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Federal Budget Summary 2016

Submitted by Tracey on March 23, 2016 - 10:54am

The Liberal government delivered its first budget
which proposed changes to corporate class mutual funds.

Yesterday, the Liberal government delivered its first budget which proposed changes to corporate class mutual funds.

Attached is Fidelity's 2016 budget commentary compiled by Peter Bowen, VP Tax and Retirement Research and our budget team in Ottawa.

Here is a summary of the proposed changes to corporate class mutual funds

- Starting October 1st, 2016, investors in corporate class funds will no longer be able to switch between funds in the corporation on a tax-deferred basis. Any switches made by investors will be considered a taxable disposition at fair market value; however, this does not apply to switches between series of the same fund.
- This leaves **six month window of opportunity** for financial advisors to help investors to re-position their portfolios on a tax-deferred basis.
- While this change eliminates one of the advantages of the corporate class structure, **there are still tax benefits for investors** including reduced taxable distributions and the ability to receive tax-deferred cash flow through T-SWP.

Peter Bowen also recorded a video from Ottawa giving his perspective on the budget and what it means for investors and financial advisors.

Video

Attachment	Size	Type
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