



**Sunil and Nita LLP**  
Tax and Business Advisors Chartered Professional Accountants



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## **FINTECH**

We usually write about the economy, business, taxes and accounting. This time we decided to take you to another major and interesting side of the finance world.

“FINTECH.”

Fintech is a combination of the words “Financial & Technology”. It refers to technological development that somehow affects the finance world. It could even simply mean technology that facilitates payment.

*So why does Fintech matter to us?*

If your business produces and sells anything, you need to think about your cost efficiency, how you are collecting money and how you are turning a profit. As a consumer, you probably execute financial transactions every day. By employing better Fintech, you can save significant money. With lower financial transactions costs, higher efficiency, and improved cash flow, business and individuals can significantly improve their financial positions.

Fintech is one of the most exciting and evolving area to watch since it has the potential and will make our businesses and our lives simpler, financially advantageous and more efficient. It is an area of continuous growth for new startups and entrepreneurs. Observe and keep track. This will enable you to remain on the leading edge.

With the restrictive and challenging regulatory environment, it may be more difficult and expensive for businesses to keep up. Improved Fintech makes it easier to maintain records and ultimately remain compliant.

Our firm continues to monitor and grow according to changing Fintech and thus helping our clients ongoing with such technological assessments and needs for their business growth



## **RRSP & RRIF:**

All your life you can invest in RRSP, but the year you turn 71, on December 31st of that year you must convert your RRSP to RRIF, regardless of whether you need the regular income. If you are under the age of 71 and need income periodically as opposed to say each month, you are better off leaving

your money in an RRSP and making the occasional withdrawal.

### *What happens if you do not convert RRSP to RRIF?*

The government will make you close your RRSP on that date. Most people choose to transfer the money from their RRSP to a RRIF. If you don't transfer the money to a RRIF by the deadline, all of your RRSP will be considered as taxable income in the same year. This could cost you a lot in taxes

### *How does a RRIF work?*

The RRIF behaves a lot like an RRSP – the money in a RRIF can still earn interest, except that you withdraw payments from it instead of contributing to it. You can set up monthly, quarterly, annual or even lump sum payments into your chequing account. You only get taxed on the portion of RRIF that you have withdrawn, rest of it can stay in your RRIF investment account and gain interest ongoing. You only get taxed when you withdraw. Converting your RRSP to RRIF is tax-free.



### **Back to School!**

In few weeks, kids will be going back to school and some of us may have spent significant dollars in preparing them to go back to school. We all love our kids and want the best for them. Normally parents try to give kids more than what they had received when they were growing up. We understand that times have changed and there is more pressure on kids now than ever before. Depending upon the individual circumstances, this may cause financial stress if spending increases the affordability. Let's try something different for next year's back to school shopping by including kids as well. We believe that it will be fun and good education for your child.

### *We suggest following steps:*

1. Open a bank account in your child's name. This account should be in addition of RESP savings,
2. Teach your child the fundamentals of bank accounts to understand how money grows in a bank account,
3. Follow the principles that kids allowance should be earned to teach your child value of money. Make sure that chores are appropriate for your child's age e.g. loading dishwasher, folding clothes, mowing the lawn, dusting the living room. Remember, to include some unpaid tasks as part of family responsibilities; for example, tidying/cleaning their room or walking the family dog etc.
4. Reward your child for good grades. This will teach them to go above and

beyond to earn some extra cash,

5. Discourage to have piggy banks. Piggy bank does not teach kids how to save rather it's a fun way to stash away some change. Also, Piggy bank does not teach kids to check account balance and they have no way to use money unless they break the piggy bank,

6. Also, teach your kids the importance of donating. Donating a small amount will help your kids understand the joy of helping someone in need.

The above steps will help your kids to save money during the year. At the time of back to school shopping, have a conversation with your child to encourage him/her to participate in preparing for the school year. Tell your child that you will provide basic school supplies and they will have to spend from their bank account for anything extra they want.

For example, your shoe budget is \$95 and the shoe your child likes is costing \$135. Encourage your child to withdraw money from bank and contribute the extra \$40 from their bank account. Same principle can apply for other supplies. Financial contribution will teach kids value of money and you will be surprised that school supplies will last longer because your child is also a part owner.



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