# Safeguarding Your Wealth in a Post-Election 2021 World

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The election results are in, and for Canadians hoping to build or protect their wealth, the uncertainty which accompanies large budget deficits, ever increasing levels of government debt, and a minority government, are something to reflect on. The inflation adjusted combined provincial and federal net debt in this country is expected to reach $2 trillion this year, with combined federal-provincial debt to GDP ratios ranging from 66.1% to 106%. These are big numbers and leave many Canadians wondering how our country will be able to manage this debt, and what impact it will have on the economy, and on their families.

As you will recall, earlier this year a federal budget consisting predominately of generous spending initiatives was released, but other than general statements about doing more to ensure high income earners pay their "fair share", it contained few substantive measures that would bring additional revenue into the government's coffers. We expect that there may be a second mini-budget announcement later this year, or early next year, to address the changing needs of a post-COVID Canada, and the need to fund the promised spending initiatives. And, given the persistent minority government, we believe Canada may see changes which at least in part reflect the NDP election platform, which in some cases closely parallels the Liberal Party's 2019 election platform. As a reminder, the NDP platform proposals include:

- A 50% increase to the current capital gains tax accomplished by increasing the capital gains inclusion rate from 50% to 75%;
- A 2% increase to the federal top marginal personal income tax rate which applies to income in excess of approximately $210,000;
- An annual 1% wealth tax for Canadians with wealth of over $10 million. Note that it is unclear how this will be calculated. Will this include the now inflated value of the family home, as well as potentially the lifetime value of life insurance or pensions plans? If so, then a surprisingly large number of Canadians may fall into this bucket, and;
- Increasing the general corporate income tax rate from 15% to 18%.

For most families considering a potential departure from Canada, if the capital gains inclusion rate goes up by 50%, then in many cases the cost to leave Canada will also go up by 50%. Given this potential change, if you have ever toyed with a potential change in residency, it may make sense to seek more information now, so that you can make an informed decision, one way or another.

If you hold most of your wealth personally, then departing Canada can be relatively simple, but it likely still makes sense to seek advice so that there are no surprises, either on departure, or afterwards.

If you hold much of your wealth through a corporation, or in a trust, then we strongly recommend reaching out for some help, as there will likely be some pre-departure planning needed in respect of your situation.

Departing Canada does not mean giving up your citizenship, your right to vote, your right to consular services, or your right to return to Canada at any time. And it most certainly doesn't mean that you don't love Canada. It may, however, be one option to help you preserve wealth, and ensure your family's future financial security.

**If you are interested in talking more about making a move, and specifically how such a change would likely impact you, we'd be happy to chat.**