Perler Financial Group

Worldsource Financial Management Inc.
Mutual Fund Dealer

Vested Interest

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MAIN FOCUS THIS QUARTER:

Is your estate plan on track?

Here's how to get started.

Source: Manulife Investments

Everyone needs an estate plan — but it's something many people put off. Here's the number one reason to cross this important task off your to-do list: a comprehensive, up-to-date estate plan takes care of your loved ones by ensuring that your legacy is transferred according to your wishes. In addition, it can save your estate and heirs taxes and may even prevent court battles over your assets. So, where should you begin?

Ensure that you have a will and it is up-to-date

A will communicates your intentions and allows you — and not the government — to determine how your assets will be distributed upon your death. If you don't have a will or your will is determined to be invalid, you will be deemed to have died "intestate." Ultimately, the court will appoint someone to administer and distribute your estate according to the laws of the province in which you reside, regardless of what your wishes are.

It may be tempting to fill out a "do-it-yourself" will, but engaging an estate planning lawyer or notary can help you make sure you have considered all possible contingencies — essentially, that your will hasn't left any legal loopholes that could lead to legal headaches for your heirs. Getting your advisor involved too can help you identify and exploit the many tax planning opportunities available in estate planning.

After you've written your will, be sure to keep it up-to-date. Revisit it after important life events, including births, marriages, divorces, deaths, when you start, buy or sell a business, as you build or inherit wealth and when you retire. It's worth reading it over about once every five years to make sure it still reflects your intentions.

Also, discuss your will with your family. This helps to avoid surprises and can limit family conflicts in the future

Choose the right people

Your will appoints an executor (or a liquidator in Quebec), who is responsible for a wide range of important duties including filing final tax returns, paying taxes, paying debts and distributing assets to beneficiaries or heirs.[1] It can be a

INSIDE:

Visit me at www.frasermcdowell.com

My website is full of information, and is continually being updated every month. If you have any comments or suggestions for the website, please be sure to contact me.

Reminder!

If you have not yet taken advantage of the Tax Free Savings Account this year, be sure to give Fraser a call to get you organized to do so. Any unused contribution room can be carried forward from one year to the next so start saving Tax-Free today!

"Consider arranging your funeral and paying your funeral expenses in advance to help your family avoid making stressful decisions during a time of emotional upheaval."

Tis the Season!

Christmas is less than two months away, so needless to say, we are already planning for the season. In recent years, instead of sending out calendars to each of you, we had decided to donate the funds to selected charities in your honor. We continue to receive such positive feedback, that we are planning to do the same this year. Last year we donated to the following charities:

- **The Salvation Army**
  www.salvationarmy.ca
- **Friends in Need**
  www.friendsneedfood.com
- **Share**
  www.sharesociety.ca

We would love to have your input again this year. If you would like to see the funds donated to one of the above, or if you have another in mind, please forward your suggestions to marina@perlerfinancial.com. We will select the top four recommendations to donate to in your honor.

time-consuming job for a family member or close friend. Some people appoint a professional executor through a financial institution.

Beneficiaries or heirs, who inherit your assets, may be named in your will or directly on certain accounts. For instance, you can choose a beneficiary of your Registered Retirement Savings Plans (RRSPs) in all provinces except Quebec, and a beneficiary or heir of your annuity and segregated fund contracts in all provinces including Quebec. When choosing beneficiaries or heirs, it is important to consider the tax consequences. As a simple example, it may make sense to leave your RRSP to your spouse, who can take advantage of a tax-free rollover into his or her own RRSP, and nonregistered investment assets to other beneficiaries or heirs.

Be sure to set up Powers of Attorney.[2] A Power of Attorney for Property covers your financial affairs and a Power of Attorney for Personal Care covers your personal decisions related to such things as housing and health care. The individual(s) you choose as your Attorney will have the legal right to act on your behalf.

Choose people you trust, and have an in-depth conversation with them so you can be sure they completely understand your preferences.[3]

Tie up loose ends

Here are a few other things to consider as you make important decisions about your estate:

- Consider arranging your funeral and paying your funeral expenses in advance to help your family avoid making stressful decisions during a time of emotional upheaval
- Ensure that there will be enough liquid assets on hand to help family members cover any short-term or unforeseen costs
- Work with an accountant to estimate how much tax will be payable by your estate after your death and outline in your will how you want these expenses to be covered
- If you do not need certain assets to fund your day-to-day expenses, consider giving them away before you die; done strategically, this can be a tax-saving strategy
- Evaluate whether you have sufficient insurance coverage; if you have extra income, discuss additional estate planning insurance strategies with your advisor
- All provinces except Quebec charge a fee or tax to probate a will — an administrative procedure whereby the court confirms the validity of the will and the authority of the executor — that is based on the value of your estate and will vary from province to province; discuss strategies for reducing these fees with your advisor

Speak with your advisor

An estate plan ensures your loved ones are taken care of and your legacy is transferred to your beneficiaries or heirs as you would like. It can help you protect your beneficiaries or heirs, avoid probate fees[4] or taxes, unnecessary costs and other delays, and reduce taxes.

Are you ready to get started? Speak with your advisor today to help get your estate plan on track. He or she may have a ready-made network of estate planning specialists, including lawyers and accountants, who are well positioned to advise you on your own estate plan.

If you have any questions about estate planning, please be sure to call Fraser McDowell at 604-468-0888.

[1]Beneficiaries of an estate are called heirs of an estate in Quebec [2] In Quebec, set up Powers of Attorney and a Mandate Given in Anticipation of Incapacity. [3] In Quebec, Power of Attorney only applies for people who are not incapacitated. For individuals who are incapacitated, a Mandate Given in Anticipation of Incapacity is required. A court must declare that the individual is incapacitated before this can take effect. [4] Probate is not applicable in Quebec.

RRIF - Registered Retirement Income Funds

Source: CI Financial

If you hold an RSP, you face a major decision in the year you turn 71 - what to do with your money.

There are basically three choices:

1. Cash in your RSP and claim it all as taxable income
2. Buy an annuity
3. Transfer your RSP to a Registered Retirement Income Fund (RRIF)

The first choice generates a hefty tax bill and eliminates many of the advantages of having an RSP in the first place. Buying an annuity gives you the security of guaranteed payments for a fixed term, or for life, but you lose control over how your money is invested, and your payments are not normally indexed for inflation. Your most attractive option may be a RRIF.

You don't have to be a blues guitarist to understand RRIFs and use them to your advantage.

You can buy RRIFs as GIC-type investments, although many people increasingly choose mutual funds or even self-directed RRIFs that let you hold mutual funds, stocks, bonds, and mortgages. A self-directed RRIF carries an annual administration fee ranging from $100-$300, so the size and performance must be high enough to justify the increased costs.

You must make a minimum annual withdrawal from a RRIF which is added to your taxable income. This minimum withdrawal begins at 5.26% of your RIFF's value at age 71 and increases to 20% at age 94 and beyond. Bear in mind that if your RRIF earns less than 5.26%, you are eating into your capital right away.

When a RRIF holder dies, the money in the plan is tax deferred if the beneficiary is a spouse or a dependent child or dependent grandchild.

RRIFs are offered by most financial institutions: mutual fund companies, investment dealers, banks, trust companies, life insurers, and credit unions. If you buy a RRIF from any institution other than where you have your RSP, the transfer can take weeks, so you don't want to delay. Your RRIF must be established by December 31 of the year in which you turn 71.

However, it pays to shop around. Here are a few points to consider:

Flexibility - Is it possible to change your plan, and are there additional fees or market value adjustments?

Protection - For GIC-type RRIFs, make sure the principal plus accrued interest is within the limits set by Canada Deposit Insurance Corporation or Comp-Corp for the insurance industry or your credit union plan. If not, divide your money among issuers because you can have more than one RRIF.

Security of Issuer - If your RRIF institution fails, others may step in and honour previous commitments, but it's not guaranteed. In the meantime, your contracted withdrawals will continue, but your capital will be frozen.

Rates - Calculate the actual payments after all fees. If you withdraw less than your RRIF earns in the year, does the balance earn interest at your regular rate or less? The best test is to ask several RRIF issuers for a printout based on the same hypothetical initial balance and constant withdrawal each December 31 for ten years. After factoring in all fees, the account with the highest balance has the best rate and terms of accrual.

Upcoming Client Appreciation Events:

Such a success last year that we decided to do it again!

Fraser's Family Harvest Day Bowling Client Event - Saturday Oct. 20th!

Join us again for a fun-filled afternoon of bowling, pizza & pumpkins on Saturday, October 20th, at PoCo Bowl on McAllister in Port Coquitlam, 3pm to 7pm. RSVPs are required so be sure to check your mailboxes for the invitation arriving shortly. RSVP by October 12th by phoning Marina at 604-468-0888 and be sure to let us know how many pumpkins you would like to take home with you. Don't forget that it is 5 pin bowling (bumpers available for our young guests), and we will also be collecting 'gently used' winter coats during this special event for those in need.

Thank you!

A heartfelt thank you for your continued patronage and all your referrals. Your confidence in us is truly appreciated!

Frequent Payments - To even your cash flow, you may wish to take payments more frequently than once a year. Is there an additional cost or reduced interest rate for this option and can the RRIF issuer directly transfer funds to your bank account?

These are the basic points you will want to discuss with your financial adviser when considering the best RRIF for you. With the proper RRIF advice, you won't be singing the blues.

Don't leave home without travel health insurance

Source: Dynamic Funds

Each winter millions of Canadians escape our cold dreary winters with a vacation in the sunny south. If you are one of the lucky ones, be sure to consider travel medical insurance as part of your planning process.

Our provincial medical plans cover only a fraction of the cost of medical care outside of the country. Travel insurance can protect you from those extra costs.

Travel insurance comes in many forms. Many people have coverage through their employee benefit plan. But, if you are traveling on vacation (not on company business) be sure you, and your family, are still covered. If you don't have coverage through your employer, you can buy travel insurance from many different suppliers including a travel medical insurance broker, student associations, travel agents, seniors associations or your bank or insurance company.

The types of coverage available vary greatly. You can buy coverage for your once a year trip, or if you travel often ‘ for example to the US for cross-border shopping, you can buy annual coverage valid for all your trips.

The key to getting the right coverage to meet your needs is to shop around. Here's what to look for to get the best deal for the coverage you need:

- **competitive rates.** Be sure to shop around and ensure you are comparing apples to apples.
- **medical questionnaires.** Be sure to read these carefully and answer them honestly. Your health helps determine your rates, along with your age and travel duration. Be sure to make full disclosure of pre-existing medical conditions or your policy could be useless.
- **24 hour support.** Make sure your plan has a 24-hour support line where they can be contacted if you do run into medical problems.
- **upgrades.** Some plans let you pay a small cost to upgrade your policy to include trip interruption or cancellation coverage due to illness or even baggage coverage if your luggage is lost.
- **coverage limits.** You can purchase policies with different coverage limits, for example, $2 million or $5 million.

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October is crisp days and cool nights, a time to curl up around the dancing flames and sink into a good book.

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