	75	112		
Total		155		

Luxury tax on aircraft and boats

The federal government is abolishing the luxury tax on aircraft and boats acquired after the budget date, November 4, 2025. However, it remains in effect for automobiles.

The tax is equal to the lesser of:

- 20% of the amount over \$100,000
- 10% of the value of the property

Cost of the automobile (\$)	Luxury Tax (\$)
Up to 100,000	-
125,000	5,000
150,000	10,000
200,000	20,000
250,000	25,000
300,000	30,000

Tax on unused dwellings abolished

This measure, introduced in 2022 with the aim of reducing real estate speculation, will be eliminated as of 2025. It will therefore not be necessary to file Form UHT-2900E in 2025.

Production of personal tax returns by the CRA

Individuals must generally file a tax return to receive available benefits (e.g., Old Age Security pension) and credits (e.g., GST rebate).

To ensure that low-income individuals receive the benefits and credits to which they are entitled, the CRA plans to file their tax returns when all the following conditions are met:

- The individual's taxable income is less than the basic personal credit amount (\$16,129 in 2025).
- At least once in the previous three years, the individual did not file a tax return.
- The individual did not file a return for the last tax year as of June 30.

The CRA has access to all of the individual's income.

Families

Parental union

It should be noted that the new parental union regime will automatically apply to common-law spouses who have children together born after **June 29, 2025**. This new measure is not retroactive, so couples who have children before that date will not be affected by the new Act.

Highlights of the new regime

- **Parental union patrimony**

The plan provides for the creation of a new parental union patrimony, the value of which can be shared 50%/50% between the spouses in the event of separation or death.

Parental union patrimony	
Assets included	Principal assets excluded
-Family residences (including cottages). -Furniture in these residences and used by the household. -Motor vehicles used for family travel.	-Investments (rental properties, stocks, etc.) -TFSA -Retirement savings plan (ex: RPP, RRSP) -Assets received by inheritance or gift before or during the union. -Assets belonging to one of the spouses at the time of application of the new regime, as well as any value increased on these assets, continue to belong to that spouse and are not subject to division with the other spouse.

Unlike the *Loi sur le partage du patrimoine familial* or the *Regime de société d'acquêts* in the case of married couples, **pension plans (RRSPs and employer-sponsored pension plans) are not covered** by the new parental union plan.

- **Temporary right to use the family home**

In the event of separation, the spouse with custody of the children may remain in the family home for a certain period of time, to ensure a smoother transition for the children.

- **Death**

In the case of an estate without will (*ab intestate*), a spouse in a parental union will now be recognized as a legal heir if they have been living together for more than a year.

	Inheritance without a will	
	Before the new law	After the new law
Spouse in parental union	0%	33.33%
Kids	100%	66.66%

- **Compensatory allowance**

The new regime favors payment of compensatory payment rather than spousal support. In the event of separation or even death, a spouse may apply to the court for an allowance in recognition of his or her impoverishment due to his or her contribution to the enrichment of the other spouse.

- **Renunciation to the new regime**

The spouses will be allowed to renounce by mutual agreement in a notarial deed to the application of the provisions of the new plan within 90 days after the beginning of the parental union (i.e.: at the birth of a child after June 29, 2025). In this case, parental union patrimony is presumed never have been constituted.

Spouses in a parental union will also be able to choose by mutual agreement in a notarial deed to exclude certain assets otherwise included in the parental union patrimony (e.g. residences, furniture, automobiles).

Families

Childcare expenses (Quebec)

In his March 25, 2025 budget, Quebec's Finance Minister Eric Girard announced that the age of eligibility for the child care tax credit will be reduced from **16 to 14 starting in the 2026 tax year**.

Childcare expenses 2025		
Age of the child	Federal (\$)	Québec (\$)
0-6 years old	8,000	12,275
7-16 years old (1)	5,000	-
7-14 years old	-	6,180
Disabled	11,000	16,800

(1) -14 years old for Quebec starting 2026

Parental Leave

FMSQ

Weekly maternity leave benefits will increase from \$2,400 to \$3,000 per week in 2026 for a maximum of 12 weeks. The supplement for physicians practicing in private practice will increase from \$1,000 to \$1,500 per week for a maximum payable of 12 weeks.

In addition, paternity (or parent who did not give birth) and adoption benefits are also available at a maximum weekly amount of \$3,000 for a period of 6 weeks.

FMOQ

Maternity benefits remain at \$1,809 per week for 12 weeks.

The supplement for physicians in private practice is \$802 per week for 12 weeks.

Please note that the FMOQ does not offer paternity leave.

	Parental Leave 2026	
	FMSQ	FMOQ
Allowance		
Maternity	12 weeks	12 weeks
Paternity	6 weeks	S/O
Adoption	6 weeks	6 weeks
Maximum weekly amount	\$ 3,000	\$ 1,809
Supplement for doctors in private practice	\$ 1,500	\$ 802

Future owners

GST and QST refunds on new housing

First-time buyers of new homes

On May 27, 2025, the Minister of Finance of the federal government, the Honorable François-Philippe Champagne, announced that the federal government is eliminating the 5% GST for buyers of a new first home valued at less than \$1 million, representing a maximum saving of \$50,000 (\$5% x \$1,000,000).

For homes valued between \$1 million and \$1.5 million, buyers will be entitled to a rebate that will gradually decrease to \$0 when the value of the home reaches \$1.5 million.

This measure is intended to reduce the cost of buying a first home and stimulate new home construction. It is one of a series of recent measures to facilitate first-time home purchases, such as the introduction of the TFSA and the increase in the Home Buyers' Plan (HBP) limit to \$60,000.

The following table illustrates this new measure.

House value \$	GST		
	5% \$	Refund (1) \$	Net cost \$
0 – 1,000,000	-	-	-
1,100,000	55,000	40,000	15,000
1,200,000	60,000	30,000	30,000
1,300,000	65,000	20,000	45,000
1,400,000	70,000	10,000	60,000
1,500,000	75,000	-	75,000
1,500,000 and more	5%	-	5%

- (1) The maximum reimbursement of \$50,000 is gradually reduced to zero when the value of the home is between \$1,000,000 and \$1,500,000, according to the following formula:

$$\$50,000 \times \frac{\$1,500,000 - \text{Purchase cost}}{\$500,000}$$

Eligible individuals

To be eligible for the new program, an individual must generally:

- Be at least 18 years of age;
- Be a Canadian citizen or permanent resident of Canada;
- Not have lived in a home **in Canada** or abroad that they or their spouse owned **in the previous year or in any of the previous four calendar years**.

Future owners

Eligible dwellings

The following conditions must generally be met:

- The buyer intends to make this dwelling his or her primary residence;
- In the case of a purchase, the contract is signed between May 27, 2025 and December 31st, 2030 and construction begins before 2031 and is completed before 2036;
- In the case of a home built by the owner, construction began between May 27, 2025 and December 31st, 2030 and is substantially completed before 2036.

Quebec (QST)

The Quebec government has not announced any changes to the provincial sales tax (QST) rebate program for the purchase of new homes.

Under current rules, buyers of new homes valued at \$200,000 or less are entitled to a 50% QST rebate. The maximum rebate of \$9,975 ($\$200,000 \times 9.975\% \times 50\%$) is gradually reduced for homes valued between \$200,000 and \$300,000.

The following table illustrates the amount of GST-QST for first-time buyers of a new home considering the effect of the new federal measure.

House value	First-time buyers of a new home								
				Refund			Net cost		
	GST	QST	Total	GST	QST	Total	GST	QST	Total
\$	5%	9,975%	\$	\$	\$	\$	\$	\$	\$
200,000	-	19,950	19,950	-	9,975	9,975	-	9,975	9,975
250,000	-	24,938	24,938	-	4,875	4,875	-	20,063	20,063
300,000	-	29,925	29,925	-	-	-	-	29,925	29,925
500,000	-	49,875	49,875	-	-	-	-	49,875	49,875
750,000	-	74,813	74,813	-	-	-	-	74,813	74,813
1,000,000	-	99,750	99,750	-	-	-	-	99,750	99,750
1,100,000	55,000	109,725	109,725	40,000	-	40,000	15,000	109,725	124,725
1,200,000	60,000	119,700	179,700	30,000	-	30,000	30,000	119,700	149,700
1,300,000	65,000	129,675	194,675	20,000	-	20,000	45,000	129,675	174,675
1,400,000	70,000	139,650	209,650	10,000	-	10,000	60,000	139,650	199,650
1,500,000	75,000	149,625	224,625	-	-	-	75,000	149,625	224,625
More than 1,500,000	5%	9.975%	14.975%	-	-	-	5%	9.975%	14.975%

As shown in the table, the amount of taxes, which is \$99,750 for a house valued at \$1 million and \$224,625 for a house valued at \$1.5 million, or approximately \$125,000, i.e., 25% of the additional value of \$500,000. This is due to the gradual reduction in the GST rebate in this bracket.

Future owners

Buyers of a new home that is not their first home

Buyers of a new home that is not their first home are entitled to the following refunds:

	GST	QST
Tax	5%	9.975%
Refund rate	36%	50%
Value of the home at which the repayment is reduced	\$350,000	\$200,000
Maximum reimbursement \$350,000 x 5% x 36% \$200,000 x 9.975 x 50%	\$6,300	\$9,975
Value of the home at which the repayment is reduced to \$0	\$450,000	\$300,000

GST and QST rebates are reduced as follows when the value of the home exceeds \$350,000 for GST purposes and \$200,000 for QST purposes.

GST :

$$\$6,300 \times \frac{\$450,000 - \text{Purchase cost}}{\$100,000}$$

QST :

$$\$9,975 \times \frac{\$300,000 - \text{Purchase cost}}{\$100,000}$$

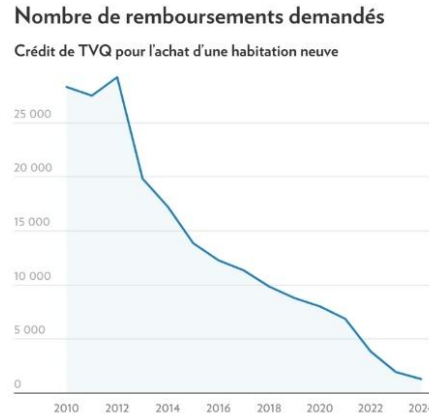
The following table shows the combined GST-QST amount for a buyer of a new home that is not their first home, based on the value of the property:

Buyers of a new home that is not their first home									
House value				Refund			Net cost		
	GST	QST	Total	GST	QST	Total	GST	QST	Total
	5%	9.975%	14.975%						
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
200,000	10,000	19,950	29,950	3,600	9,975	13,575	6,400	9,975	16,375
250,000	12,500	24,938	37,438	4,500	4,988	9,488	8,000	19,950	27,950
300,000	15,000	29,925	44,925	5,400	-	5,400	9,600	29,925	39,525
350,000	17,500	34,913	52,413	6,300	-	6,300	11,200	34,913	46,113
400,000	20,000	39,900	59,900	3,150	-	3,150	16,850	39,900	56,750
450,000	22,500	44,888	67,388	-	-	-	22,500	44,888	67,388
Over 450,000	5%	9.975%	14.975%	-	-	-	5%	9.975%	14.975%

Future owners

Following the increase in house prices, the following graph shows that the number of requests for refunds is trending downward, given that refunds are reduced starting at a value of \$450,000 at the federal level and \$300,000 in Quebec.

We note indeed that the annual number of QST refund claims has fallen from over 25,000 in 2010 to less than 2,500 in 2024.



Source : La Presse, Revenu Québec

Eligible dwellings

The property must be purchased to serve as the primary residence of one of the buyers or one of their relatives.

For example:

- Child, grandchild;
- Father, mother, grandfather, grandmother;
- Brothers, sisters.

Property value

For the purposes of calculating the GST or QST rebate, the value of the property takes into account the following items, where applicable:

- Built-in appliances
- In-ground swimming pools
- Attached garages
- Landscaping

It should be noted that a GST/QST refund may be requested for a duplex in which the buyer resides, but the total value of the duplex must be taken into account for calculation purposes, which generally reduces the potential refund to zero.

Future owners

Refund requests

Property purchased from a builder

- Request by the manufacturer
It is usually the manufacturer who makes the request and reduces the purchase price accordingly. In this case, the manufacturer completes form FP-2190.AC and has it signed by the buyer.
<https://www.revenuquebec.ca/fr/services-en-ligne/formulaires-et-publications/details-courant/fp-2190-ac/>
- Request by the buyer
Form FP-2190.P must be submitted to Revenu Québec within two years of the transfer of ownership.
<https://www.revenuquebec.ca/fr/services-en-ligne/formulaires-et-publications/details-courant/fp-2190-p/>

Property built by the individual themselves

Form FP-2190.P must be filed with Revenu Québec within a period following the day on which the owner begins to occupy the property.

<https://www.revenuquebec.ca/fr/services-en-ligne/formulaires-et-publications/details-courant/fp-2190-p/>

Investments

Alternative minimum tax (AMT)

Remember that the new rules for calculating the alternative minimum tax (AMT) came into effect in 2024.

These rules affect mostly individuals who realize significant capital gains, as illustrated in the table below.

Alternative minimum tax						
Capital gains						
2025						
Capital gain	Without exemption from capital gains			With capital gains exemption (\$1,250,000)		
100%	TOTAL TAX			TOTAL TAX		
	REGULAR	AMT	TOTAL	REGULAR	AMT	TOTAL
\$	\$	\$	\$	\$	\$	\$
350,000	60,103	590	60,693	-	-	-
500,000	97,688	16,068	113,756	-	-	-
750,000	164,213	39,841	204,054	-	21,789	21,789
1,000,000	230,845	63,503	294,348	-	48,877	48,877
1,250,000	297,476	87,166	384,642	-	75,965	75,965
2,500,000	630,632	205,478	836,110	297,475	222,606	520,082
5,000,000	1,296,945	442,103	1,739,048	963,789	459,231	1,423,020
7,500,000	1,963,257	678,728	2,641,985	1,630,101	695,856	2,325,957
10,000,000	2,629,570	915,353	3,544,923	2,296,414	932,481	3,228,895

Remember that the additional tax owed to the AMT can be recovered in the subsequent years if the regular tax exceeds the minimum tax during the year.

In addition, it should be noted that the AMT does not apply to the year of death.

Other examples of situations where the AMT could apply:

- Purchase of significant amounts of flow-through shares
- Trusts that deduct interest expenses

Obligation to report foreign property (Quebec – Form TP-1079.8.BE)

Starting in 2025, the *Foreign Property Return* form (TP-1079.8.BE) must be completed when holding foreign property with a total cost exceeding \$100,000.

The rules are essentially the same as those for filing the federal *Foreign Income Verification Statement* (T1135) form, which has been in existence for nearly 30 years (since 1997).

Both forms are filled with the personal tax returns.

Abolition of the additional capital gains exemption on flow-through shares

The additional capital gains exemption is abolished for sales of flow-through shares made after March 25, 2025.

It should be noted that this capital gains exemption could be claimed, within certain limits, on the sale of flow-through shares issued by companies engaged in mining operations in Quebec.

In addition, additional deductions for certain mining exploration expenses in Quebec are eliminated for flow-through share sales made after March 25.

Retirees

Tax credit for career extension

Starting in 2025, workers aged 60 to 64 will no longer be eligible for the tax credit for career extension. The following table illustrates the terms and conditions of the non-refundable credit for workers aged 65 and over, which has a maximum value of \$1,750.

Career extension credit	
2025	
Eligibility	65 years old and more
Earned income	\$ 7,500 to \$ 20,000
Credit rate	14 %
Maximum credit	\$ 1,750
Reduction threshold	\$ 56,500 (net income)
Reduction rate	7 %
Maximum income at which the credit is reduced to \$0	\$ 81,500

Retirees

Advance life deferred annuity (ALDA)

This is not entirely new. Although this new tax strategy has been available since January 1, 2020, it was not offered by insurers until recently. To our knowledge, only Desjardins Assurance offers this program at this time.

Goal

The aim of this new measure is to insure, in terms used by an actuary, the survival risk, i.e. the risk of living a long life. It is somewhat ironic to describe the chance of living a long life as a “survival risk.”

Operation

This new measure allows for a tax-free withdrawal from an RRSP or RRIF to purchase a deferred life annuity starting no later than age 85.

It should be noted that the purchase of a deferred life annuity can also be made by withdrawing from a Profit Sharing Plan (PSP) or a Defined Contribution Pension Plan.

Limits

The maximum amount that can be withdrawn from an RRSP or RRIF is the greater of:

- 25% of the value of the RRSP
- \$180,000 in 2025

The \$180,000 limit is indexed in increments of \$10,000 based on the consumer price index. Since its introduction in 2020, the limit has increased as follows:

ALDA	
Year	Ceiling (\$)
2020	150,000
2021	150,000
2022	160,000
2023	160,000
2024	170,000
2025	180,000

An increase in a deferred life annuity could be considered when converting an RRSP to a RRIF for individuals who do not need the full amount of the minimum withdrawals required from the RRIF. Remember that RRSPs must be converted to RRIFs no later than December 31 of the year in which a person reaches age 71. The first mandatory RRIF withdrawals (5.40% of the RRIF value) begin in the year following the transfer from the RRSP to the RRIF.

Retirees

The following table illustrates the impact of this strategy based on the following assumptions:

- Couple aged 70 in 2025
- Purchase at age 70 of a deferred life annuity for an amount of \$100,000, or 25% of the \$400,000 RRIF
- Payments deferred for 10 years, beginning in 2035 (payable to spouse in case of death)
- Conversion of RRSP to RRIF at age 71
- Start of mandatory minimum withdrawals at age 72
- Return of 3.40% on RRIF investments

Age	Without purchasing an ALDA			With purchase of an ALDA at age 70 \$100,000 (25% x 400,000)			Total income	Total income difference
	Accumulated value in the RRIF (return 3.40%) (1)	Mandatory minimum RRIF withdrawals		Accumulated value in the RRIF (return 3.40%)	Mandatory minimum RRIF withdrawals	ALDA at 80 (2)		
	\$	%	\$	\$	\$			
71	400,000	-	-	300,000	-	-	-	
72	392,000	5.40	21,600	294,000	16,200	-	16,200	(5,400)
73	383,650	5.53	21,678	287,738	16,258	-	16,258	(5,419)
74	374,942	5.67	21,753	281,206	16,315	-	16,315	(5,438)
75	365,868	5.82	21,822	274,401	16,366	-	16,366	(5,455)
76	356,429	5.98	21,879	267,321	16,409	-	16,409	(5,470)
77	346,555	6.17	21,992	259,917	16,494	-	16,494	(5,498)
78	336,297	6.36	22,041	252,223	16,531	-	16,531	(5,510)
79	325,603	6.58	22,128	244,202	16,596	-	16,596	(5,532)
80	314,468	6.82	22,206	235,851	16,655	14,508	31,163	8,956
81	302,895	7.08	22,264	227,171	16,698	14,508	31,206	8,942
82	290,840	7.38	22,354	218,130	16,765	14,508	31,273	8,920
83	278,305	7.71	22,424	208,729	16,818	14,508	31,326	8,902
84	265,280	8.08	22,487	198,960	16,865	14,508	31,373	8,886
85	251,724	8.51	22,575	188,793	16,931	14,508	31,439	8,864
90	175,708	11.92	22,895	131,781	17,171	14,508	31,679	8,784
95	86,702	20.00	20,792	65,026	15,594	14,508	30,102	9,310
100	34,983	20.00	8,389	26,237	6,292	14,508	20,800	12,411
105	14,115	20.00	3,385	10,586	2,539	14,508	17,047	13,662
						Up to death		

(1) Return on a fixed-income securities portfolio based on assumptions made by the Financial Planning Institute.

(2) Desjardins Assurances Program

Retirees

Deferred life annuities (Desjardins Assurances Program)

The annuity must be purchased before the year in which the annuitant reaches age 71 (except for transfers from a RRIF, which can be done later).

Annuity payments must begin no later than the end of the year in which the annuitant reaches age 85.

The following tables provide examples of life annuities that could be purchased with \$100,000 in capital.

It is important to note that these have been calculated based on economic conditions existing in January 2026 and that annuity amounts purchased in the future may differ depending on market conditions at the time of purchase.

Once the annuity has been purchased, the differed annuity amount will not vary based on market conditions.

Age				
Man				
Acquisition of the annuity	Start of the annuity			
	70	75	80	85
	\$	\$	\$	\$
70	7,365	9,321	14,508	24,859
75		8,444	11,047	18,719
80			10,019	13,616

Age				
Woman				
Acquisition of the annuity	Start of the annuity			
	70	75	80	85
	\$	\$	\$	\$
70	6,866	8,806	13,376	22,115
75		7,749	10,333	16,968
80			9,150	12,648

Age				
Couple				
Acquisition of the annuity	Start of the annuity			
	70	75	80	85
	\$	\$	\$	\$
70	6,195	8,136	12,032	19,264
75		6,884	9,521	15,167
80			8,094	11,671

Source : Desjardins Assurances Program

Payback Period

How many years of payments are required for a deferred annuity to recover the initial capital invested?

Assuming that the initial capital and the annuity payments are invested at a rate of return of 3.40% (fixed income), the initial capital would be recovered approximately between the ages of 91 and 95, depending on the age at which the annuity was purchased.

Payback Period	
Age at the time of purchasing the annuity	Age to recover initial investment
70 years	91
75 years	93
80 years	95

Retirees

Strategies

Deferred annuities could be considered mainly in the following situations.

- **Preserve the Old Age Security Pension (OAS)**
Purchasing a deferred life annuity could be advantageous if it reduces the partner's net income that would fall within the OAS reduction zone, i.e., from \$93,454 to approximately \$155,000.

This is because, above this threshold, the Old Age Security (OAS) pension is gradually repaid based on individual net income when tax returns are filed, and is completely repaid when net income reaches approximately \$155,000. The tax rate on amounts earned in this income bracket (\$95,000 to \$150,000), taking into account the effect on the OAS reduction, is in the range of 50% to 55%, considering the effect of the OAS slope.

- **Stabilize income in the event of the death of a spouse**

Following the death of the first spouse, the deferred annuity could help compensate for the couple's loss of income in order to provide security for the surviving spouse.

- **Cover additional costs associated with advanced age**
 - Home adaptations following a loss of independence
 - Housekeeping and landscaping
 - Personal and medical care
 - Preparing for home support
 - Etc.

Death		
Individual pension	Spousal pension	
Before the start of the annuity payments		
Death	Death of the spouse	Death of both spouses
The amount paid for the purchase of the annuity is reimbursed to the beneficiaries (estate).	The pension will be paid as planned to the surviving spouse (who may choose to request payment of the present value of the pensions).	The amount paid for the purchase of the annuity is reimbursed to the beneficiaries.
After the start of annuity payments		
The amount paid for the purchase of the annuity minus the amounts of annuities already paid is refunded to the beneficiaries.	The pension is paid to the surviving spouse until his or her own death.	The amount paid for the purchase of the annuity minus the amounts of annuities already paid is refunded to the beneficiaries.

It should be noted that in all cases of death, the retiree and/or the estate will recover at least the capital invested in the purchase of the deferred annuity, either in the form of annuity payments already received and/or a refund.

Retirees

ALDA Summary table 2025	
Plans eligible for withdrawal for the purchase of a deferred annuity	RRSP, RRIF, DPSP Defined contribution pension plan
Maximum withdrawal	The lesser of: <ul style="list-style-type: none">• 25% of the value of the eligible plan• \$180,000
Age limit for starting the pension	End of the year in which the person reaches the age of 85
Penalty	1% per month of the excess withdrawal over the maximum allowed (25% of the lesser of the plan value or \$180,000)
Required form	T2157 <i>Direct transfer from a registered plan to purchase an RRSP</i>

Penalties

A penalty of 1% per month applies to the amount withdrawn from the RRSP to purchase the deferred annuity that exceeds the maximum amount allowed, which is the lesser of:

- 25% of the value of the RRSP
- \$180,000 (in 2025)

Form T2157

In order to complete the transfer to acquire the annuity, form T2157 must be completed:
<https://www.canada.ca/en/revenue-agency/services/forms-publications/forms/t2157.html>

Retirees

Quebec Life Income Fund (LIF) Abolition of maximum withdrawal limits starting at age 55

What is an LIF?

First, let's review the circumstances under which an LIF is generally established.

A worker whose employer is under Quebec jurisdiction and who leaves his or her job may, under certain conditions, transfer the accumulated value of their employer's pension plan to a personal retirement vehicle.

The funds will then be transferred to a locked-in retirement account (LIRA). Upon retirement, the funds may be transferred from the LIRA to the LIF, among other options.

Employer under Quebec or federal jurisdiction?

Please note that the following comments concern LIFs for workers whose employer is under Quebec jurisdiction, which represents the majority of businesses in Quebec. For example, retailers, manufacturers, professionals, builders, etc.

Companies operating in sectors such as financial institutions, transportation (air, marine), postal services, and communications are under federal jurisdiction, and other rules apply.

Employers' jurisdiction Examples	
Québec	Federal
<ul style="list-style-type: none">• Certain financial services companies (e.g., Desjardins, Fonds de solidarité FTQ)• Retail businesses• Manufacturing companies• Construction• Professional services• Agriculture• Educational institutions	<ul style="list-style-type: none">• Financial institutions such as banks and life insurance companies (e.g., National Bank, Sunlife)• Telecommunications (e.g., Bell Canada, Videotron, Radio-Canada, TVA)• Interprovincial or international air and maritime transportation (e.g., Air Canada, Air Transat, Via Rail)• Postal services

Mandatory withdrawals from the LIF

Once the funds have been transferred to the LIF, mandatory minimum and maximum withdrawals begin.

Until 2024, maximum withdrawals from the LIF starting at age 55 were around 5% and gradually increased with age to reach nearly 10% at age 80 and 20% at age 90.

Starting in 2025, there will no longer be maximum withdrawal limits from LIFs for individuals aged 55 and older. Minimum withdrawals, which are similar to those from a Registered Retirement Income Fund (RRIF), remain unchanged.

This new measure is generally welcomed by financial advisors, as it will offer more flexibility in retirement income planning. For example, for pension income splitting or to allow individuals to defer public pensions (QPP and Old Age Security).

Retirees

The following table illustrates the minimum withdrawal percentages relative to the value of the LIF according to age.

Life Income Fund (LIF) Quebec Minimum withdrawal percentage 2025							
Age	% of the minimum withdrawal	Age	% of the minimum withdrawal	Age	% of the minimum withdrawal	Age	% of the minimum withdrawal
50-54	6						
55	5.15	65	5.78	75	7.14	85	11.22
56	5.20	66	5.87	76	7.36	86	12.09
57	5.25	67	5.97	77	7.60	87	13.17
58	5.30	68	6.08	78	7.87	88	14.51
59	5.36	69	6.19	79	8.17	89	16.24
60	5.42	70	6.32	80	8.52	90	18.55
61	5.48	71	6.45	81	8.91	91	21.80
62	5.55	72	6.60	82	9.36	92	26.67
63	5.62	73	6.76	83	9.88	93	34.81
64	5.70	74	6.94	84	10.49	94	51.10
						95 and more	100

It should be noted that CRI funds could also be used to purchase a life annuity rather than transferring them to an LIF.

Other considerations

- Financial institutions that manage LIFs will be required to provide the following information to their clients aged 55 and over as of January 1, 2025:
 - Elimination of maximum withdrawal limits
 - An estimate of the annual lifetime income that could be generated from their LIF to give an indication of the annual amount they could receive over their lifetime if they comply with this amount
 - Inability to transfer funds directly from the LIF to an RRSP or RRIF. The purpose of this measure is to maintain the priority of transferring funds to a spouse in the event of death
- The LIF de-immobilization strategy commonly known as “Flip Flop” will no longer be permitted and will be unnecessary in any case given the abolition of maximum withdrawal limits. We welcome the disappearance of this strategy. In fact, we generally found it to be of little use and it was often the subject of tax audits, which resulted in numerous penalties for excess RRSP contributions due to the difficulty of tracking RRSP carry-forward balances by both individuals and their accountants.

Individuals under the age of 55

The maximum FRV withdrawal limit for individuals under age 55 is increased to 50% of the Maximum pensionable earnings for QPP purposes which amount to \$35,150 (50% x \$ 71,300) in 2025, minus 100% of other income for the year.

Retirees

LIF federal jurisdictions

Federal jurisdiction LIFs remain subject to maximum withdrawal limits, unlike Quebec LIFs, which no longer have maximum withdrawal limits after age 55. The minimum withdrawals from an LIF are identical to those from a Registered Retirement Income Fund (RRIF).

Life Income Fund (LIF) of federal jurisdiction Minimum and maximum withdrawal percentage 2025											
Age	% of withdrawal		Age	% of withdrawal		Age	% of withdrawal		Age	% of withdrawal	
	Minimum	Maximum		Minimum	Maximum		Minimum	Maximum		Minimum	Maximum
55	2.86	5.10	65	4.00	5.91	75	5.82	8.27	85	8.51	21.30
56	2.94	5.15	66	4.17	6.04	76	5.98	8.73	86	8.99	26.22
57	3.03	5.21	67	4.35	6.19	77	6.17	9.26	87	9.55	34.41
58	3.13	5.27	68	4.55	6.35	78	6.36	9.88	88	10.21	50.80
59	3.23	5.34	69	4.76	6.53	79	6.58	10.62	89	10.99	100.00
60	3.33	5.42	70	5.00	6.73	80	6.82	11.50	90	11.92	100.00
61	3.45	5.50	71	5.28	6.96	81	7.08	12.59	91	13.06	100.00
62	3.57	5.59	72	5.40	7.22	82	7.38	13.95	92	14.49	100.00
63	3.70	5.68	73	5.53	7.52	83	7.71	15.70	93	16.34	100.00
64	3.85	5.79	74	5.67	7.86	84	8.08	18.03	94	18.79	100.00
									95 and more	20.00	100.00

Elders

Home Accessibility Tax Credit

Starting in 2026, expenses eligible for the medical expense credit will no longer be eligible for the home accessibility credit for people aged 65 and over.

Remember that the following expenses are eligible for the home accessibility credit:

- Ramps for wheelchairs;
- Bathtubs with doors;
- Grab bars;
- Mechanical stair lifts.

Expenses for routine maintenance (painting, housework), renovations, or furniture purchases are not eligible.

Home Accessibility Tax Credit	
Maximum amount of expenses	\$ 20,000
Credit rate	12.5 %
Tax savings	\$2,500

Disabled persons

Canada Disability Benefit (\$200/month)

To help people with disabilities who face additional expenses due to their situation, the federal government has introduced the Canada Disability Benefit (CDB).

Amount of the benefit

The maximum amount of payments is **\$200 per month**, for a total of \$2,400 per year, payable starting in July 2025.

It should be noted that the benefit is non-taxable and should not affect other programs offered by the federal government or the province of Quebec.

Eligibility for benefits

The main eligibility criteria are as follows:

- Be approved for the Disability Tax Credit (DTC – Form T2201)
- Be between 18 and 64 years old
- Be a Canadian resident
- Have filed a tax return

Income-based reduction of benefits

The amount of the benefit is gradually reduced when net income exceeds certain thresholds, as illustrated in the following table.

	Status		
	Single	Couple	
		1 disabled spouse	2 disabled spouses
Maximum annual amount	\$ 2,400	\$ 2,400	\$ 4,800
Exemption for work income	\$ 10,000	\$ 14,000 (for the couple)	\$ 14,000 (for the couple)
Reduction threshold (net income other than work income eligible for exemption)			
Minimum	\$ 23,000	\$ 32,500	\$ 32,500
Maximum	\$ 35,000	\$ 44,500 (net family income)	\$ 56,500 (net family income)
Reduction rate when net income exceeds the minimum threshold	20 %	20 %	10 %

Disabled persons

To submit a request:

You can submit a request in one of the following ways:

- Call 1-833-486-3007
- Complete form SC CDB0004 or CDB0005 (if completed by a legal representative)
 - o Online: <https://catalogue.servicecanada.gc.ca/content/EFForms/fr/Detail.html?Form=CDB0004>
 - o Fax: 1-833-467-2700
 - o Mail: Service Canada Center
PCPH Processing Center
P.O. Box 60
Boucherville, QC
J4B 5E6

Once approval has been obtained, payments can be made retroactively for a period of 24 months from the program's effective date (July 2025).

You will mainly need the following information:

- Social Security number
- Net income from your 2024 tax return (line 23600)

If the request is made by a legal representative, proof of authorization must be provided.

For example:

- Court order
- Protection mandate
- Identification document (e.g., driver's license, passport)
- Correspondence from an organization that recognizes you as a legal representative

Finautonome

Below is a link to the Finautonome website.

<https://www.finautonome.org/>

Finautonome is a non-profit organization whose mission is to support people with disabilities and caregivers in the ____ of the various people available (social assistance, taxation, RDSP, etc.).