Perler Financial Group

Worldsource Financial Management Inc.
Mutual Fund Dealer

Vested Interest

Quarterly Newsletter • January 2015
Fraser McDowell, CFP, CPCA

MAIN FOCUS THIS QUARTER:

RRSP Facts

Contributing to an RRSP
Source: Dynamic Funds

To see how much you can contribute to your RRSP for the current year, refer to your Notice of Assessment, which can be found on your previous year's tax return.

Contribution limits
- The maximum RRSP contribution and deduction limits are: 2014: 18% of previous year's earned income up to $24,270
- Plus: Current year's Pension Adjustment Reversal (PAR) and unused deduction room earned in previous years
- Minus: Previous year's Pension Adjustment (PA) and current year's Past Service Pension Adjustment (PSPA)

Contribution rules
- Unused contribution room can be carried forward indefinitely (subject to age limits)
- Contributions are deductible for the previous year if made within 60 days of year end
- Contributions may be carried forward indefinitely and deducted in a future year
- Contributions to an individual RRSP may be made up to and including the year in which the annuitant turns 71 by December 31 of that year. RRSPs must be deregistered or transferred to a Registered Retirement Income Fund (RRIF) or an annuity

Age limit
You can make contributions to your RRSP up to and including the year in which you turn 71. Your RRSP must mature by December 31 of that year, at which time, you will have three options:
1. Cash out the plan – the full value will be added to your income for the year and taxed accordingly
2. Use the proceeds to purchase an annuity
3. Convert the plan to a Registered Retirement Income Fund (RRIF)

INSIDE

Don't Forget:
Important Deadlines for 2015

March 2nd 2015: RRSP contribution deadline for the 2014 tax year. Be sure to make an appointment with Fraser so you can beat the rush and complete your contributions!

RRSP contribution limit
18% of your previous year's earned income to a maximum of $24,270 for 2014, and $24,930 for 2015.

TFSA contribution limit
2015 = $5,500

April 30th 2015: Tax payment deadline for your balance owing for 2014 personal income tax. Payments are made to the CRA. This deadline is for all personal income tax filers including those who are self-employed.

Overcontribution
You may contribute up to $2,000 (cumulative) above your contribution limit without penalty. However, the overcontributed amount will not be allowed as a tax deduction and amounts over $2,000 will be subject to a 1% per month penalty tax. Unused contribution room can be carried forward indefinitely (subject to age limits).

Spousal RRSP rules

- Contributor claims the deduction for a spousal RRSP
- Deduction limits are based on the contributor and not the spouse
- Plan and assets are controlled by the spouse
- Contributor (not the spouse) pays taxes on withdrawals, unless the contributions are held in the plan for at least two years after the end of the year in which the last contribution was made
- Contributions to a spousal plan may be made up to and including the year the spouse turns 71, as long as the contributor has earned income

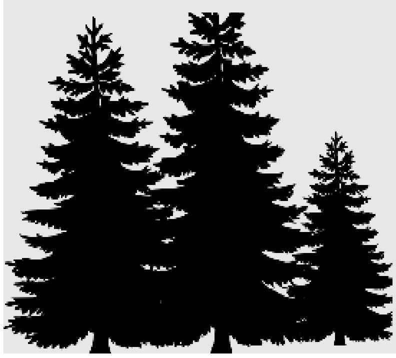
If you have any questions relating to this article or if you would like to get any help and information regarding withdrawing from your RRSP, please contact Fraser McDowell.

What is earned income?
Earned income is income that you receive for the work you have done. It includes the annual total of:

- Net employment income
- Net income from a business or partnership
- Net rental income
- Net research grants
- Taxable disability benefits
- Supplementary unemployment benefits
- Taxable alimony, maintenance or child support
- Certain royalty income

Not included in earned income:

- Investment income
- Taxable capital gains
- Limited partnership income
- Death benefit
- Retiring allowance
- Pension or DPSP income payments from RRSP, RRIF, Old Age Security (OAS), CPP or QPP



Protect What Matters Most

Source: Manulife Solutions

When you were growing up, your parents probably told you to look both ways before crossing the street, eat your vegetables and brush your teeth before bed. This wasn't to make your life less fun, but to help make sure you were safe and healthy. Now, as an adult, you want to make sure your family is safe and healthy – protected. Although you can't protect your loved ones from every bump and bruise, you can help protect them financially when accidents or illnesses happen. There are a number of different insurance options no matter what your personal family situation is – for example, single, married, and with or without kids. With a plan in place, you help ensure your family will have funds available to cover any immediate or long-term financial needs – whether that translates into help with medical expenses, mortgage payments or final arrangements. You can rest easy and get back to what matters most to you.

Types of insurance by life stage

<u>Just Starting Out:</u> Includes new financially independent graduates, singles and those managing a first mortgage.
You may need to:
Protect your income

- Critical illness insurance
- Disability insurance

Cover your debt

- Term life insurance

<u>Establishing Yourself:</u> Includes couples and young families, as well as people in mid-career with dependants.
You may need to:
Protect your income

- Critical illness insurance
- Disability insurance

Cover your debt

- Term life insurance

Prepare to leave a legacy

- Permanent life insurance

<u>Building A Business</u>: Includes entrepreneurs with a responsibility to protect their business and their family.
You may need to:

Protect your company with key person insurance
- Term life insurance (for small businesses and start-ups)
- Permanent life insurance (for more established companies)

Protect your income
- Critical illness insurance
- Disability insurance

Approaching Retirement: Includes anyone who is preparing to transition out of the workforce in the next few years.
You may need to:
Prepare to leave a legacy
- Permanent life insurance Protect your retirement lifestyle
- Long-term care insurance

Speak with your advisor:
Fraser McDowell can help you determine which types of insurance makes sense for you and your family. For more information regarding Life Insurance visit www.mcdowellestateplanning.com or speak with Fraser McDowell.

Your Estate Plan
Source: Mackenzie

Thinking about death and putting off planning your estate — one is difficult and the other is very easy. Together, if they remain ignored, the two can combine to create a sticky situation for you and your beneficiaries. Without careful planning, your estate may be tied up in the courts for months or even years. The government could end up collecting more taxes than otherwise. And, most importantly, how your legacy is disbursed may be decided for you.

Every Canadian adult, regardless of financial situation, should have an up-to-date estate plan that outlines the following:
- Who is responsible for distributing your assets;
- Who gets what and when they get it;
- Who will take care of your children;
- Who will manage any trust accounts; and
- Who will make financial and medical decisions if you're incapacitated.

To take control of your estate, we suggest the following five steps:
1. Determine your estate planning goals.
2. Consider which estate planning tools fit your situation best.
3. Choose the people you would like to speak for you.
4. Start raising estate-planning issues with your family.
5. Keep your estate plan up to date.

Getting Started
Depending on the complexity of your estate, you may require the services of a lawyer, a financial advisor, an accountant, an insurance agent or a trust officer. Developing a complete estate will require much more than a will. Depending on your personal situation, you will need to consider a combination of the following components:
- Will: the core document in your estate plan that identifies an executor, distributes

Thank you

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

Monthly eNewsletter

If you or somebody you know are not yet on our emailing list for our monthly eNewsletter, and would like to be please let Marina McDowell know. She will be glad to add you to our emailing list so you can receive this once a month update. Contact Marina by emailing her at marina@perlerfinancial.com or by calling the office at 604-468-0888.

your assets and names a guardian for your children if they are still minors.

- Trust: is established to take care of assets you don't want transferred immediately after your death or to manage investments for beneficiaries who are incapable of doing so themselves.
- Life Insurance: can help ensure your heirs aren't negatively impacted by their inheritance, or to pay your funeral expenses or final taxes.
- Power of Attorney for Property: allows a trusted family member or friend to make financial decisions for you should you become incapacitated, but only while you're alive.
- Power of Attorney for Personal Care: allows someone close to you to make medical decisions based on your own previously expressed wishes.
- Living Will: sets out your preferences for medical care if you're unable to express them yourself. This concerns continuing life support and similar important decisions.
- Organ Donor Cards: is an official statement of whether you would like your organs to be donated to someone who would benefit from a transplant. You will also need to discuss this with your family as doctors may need their consent as well.
- Funeral Arrangements: helps decide how you would like to be remembered.
- Business Succession Plan: decides what will happen with a business you own in part or whole. There are complex rules regarding selling a business or passing it to heirs.
- Tax Planning: In Canada there are no "estate taxes" – taxes owed on the entire value of an estate. However, your estate may be subject to probate or income taxes. These are paid out of your estate, reducing the amount paid to your heirs. Probate and taxes are foremost considerations when planning your estate.

Check out our new mobile friendly website:
www.mcdowellestateplanning.com

I have been in this industry for more than 20 years. I have seen first-hand what a difference it makes to families who are left behind when a loved one dies, is injured or becomes critically ill. Needless to say, the people who have planned properly and have adequate insurance in place maintained a much more favourable quality of life both financially and emotionally.

Feel free to visit www.mcdowellestateplanning.com or speak with Fraser directly should you have any insurance inquiries.

The information contained in this newsletter is for general information purposes only and is based on the perspectives and opinions of the owners and writers. The information is provided with the understanding that it may not be relied upon as, nor considered to be, the rendering of tax, legal, accounting, or professional advice. Please contact Fraser McDowell for advice on the specific circumstances before taking any action. Some of the information provided has been obtained from sources, which we believe to be reliable, but we cannot guarantee its accuracy or completeness. Worldsource Financial Management Inc. does not assume any liability for any inaccuracies in the information provided. Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please read the prospectus before investing. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated.

Mutual Funds and Segregated Funds provided by the Fund Companies are offered through Worldsource Financial Management Inc. Other products and services are offered through Perler Financial Group.

Perler Financial Group | Ph. 604-468-0888 | Fax. 604-468-0887
fmcdowell@perlerfinancial.com | www.frasermcdowell.com | www.perlerfinancial.com
D-2232 Elgin Avenue, Port Coquitlam, BC, V3C 2B2

Fraser McDowell, CFP, CPCA
Partner, Perler Financial Group

Marina McDowell
Executive Assistant to Fraser McDowell

Lisa Fong
Processing/Admin Assistant

Stefanie Larson
Reception/Admin Assistant