

The election and your personal finances

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2 COMMENTS

The word spoken most by politicians from all parties this election has to be “affordability.” To an unprecedented extent in modern elections, the parties competed on ways to lighten the financial load on families and individuals of all ages. Now, the long campaign is over and the Liberals have won a minority. Let’s review their promises on matters of personal finance:

Taxpayers: The Liberals said they would raise the basic personal amount, which is what you can earn without paying taxes, by close to \$2,000 over the next four years to \$15,000. The average family would save \$600 from this tax cut, which is targeted fully at people making up to \$150,605 and gets eliminated entirely at \$214,557.

Home buyers: The Liberals say they will expand the First-Time Home Buyer Incentive, which helps lower- and middle-income buyers by providing an interest-free loan to bulk up their down payment and thereby reduce mortgage costs. The proposed changes target the pricey Toronto, Vancouver and Victoria by setting the maximum eligible home price at \$789,000.

Students and recent post-secondary grads: As much as an extra \$1,200 per year will be made available to full- and part-time post-secondary students through the Canada Student Grants program for low- and middle-income families. Graduates won’t have to start repaying their loans until they make at least \$35,000, and payments can be put on hold if income falls below this level. Also, new parents will be able to pause student loan payments interest-free until their youngest child reaches age five.

Parents: The Canada Child Benefit will provide up to an extra \$1,000 per year in after-tax money for parents with children below age one. Also, maternity and parental benefits will be made tax-free.

Seniors: The Liberals said they will increase Old Age Security payments for people at the age of 75 and up by as much as \$729 a year, and they would also improve the Canada Pension Plan Survivor’s Benefit by up to \$2,080 a year.

Buyers of expensive toys: A new a 10 per cent tax will apply on luxury cars, boats or personal aircraft costing more than \$100,000.

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Rob's personal finance reading list...

Smackdown, Round One: Paying off the mortgage versus investing

A thorough look at the pros and cons of using extra funds to pay down your mortgage or invest. I'm a big believer in investing over mortgage paydowns. People often put too much emphasis on their mortgage while missing opportunities to build investments they'll be glad to have in retirement.

Smackdown, Round Two: A pair of low-cost, all-in-one investing solutions

The Mawer Balanced Fund takes on the Vanguard Balanced ETF portfolio (VBAL). Either could be a fine choice if you're looking for a reasonably priced balanced portfolio in a single product.

The slow death of Canada's banking ombudsman

An important story of how the federal government has allowed several big banks to opt out of the Ombudsman for Banking Services and Investments. OBSI is an independent dispute resolution service. Some banks have dumped OBSI and instead chosen their own for-profit dispute resolution service.

26 things to do if your spouse dies

The Blunt Bean Counter blog on the financial moves you need to make if your spouse dies. Good suggestions here as well on how to get your finances in order before you die.

Ask Rob

Q: Any advice for starting an RRSP for an 18-year-old that she can easily manage herself in the future? ETFs, Stocks, mutual funds?

A: Robo-adviser. Just send them money and it will be invested in a low-cost ETF portfolio that is designed for this young person's needs. My 2019 robo-adviser guide will be published Nov. 23. Meantime, here's last year's robo guide.

Do you have a question for me? Send it my way. Sorry I can't answer every one personally. Questions and answers are edited for length and clarity.

Tweet of the week

Here's a great thread on how we don't talk about money and act oblivious to how our friends and family may have much bigger or smaller incomes than us.



[Erynn Brook](#)

[@ErynnBrook](#)

You know what's kinda wild to me?

Bear with me cause I don't have a succinct explanation for this...

But, it's something to do with middle class ideology and friendship, but... they don't talk about money, and they don't seem to be aware of their friends' money situations?

In case you missed these Globe and Mail personal finance-related stories

- Is the home ownership dream dead for millennials?
- Are meal kits worth the money?
- Canada's big banks are fighting to win doctors' trust – and their money (for Globe Unlimited subscribers)

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