

Winter 2021

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How to check if you have unclaimed cheques from the CRA

The Canada Revenue Agency (CRA) has accumulated more than \$1 billion over the past 20 years in uncashed cheques issued to taxpayers. Find out how to access your account and never miss a payment again.

An overwhelming majority of Canadians now file their taxes electronically. Last year, in fact, 90 per cent chose that method.

Even so, some taxpayers haven't yet registered for direct deposit (or did so only recently), so the government may still be sending them cheques instead.

Unfortunately, many of those cheques don't ever get cashed: a good number end up lost, stolen or destroyed, or are sent to an address that is no longer valid.

The issue at hand

Every day, nearly 1,700 cheques issued by the federal government (amounting to around \$500,000) join the pile of payments that have never been claimed. In all, nearly \$1.1 billion in government-issued cheques are waiting to be cashed.

CRA launched its uncashed cheque tracking tool in February 2020 to "help taxpayers get their money back," explains Sylvie Branch, media relations officer with the CRA. But despite its efforts, only around 692,000 cheques (totalling \$183 million) were claimed between February 10, 2020 and December 31, 2020.

"The number of [uncashed] cheques continues to grow," says Branch. "A substantial proportion of these are income-tested payments (including family and child benefits) to individuals with household incomes below specified thresholds. And goods and services tax/harmonized sales tax (GST/HST) credit payments account for almost half of all uncashed cheques on the list."

As for the amounts involved, Branch says consolidated data indicate that the average value of an uncashed cheque is around \$150. "And some cheques date back to 1998," she adds.



How to check your online CRA account

Here's how to determine whether any of the 7.7 million cheques issued are in your name:

1. Go to [the CRA website](#) and choose "My Account" (see details on creating an online account below). Log in and select "Uncashed cheques" from the bottom of the list under "Related services." This page will display the relevant amounts.
2. To [claim an uncashed cheque](#), request a duplicate payment by selecting and completing the displayed form. If you're registered for direct deposit, the CRA will deposit the payment into your account. If not, it will issue a new cheque and mail it to the address on file, but only if you (or your authorized legal representative) request it.

The CRA will never reissue and send you a cheque on its own initiative because "government cheques have no legislated expiry date," explains Branch. "They are considered uncashed if they are not deposited within six months of their original issue date."

It's worth noting that if you owe money to the CRA, the total owed will be reduced by that amount.

How to register for an online CRA account

The easiest way to make sure you never miss a payment again is to register for "My Account" and sign up for direct deposit. (As Branch points out, registration for direct deposit registration can now be done [on the CRA website](#) using your banking credentials.)

Step 1: Create your login credentials

To register, you will have to choose a user ID and a password on the CRA website. To obtain them, you will need to enter your social insurance number, date of birth, current [postal code](#) and an amount you entered on one of your income tax and benefit returns (for the current tax year or the previous one).



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How to check if you have unclaimed cheques from the CRA - continued

After you complete this step of the registration process, you will have access to limited information on “My Account” (i.e., eight out of 45 services available).

Step 2: Register with CRA security code

Within 10 business days, you will receive a security code that will give you access to the full range of [services offered](#) on “My Account.” You will then be able to access several detailed documents (income tax return summaries, notices of assessment or reassessment, and information related to RRSPs, TFSAs, and Home Buyers’ Plans, etc.) and register for direct deposit.

You can also install the [MyCRA mobile app](#) to log in to “My Account” (or the [MyBenefits CRA mobile app](#) to view details on your benefit payments and credits).

Access to “My Account” also allows you to use [“Autofill my return”](#) when you efile your return using certified software. Routine processing of electronically generated T1s takes two weeks, 95 per cent of the time. Allow 10 to 12 weeks for the processing of paper-filed returns. ♦



Take the right steps now, avoid “pension envy” later

If you work in the private sector and are wondering how you can replicate the “gold plated” pensions of your friends in the public service, envy not! You can enjoy a similar pension experience while complementing your private investment savings (e.g., RRSP, TFSA, etc.).

My wife, brother and some of my friends are teachers, and my parents are retired teachers, so I am well versed when it comes to what’s on the minds of teachers. One topic that never seems to concern them is retirement security – if you bring up retirement and investing, they are happy to boast about their incredible pension.

And why shouldn’t they? Teachers’ and most other public service pensions are what you call the “gold plated” pensions in Canada, because they are the best available for retirement income. This is mainly because these pension funds are shrewdly managed and have thus yielded historically high returns, and the payout formulas that

determine benefits typically work in the recipient’s favour. Also, the pensions are backed by the power of the government and, under most circumstances, are protected from inflation.

If you are a private sector employee, your pension might not have all these bells and whistles. For instance, I am helping a client complete her pension package after years of working for one of Canada’s big banks; the pension package she received shows the pension is underfunded (meaning they don’t have enough assets to cover their obligations to pensioners), no inflation protection at all and overwhelming pension formulas.

Government pension benefits available to Canadians

In Canada, we are fortunate to have access to two government-sponsored pension plans outside our workplace pensions: Canada Pension Plan (CPP) and Old Age Security (OAS). CPP is based on your earnings while working, while OAS is based on how long you have lived in Canada.

As prospective retirees approach retirement age (say, age 60-plus), understanding when to begin collecting your pensions becomes an important planning point and forms my central argument on how to overcome any pension envy you might have.

Traditional views of government pension plans

Historically, it seems that most Canadians have decided to start their government pensions as early as possible (CPP at age 60 and OAS at age 65). Reasons Canadians have reported that they elect to start these benefits early are:

- They are predicting a certain life expectancy.
- They do not have enough personal savings to supplement their retirement income until their government benefits start.
- They want to manage any tax consequences.
- They wish to attend to their estate planning.*

In my experience, the other key reason I believe Canadians tend to start their pension benefits early is because, quite simply, they can. If the government is handing out cookies to Canadians in the form of government pension benefits today, it’s no surprise that Canadians would not want to wait to start eating them.

Inside PYC

We would like to welcome **Jamal Ikram** and **Rutvik Shukla** as new members of our professional staff.



Take the right steps now, avoid “pension envy” later - continued

How to reduce your pension envy

It is possible to achieve similar pension benefits to your family and friends in the public service. How? By considering the option to defer your entitled government pensions (e.g., OAS and CPP).

More specifically, you have the flexibility to elect when to start your CPP benefits (between age 60 and 70) and your OAS benefits (between age 65 and 70).

This decision on when to start your government benefits is a critical choice that you only have one chance to make. So, you want to make sure you are making it with your eyes open.

What is at stake?

How about \$83,000 more in retirement income, lower risk of outliving your money and higher-quality income, to start? Consider these factors for help deciding whether delaying your pension benefits might fit in with your overall retirement plan:

- **Enhanced income:** Each month you defer CPP and OAS, you receive an increase in your pension benefits of close to 0.7% per month, or 8% per year.
- Here is how this would look if you lived to be 90: If you are eligible for the maximum of both pensions and defer each pension from age 65 to 70, your retirement income will be \$83,390 higher overall, and you will receive greater cumulative dollar value after your 81st birthday.**
- **Lower risk of outliving your money:** Over the last two decades, private sector pensions have shifted from a defined benefit (similar to public service pensions) to a defined contribution pension scheme. This change has meant that retirees may have less certainty of their guaranteed pension income over their lifetime.

You can lessen this worry by maximizing your government pension sources, as these provide retirement income for life. In this way, Canadians – who are living longer than ever – can rest assured that they will continue to receive a higher retirement income, with annual inflation protection to boot.

- **Higher-quality returns:** As noted in the first point above, each year that you defer your CPP and OAS to the maximum age 70, your retirement benefit goes up by close to 8% per year.
- Going forward, if you are a typical Canadian retiree running a balanced portfolio with your retirement savings (such as in RRSPs), a return of 8% per year is likely to be a difficult target for you to reach without taking on excessive risk. Half of your balanced portfolio invested in fixed income is only earning between 0 and 2% today. More importantly, your returns on your private savings are likely not entirely guaranteed, while your government pension deferral benefit is.

Over the past few decades, changes to pension regimes have highlighted the value of the public service pension plans. As part of your detailed retirement plan, electing to defer your government pensions may help reduce or eliminate your pension envy.

To be sure if this retirement strategy is ideal for you, it is important to work with a financial professional to come up with a plan that is ideal for your unique retirement circumstances.

* “Taking CPP early can come at a steep long-term cost” by Rob Carrick, published in the Globe & Mail print edition on December 9, 2020.

** For the examples used in this article, we assume that the person is eligible for the maximum of both CPP and OAS benefits, with no inflation adjustments in the calculations..◆



Data privacy and security: What you need to know

No matter what type of data your organization retains, it is most likely worth securing. Protecting data is no longer just a technical discussion, but requires dedicated coordination between many different areas of an organization.

The importance of protecting data

Corporate transactional data, client information or other sensitive data are often at risk of being stolen or exploited, and you could be held accountable for the breach. In fact, there are many cautionary tales of widely publicized data breaches with and of boards of directors taking action on breach accountability. Beyond the technology, it takes time, planning and practice to guard your organization’s data. Here are some important steps to guard your organization’s data.

Develop a data protection plan

A data protection plan is a useful starting point and provides focus to protecting your data. This plan has several key components.

First, you must define the location, risk level and recovery options for each different data type you have. Location is important for documenting where different data is stored, as it may influence how it is protected and will be helpful when needed urgently during a recovery operation. Evaluating the risk level for loss also helps define where the most attention is needed. The evaluation of recovery options is essential as well, since different types of data will have different recovery options. Some data may be stored on data tapes that require time to extract and recover, while others may be much easier to retrieve using online recovery tools.

Central to the recovery options will be an evaluation of the data backup strategy. While beyond the scope of this article, backups should be routinely scheduled and tested with a mind to recovery speed. A solid backup plan not only protects your organization from lost data or technical issues – it will also significantly contribute to the speed of recovery as well.

Holiday Donations

In lieu of seasonal gifts to individual clients, Prentice Yates & Clark made donations to certain charities.

Data privacy and security: What you need to know - continued

Build your data protection plan with the potential for change. Technology is ever evolving and governmental regulations are always being updated. Specific individuals should be assigned responsibility for various components and then held accountable for remaining current on the regulatory environment. The plans should be reviewed, updated and tested on a regular basis.

Develop policies and procedures

Data privacy requires constant vigilance. For organizations to be successful creating a protected environment, effective policies and procedures need to be agreed to and properly documented. These policies should define your data types, detailing what data is flowing into the organization, how it is used and what needs to be maintained or purged, as well as how that is done.

Access restrictions are also important determinants that impact risk. The more open access to sensitive data is, the higher risk it carries of being compromised – so the more complex those data protections must be. Access should always be limited to those that have a specific and definable need of the data. While access to something like customer account details makes obvious sense, this principle applies to general accounting and ERP system access too. Well-defined access policies are essential to eliminating unnecessary risk.

Use the right technology

While the plans and policies lay the foundation for protecting your organization's sensitive data, the right technology will take the security to the next level. To ensure you have the right technology in place, check that all data transfers are using encryption. Look for specifications on your communication applications at the 256-bit level. Although 128-bit encryption is still common, it is in the process of being replaced with 256-bit as the standard for more complex security.

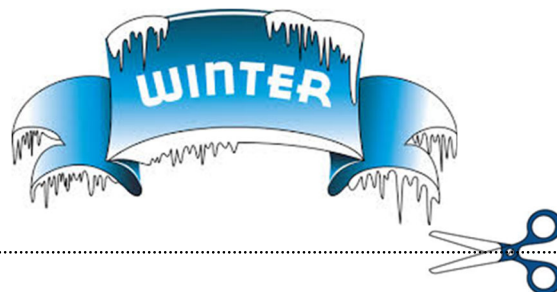
Firewalls, malware protection and password authentication are all integral, technological defences of your data. Firewalls must be kept up to date with stringent protocols in place to manage the data that will travel in and out of your network. Similarly, malware protection needs to be constantly maintained with the published virus files to remain effective. Recent advances in this space are beginning to use artificial intelligence to predict malicious actions. The use of strong passwords still represents one of the easiest defensive actions you can take. As an enhancement to strong passwords, multi-factor authentication applications can also provide further protection to your organization.

Invest in a proactive privacy culture

Many organizations spend a significant amount of effort to extract value out of their data resources, but there is also a growing expectation among stakeholders that organizations should better protect the data in their care.



All aspects of how data is acquired, used and managed should be thoughtfully controlled to affect the best protection. Technology will always play an important role in this defence; however, building a culture that embraces data protection at every level is the most powerful and effective preventative measure your organization can take. ♦



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