

Y's Ways to Prosperity

Surviving and thriving in Muskoka after 60!

seniors'



A Guide to help you make the most of what you have, and find your way through the maze of financial resources and services available to seniors in Muskoka.

YWCA MUSKOKA acknowledges with gratitude that this project was made possible with the participation of the Government of Canada – New Horizons Program.



DISCLAIMER

Every effort was made to provide accurate information from all sources. The views or opinions expressed in this publication do not necessarily reflect those of the Government of Canada or The New Horizons Program. It is provided as a service tool for seniors living in Muskoka.



Welcome to the Y's Ways to Prosperity Guide!

YWCA Muskoka has created this Guide to help you make the most of what you have, and find your way through the maze of financial resources and services available to seniors in Muskoka.

This Guide is also available for download on our website ywcamuskoka.com and includes forms that you may be able to complete on your computer.

YWCA Muskoka gratefully acknowledges the assistance of the Government of Canada New Horizons Program, Elder Abuse Prevention Muskoka, the Public Libraries and Seniors Clubs of Muskoka, Eva Moore, Project Coordinator, as well as Madrie Secord, Isabelle Frati, The Artstrack, and all who contributed their time and talent to creating this Guide. We trust you will find it informative and useful.

Please feel welcome to drop by our Gathering Space at 440 Ecclestone Drive, Bracebridge, ON. Now celebrating 20 years of service and programs in Muskoka, our YWCA welcomes your involvement and input.

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Section 1

FINANCIAL LITERACY GUIDE FOR SENIORS

By Madrie Secord

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FINANCIAL PLANNING



We are all familiar with the *concept* of financial planning, but for many of us, that's mostly limited to retirement planning and budgeting—which is not the same as a financial plan.

A comprehensive financial plan also includes investment planning, cash flow planning, estate planning, insurance planning, retirement planning, and income tax planning.

Your financial plan should be a perfect fit for your life as it is today, easily and quickly adaptable to the constant changes life throws at you, and *always* focused on achieving your short term *and* your longer term life goals.

BENEFITS OF HAVING A FINANCIAL PLAN


Do people feel they're better off when they have a financial plan? Absolutely! In fact, Canadians with financial plans scored 62% more on emotional well-being than those without; 85% more on financial well-being, and 45% more in overall contentment. Those with a financial plan feel:

- more on track with their financial goals and retirement plans.
- they have improved their ability to save.
- more confident they can deal with financial challenges.
- better able to indulge in their discretionary spending goals.

CREATING THE PLAN

This will involve developing a budget, putting appropriate wills in place, thinking about how your family could manage without you. You can build a plan on your own but *working with a financial advisor will ensure all the necessary elements are incorporated.*

To create a sound financial plan, these steps are needed:

1. Establish and prioritize your **goals** and concerns - short, medium and long term; (see "Setting Goals" and  **Goal Worksheet** available to download).
2. **Assemble** the relevant financial information to determine your current financial situation.
3. **Evaluate** your current financial position. Some questions to consider:
 - *Are you close to achieving your goals?*
 - *How can you reduce your taxes?*
 - *Do you have enough income to cover expenses during retirement?*
 - *Can you protect yourself, your family and your income if you should become ill, disabled or die unexpectedly?*
 - *What kind of future do you want for yourself and the people in your life that are most important to you?*

4. **Develop** your plan – a “road map” for achieving your different goals.
5. **Implement** your plan – make the changes and make it happen.
6. **Monitor** and review your plan at least yearly and make adjustments when needed, ie. planning a major purchase or when a major life event occurs.


SUCCEED WITH YOUR FINANCIAL PLAN

- **Choose realistic goals.** Set your sights high, but be sure you aren’t setting yourself up for failure in the process.
- **Be specific.** Instead of saying “I want to put more money into my TFSA this year,” try being more specific: “I want to deposit \$200 bi-weekly.”
- **Review your goals often.** Look at your goals annually, or after any major life event.
- **Ask questions.** It’s important to make knowledgeable decisions.

SETTING FINANCIAL GOALS

Regardless of your age, or the stage of life you are in, establishing financial goals is key to achieving success. Here are some tips:

- Prioritize your goals in order of importance.
- Categorize your goals into: short-term, mid-term, and long-term financial goals.
- Your goals should be measureable, (ie. target date, so much money saved, so much debt reduced).
- Your goals should be realistic and attainable.
- Your goals should be based on your current financial & life situation.
 - Figure out how much you'll need to save each month to achieve each goal.
 - Know what *sacrifices* you may need to make to achieve each goal

This  **Goal Worksheet** (available for download) will help detail your financial goals.



We all know that having a good budget can take the stress out of daily purchases and help us prepare for unforeseen expenses. Yet, even knowing this, it's amazing how few of us actually take the time to prepare a budget!

These days, those who are computer savvy can find any number of free templates online that pretty much do the work for us...we just need to plug in the numbers. You'll find a nice one of these in the online version of this guide.

When you're preparing your budget, try to categorize your spending as such:

Fixed expenses: roughly the same each month - rent or mortgage payments, utilities, debt repayments.

Variable expenses: may vary from month to month - food, entertainment, travel, and home maintenance and repair.

Irregular expenses: the unexpected - car repairs or new appliances. Review your bills or expense records for the previous year, total the irregular expenses in various categories, and divide by 12 to get an average monthly cost to put in your budget.

Savings: try to set aside a bit of money for the unexpected expenses or special goals.



Attached is a sample monthly budget worksheet. It is available for download at the ywcamuskoka.com Financial Toolkit section. *(The totals are already calculated and the items can be modified to suit your own personal spending.)*

BUDGETING TIPS

Here are some easy-to-overlook items that can blow your budget. Thinking about how to save on these can make a big difference to your bottom line.

Dining out - Neither a sandwich nor a latte is going to break the bank, but how many days do you grab something on the run?

Routine healthcare expenses—Over the course of a year, one or two illnesses with over-the-counter medicine can really add up.

Car expenses - Most people know how much they spend on their car loans, auto insurance, and gas, but don't forget about parking fees, car washes, and routine maintenance.

Pets – Vet bills, grooming, kennel costs, special food, all need to be considered.

Gifts - If you're like most people, you've probably set a budget for end-of-year holiday gifts; but birthdays, anniversaries, weddings, need to be counted too. This is especially important for those with larger families.

Charitable donations - While many people gather receipts for large donations, they somehow don't feel the need to track small, one-time donations throughout the year. (See "*Donations*" in the "*Taxation*" section.)

Indulgences—Beer, wine and cigarettes are almost never correctly accounted for and often severely underestimated.

Save EVERY receipt. Accounting for every insignificant item may seem tedious, but it will give you an idea of how easily this spending adds up. Keep a place to put receipts as you come in the door and tally your incidentals up each month to help track these expenses. If you're comfortable using apps, there are many trackers that are easy to use.

BUDGET TIPS TO STAY ORGANIZED

Take control of your **financial clutter**. It will streamline your records, clear your mind and help stay organized. Here's a quick guide:

You Can Toss -

- tax documents more than six years old.
- Credit card statements, bills and monthly bank statements, after checking for accuracy. Try going paperless and scan documents you feel necessary to keep.
- Any unneeded documents that contain personal information. Use a shredder to protect your safety and privacy.

You Should Keep -

- important, long-term documents such as life insurance policies, will, investment statements, mortgage papers, and power of attorney. (*A safety deposit box or home fire proof box is ideal.*)
- Copies of your personal ID, driver's license, prescriptions and credit cards. Keep these in a secure place and notify loved ones of their whereabouts.

- A list of all passwords. There are great password managers available, such as *Norton* or *Dashlane*.
- A list of professionals you deal with: lawyer, doctor, financial planner, accountant, life insurance agent and banks – along with account numbers. Again, notify loved ones of the location in case of emergency. The Personal Inventory which forms part of this Guide will keep all of this information in one place.
- Phone bills and other bills related to your home office, *if you're self-employed*. Keep these with your tax documents for at least six years.

You Should Have -

- A simple filing system to store and organize the documents you need to keep safe.
- A shredder, scanner and home fire proof box.
- Any important, long-term, finance-related documents that you don't already have copies of, such as life insurance policies or mortgage papers.
- A handle on anything that may be missing, such as a will, power of attorney. These will give you peace of mind and help ease the pain of grief for family members down the road.

SPENDING HABITS THAT CAN RUIN YOUR BUDGET

1. Buying Cheap Products:

It may seem like a good way to save money but can cost more in the long run when you need to replace items sooner and more frequently.

1. Not negotiating a better deal:

The idea of haggling for a better price may seem intimidating, but if you don't, you're likely spending more than necessary. This is especially true with services such as TV, internet, phone.

2. Paying for services or membership you don't use:

Unless you've resolved to make health and lifestyle changes, membership at a gym can be a waste. There are plenty of other - *free* - ways to exercise: walking, biking, workout apps & videos.

3. Taking a sales price at face value:

It says it's on sale, but you might save more by doing a quick online search for a better price elsewhere. Also, use apps such as '*Goodshop*' and '*RetailMeNot*' to search for coupon codes and '*Raise*' to get discounted gift cards.

4. Applying for a store credit card to get discounts:

This can wreak havoc on your spending and lead to more debt. People tend to buy more in a single transaction in order to take advantage of 'sign up' savings. If you already have a credit card that offers cash back or rewards, use that instead.

5. Signing up for retail newsletters:

The temptation of these emails may cause you to spend more.

6. Buying more to save more:

"Buy two, get one free" or "\$25 off purchases of \$100 or more", a common retail trick.

7. Buying more to get free shipping:

A drawback to online shopping can be shipping fees. Be careful, this often requires a minimum purchase.

8. Grocery shopping without a list:

If you don't plan ahead, you can end up buying items you don't need, or already have.

9. Shopping at a warehouse club:

Buying in bulk can help you save money, but not everything is a deal and it's easy to buy much more than you need.

10. Driving to several stores to get the best deals:

This habit may not be helping your budget, or your sanity.

11. Shopping to relieve stress:


The dreaded “retail therapy”. This habit may actually make you more stressed if you rack up debt.

12. Keeping up with the Joneses:

A sure way to spend more than you can afford.

13. Not creating a spending plan with your partner:

Your attempts to spend less may be derailed if you and your significant other aren’t on the same page. It takes a team effort.

 Budget Worksheet available for download

UNDERSTANDING CREDIT



Do you remember getting your first credit card? Your first mortgage? Your first car loan? Such great excitement...the feeling of power...*of being an adult!*

We've learned over the years that credit, unless we use it wisely, can lead to as much difficulty as it can solve...and be as challenging as it convenient.

Not only do you have to be responsible to spend what you can afford and pay back the charges you've made; you also have to be mindful of the impact credit can have on your credit score...and your life.

WHAT IS A CREDIT REPORT?

A record of your credit and loan accounts are maintained by companies called 'credit bureaus'. A **credit report** indicates the likelihood that you'll pay back money loaned to you. Each month, your credit card issuer reports your credit activity to one or more of the major credit bureaus.

What's Included:

- Name, address, date of birth, SIN.
- Employment information.
- Credit accounts and balances, credit limits, payment history, account status, date you opened the account.
- Banking information, including NSF's.
- Public record information: secured loans, bankruptcies or judgments.
- Closed accounts and collections against you.
- Record of inquiries from organizations or individuals that have requested a copy of your credit.

WHAT IS A CREDIT SCORE?

FICO, (the Fair Isaac Corporation), is the most widely used credit scoring system in the world. A credit score is based on information in your credit report. According to FICO, these main factors determine your credit score:

Amount Owed – 30%

- try not to max out your credit card – using all available credit makes you look like a risky borrower.
- many credit card issuers also report a “high balance” which is the highest balance ever recorded. Even if you max out your credit and pay it off, your credit report may still show that high balance.
- it’s a good idea to keep your credit card balance below 30 percent of your limit.

Payment History – 35%

- Timeliness of your credit card payment is one of the most important factors influencing your credit score. Late payments will bring your credit score down.
- One-time payments will help boost your credit score.

New Credit – 10%

- Every time you apply for credit, a record of your application goes onto your credit report. Approval is not factored in.
- Just applying for credit can have a negative effect on your credit score.
- Opening multiple new accounts in a short period of time may also have a negative impact on your score.

Credit Used – 10%

- The presence of too many open accounts can have a negative impact on your score, whether you're using the accounts or not.

YOUR CREDIT SCORE – WHAT’S THE NUMBER?

- **750 to 900** Excellent credit.
- **650 to 749** Good credit. You should expect a variety of credit choices to choose from.
- **575 to 649** Fair credit. You may not qualify for the lowest interest rates available. Keep your credit history strong to build your credit health.
- **500 to 574** Your credit could be better. You will be considered a high credit risk so expect to pay a high interest rate. History of debt repayment will be important to demonstrate your solid sense of financial responsibility. Work on ways to improve your credit score.
- **300 to 499** Poor credit. It will be difficult to borrow.

HOW TO IMPROVE YOUR CREDIT SCORE

- ***Pay bills in full and on time.*** Pay at least the minimum amount and set up automatic payments to ensure you pay on time.
- ***Don't exceed your limit.*** Keep your balances low – below 30 percent of your credit limit if you can.
- ***Don't apply for credit too often.*** Too many lenders asking about your credit in a short period of time can lower your score.
- ***Pay off your debts as quickly as possible.*** This demonstrates responsible credit behaviour.
- ***Build a strong credit history.*** Use some credit; length of credit history is important.
- ***Check your credit report about six months in advance if you plan a major purchase*** such as buying a house or car. This will give time to improve your score or correct possible errors.
- ***Review your credit report regularly.*** You want to be sure information on your credit report is accurate.

- **Monitor your credit.** Identify theft is an increasing threat. Companies such as *LegalShield* offer a monitoring service and will investigate and restore your credit history to its original state if compromised.

YOUR CREDIT REPORT IN ONTARIO

- Bankruptcy purges 7 years from the date of discharge. Subsequent bankruptcies stay on your credit report for 14 years.
- Judgments (*debt you owe through the courts*) remain 6 to 7 years.
- Consumer Proposals are removed 3 years from the date of the last payment.
- Closed accounts (*although still owing*) will remain for seven years.
- Soft Inquiry (*your own requests, pre-approved offers, current creditor inquiries*) are only visible to you and not to potential lenders or creditors. These do not impact your credit score.
- Hard Inquiry (*made by a potential lender reviewing your credit history*) remain on your credit report for 3 years. These do impact your credit score.

CREDIT REPORTING AGENCIES

The following agencies will provide a free credit report by mail. On-demand, online credit report and credit score require a fee:

Equifax Canada

1-866-699-5712

www.consumer.equifax.ca

Transunion Canada

1-800-663-9980

www.transunion.ca

Credit Karma *will* provide a free online credit report, a free online credit score and free credit monitoring:

www.creditkarma.ca



DEBT MANAGEMENT

If handling debt is a challenge during our working life, it's even harder to manage during our 'golden years'. Indeed, one of the cornerstones of any financial plan is debt management.

Debt has become a complex problem for many. Circumstances can frequently bring even the most educated and disciplined person to financial crisis. It's important to recognize that each of us can benefit from a double check that our liabilities are managed in the most efficient manner.

Good Debt vs. Bad Debt

Simply put, any debt where you can write off interest is considered “good debt”

Good debt:

- borrowing to invest in a non-registered account.
- borrowing to buy income-producing real estate
(Note: if you rent out a portion of this real estate, you may write off that portion of the mortgage interest).

Bad debt:

Anything that is keeping you awake at night and playing on your mind during the day...in other words, affecting your quality of life!

How long are you in for?

Find out how long it could take to pay off your credit cards and other debt with this debt [calculator](https://www.getsmarteraboutmoney.ca/calculators/pay-off-credit-cards-debt/)
<https://www.getsmarteraboutmoney.ca/calculators/pay-off-credit-cards-debt/>

Money is About More than Math

You need to know more than just the numbers. Determine your attitude about debt by asking yourself:

1. How do I feel about my current debt?
2. How do I spend my money – credit, debit, cash?
3. How do I track my spending?
4. If I could manage my debt more efficiently, what would I do with any freed up cash flow? If the answer to this is 'buy groceries' or 'see the dentist' ...your financial health is out of balance.

WAYS TO MANAGE DEBT

Unify The Debt:

Debt is never to be treated like investments. It is not to your benefit to be diversified when it comes to liabilities. Get down to only one debt account whenever possible. Consider a line of credit, if you qualify for one, or a consolidation loan.

Bottom line: debt can be far better monitored and controlled when it's all in one place. You only have to face one balance and can see the progress on a monthly basis.

Pay at least the minimum on each debt:

If consolidation isn't possible, pay off as much of your debt as possible each month, at least the minimum you owe. As you pay off each debt, pay more on the next debt in line.

Negotiate a lower interest rate:

Ask your lender for a lower interest rate. If the first person you talk to can't help you, speak to their supervisor. They would rather have something than nothing, so they may be willing to reduce your interest rate to keep your business.

Stop using your credit cards:

You don't have to cancel your credit cards or cut them up. Put them away somewhere safe and don't use them to make any more purchases until you've cleared your debt.

Harness the Power:

Do NOT let go of the freed up cash flow. You should direct new monthly cash flow to debt reduction.

Upgrade Your Review Process:

From the original planning process be sure to print out a projection of your debt reduction plan. When you do an annual review, check where you are against where you should be. Always make sure you know why you're ahead or behind your target numbers.

Talk to a professional:

If you can't figure out a way to reduce your debt, consider talking to:

- A financial advisor is an individual who looks at your financial situation and builds a complete plan to help you reach your goals. The process may cover: financial planning, risk management, investment planning, tax planning, retirement planning, and estate planning. (See "*Financial Planning*" section)
- A credit counsellor or non-profit credit agency, who helps people work through their debt problems. They can help you develop a plan, reduce your interest costs, consolidate debt and get out of debt.

POSSIBLE SOLUTIONS TO A SERIOUS DEBT PROBLEM

Bankruptcy:

A prevalent myth about bankruptcy is that anyone who is knee-deep in unmanageable debt can file for it. However, statistics show that only 10 per cent of people who file for bankruptcy in Canada are approved for it.

Details like a person's annual income and financial history are thoroughly assessed and considered by a Licensed Insolvency Trustee (LIT) before anyone can declare bankruptcy.

There are many drawbacks. For example, your credit record will contain this information for 7 years or more. Consider bankruptcy a last resort. And be sure to get expert advice.

If you find yourself in a situation where you're unable to qualify for bankruptcy, familiarize yourself with these existing alternatives:

Consumer Proposal

A consumer proposal is a legal document that reports on an individual's financial situation.

- Presented to creditors as a game plan for paying back debt, it might contain a request to extend the amount of time you have for paying back money owed.
- Once a person has worked with a Licensed Insolvency Trustee (LIT) to develop this proposal, it is sent to creditors to be evaluated.
- Creditors have up to 45 days to either accept or decline the offer. If accepted, a person is responsible for making payments to their designated LIT, who will act as the financial middleman.

- Additionally, a person is required to adhere to all of the conditions in the proposal as well as attend credit-counseling sessions.
- If creditors choose to disapprove a consumer proposal, statement changes in the document can be edited and re-submitted or a debt-management program might be a better option.

Debt Management Program

- With the assistance of a credit counselor, debt management programs are designed to help a person pay off debt.
- A contract must be signed to ensure that payments are being consistently made to the credit counselor, who will facilitate how the money will be paid back to creditors.
- In some cases, the interest rate or fees on unsecured debt may be eliminated or reduced.
- Before signing a contract, it's important to research all programs available in your area to make sure that you're choosing the one best suited for your financial situation.

- **Debt Consolidation Loan**

- A debt consolidation loan is an allowance from a financial institution that is equivalent to a person's unsecured debt.
- This loan grants a person a chance to repay all credit at once, and instead of being left with multiple late bills, there's only one outstanding fee.
- After taking out a debt consolidation loan, all unsecured debts are settled, and in return, monthly payments are made to the financial institution instead of creditors.
- Debt consolidation loans typically have lower interest rates compared to what is charged by creditors, which helps you save extra money.
- In times of financial stress, it's wise to consider making an appointment with a professional for advice on what alternative is best for you; whether it be a Licensed Insolvency Trustee (LIT) or a financial advisor, any step towards managing your debt is a step closer to living debt-free, and getting a good nights sleep!



ARE YOU READY TO RETIRE?

It may sound wonderful not to have to work, but will you be able to deal with the new lifestyle? If you'll miss your work colleagues, or if your identity is defined by the work you do, you may not be ready to retire completely.

Sustaining your financial needs during retirement is the main concern of most Canadians, aside from debt reduction.

At the same time, life expectancy continues to rise in Canada, increasing to an average of 80.4 years, meaning that Canadians need to finance their retirement for a longer period of time.

If you're looking forward to retirement, you need to give some consideration to these tips:

1. Are You Ready to See Much, Much More of Your Partner?

The amount of time you'll be spending with your partner can easily double after retirement. Will you both be able to cope with each other's annoying little habits and not drive each other crazy?

2. Do You Know How to Age Successfully?

To age successfully, you need to focus on four things especially: regular exercise, a healthy diet, staying in touch with other people, and financial security. Do you have a plan of action to make sure retirement will be enriching rather than turning you into a couch potato?

3. Will Your Retirement Income Be Enough?

You'll need about 70 per cent of your current income to retire and still live the lifestyle you're used to. [Service Canada](https://www.canada.ca/en/services/benefits/publicpensions/cpp/retirement-income-calculator.html) has a handy online retirement income calculator that will help you determine how much you can expect to receive from different sources of income, including your OAS pension.

<https://www.canada.ca/en/services/benefits/publicpensions/cpp/retirement-income-calculator.html>

4. Have You Considered Taxes on Your RRSP?

Payments received from CPP and OAS are taxable. As soon as you start receiving payments from your RRSP or RRIF, you'll need to start paying taxes on that income as well.

5. Do You Have Alternate Sources of Income?

Create alternative sources of income to supplement your pension. The earlier you start, the better, so make wise investments that will pay dividends or consider a part-time income.

6. Would You Be Willing to Downsize Your Home?

You need to think about what your home actually costs you. Even if you have no mortgage, you need to take into account the cost of utilities and maintenance. It might make sense to move to a cheaper home.

7. Would You Be Willing to Relocate?

One way of making your retirement income go further is to move to a retirement haven. Take into account factors such as property prices, quality of life, and access to quality healthcare.

8. Do You Have Debt?

If you want a successful retirement, you need to live debt free. Paying off your debt before you retire means you won't have to worry.

9. Can You Live Within Your Means?

Learn to live within your means so that you won't accumulate new or more debt.

10. Have You Considered How Much Longer You May Live?

The average life expectancy for a Canadian who's made it to 65 is 83 for men and 86 for women. These are averages only, and you may live much longer. Do you have a plan for the cost of care, should your later years not be in good health.

HOW MUCH MONEY WILL YOU NEED FOR RETIREMENT?

- consider the age you want to retire
- do you plan to work during retirement?
- how do you envision your quality of life?
- what lifestyle do you plan?
- impact of inflation on your savings

SOURCES OF RETIREMENT INCOME

- **CPP** (*possibly Guaranteed Income Supplement and Allowance*)
- **OAS** (*can be subject to clawback*)
- **RRSP** - *until age 71*
- **RRIF** – *after age 71 – required minimum withdrawals*

- **Locked-in Plans** (*minimum & maximum withdrawals*)
- **Annuity**
- **Group Pensions**
- **Personal Investments**

CPP (Canada Pension Plan)

- Provides regular pension benefit payments.
- The standard age to begin receiving a CPP is when you reach age 65. CPP payments are considered taxable income, but tax is not deducted from payments unless requested.
- There is a general "drop out provision" that enables up to eight years of lower-earnings to be dropped from the CPP calculation.
- If you stopped working or received lower earnings to raise your children, you may be able to use the "child-rearing provision" .
- You can apply a maximum of 12 months before the date you would like your pension to start.
- An application must be filed at least six months prior to the commencement of CPP benefits.
- Benefits may start anytime between the age of 60 to 70.

- CPP benefits are adjusted in January each year for cost of living increases.
- A disability pension is available to eligible workers who become disabled.
- A spouse or common-law partner may be eligible to receive the CPP survivor's pension.
- A spouse, common-law partner, or next-of-kin may be eligible for the CPP death benefit (*a maximum \$2,500 one-time payment at time of printing*).
- If you are non-resident, 25% tax is withheld from your monthly CPP payments.
- Pension sharing - you may be eligible to share your CPP retirement pension with your spouse or common-law partner.
- Credit splitting - CPP contributions made by you and your spouse or common-law partner while you lived together can be equally divided after a divorce or separation.
- If you continue to work while receiving your CPP retirement pension, and are under age 70, you can continue to make CPP contributions. These CPP contributions will go toward post-retirement benefits (PRB), which will increase your retirement income.

Canada Pension Plan
Pensions and Benefits
2018 Maximum Payments

Retirement Pension (at age 65)	\$1,134.17
Post Retirement Benefit-PRB (at age 65)	\$ 28.35
Disability Benefit	\$1,335.83
Survivor's Pension younger than 65	\$ 614.62
Survivor's Pension 65 and older	\$ 680.50
Children of disabled CPP contributors	\$ 244.64
Children of deceased CPP contributors	\$ 244.64
Death Benefit (one-time payment)	\$2,500.00

- **Taking your pension before age 65**

If you take the CPP retirement pension early, it is reduced by 0.6% for each month you receive it before age 65 (7.2% per year).

This means that an individual who starts receiving their CPP retirement pension at age 60 will receive 36% less than if they had taken it at 65.

- **Taking your pension after age 65**

If you take your pension late, your monthly payment amount will increase by 0.7% for each month after age 65 that you delay receiving it up to age 70 (8.4% per year).

This means that an individual who starts receiving their retirement pension at the age of 70 will receive 42% more than if they had taken it at 65.

OAS (Old Age Security)

- flat rate monthly pension commencing at age 65 (*age 67 in 2023*)
- Indexed quarterly
- Taxable
- No work history required for eligibility
- Income tested, "claw back" rules apply

GIS (Guaranteed Income Supplement)

- monthly benefit for those with little/no other income
- Indexed quarterly
- Must be reported, but tax exempt
- No work history required for eligibility
- Income tested
- payments based on marital status

Allowance

- designed to recognize the difficult circumstances faced by many survivors and by couples living on the pension of only one person
- given to seniors whose income falls below a certain level
- Indexed quarterly
- Must be reported, but tax exempt
- Income tested and “claw back” rules apply

Registered Retirement Plans

Registered Retirement Savings Plan (RRSP)

- Personal or employer retirement savings plan
- Contributions eligible for a deduction
- Deferred growth
- Can contribute until age 71
- Must be converted to a RIF or annuity at age 71
- Withdraw at any time
- Withdrawals 100% taxable
- Subject to withholding tax
 - 10% on withdrawals up to \$5,000
 - 20% on withdrawals between \$5,001-\$15,000
 - 30% on withdrawals over \$15,000

Retirement Income Fund (RIF)

- Source: matured RRSP (usually age 72)
- Deferred growth; no contributions allowed
- Minimum annual withdrawal; no maximum withdrawal
- Withdrawals are 100% taxable
- Minimum withdrawals not subject to withholding tax
- Withdrawals that exceed the minimum are subject to the same withholding tax as RRSP's

Locked-In Plans

LIRA (Locked-In Retirement Account)

- Source: other Locked-In plans or Employer RPP
- Deferred growth
- No contributions or withdrawals allowed
- Must be transferred to a LIF to withdraw

LIF (Life Income Fund)

- Source: LIRA
- For the purpose of withdrawing funds from a LIRA
- No contributions allowed
- Minimum & maximum annual withdrawals
- Withdrawals are 100% taxable

Annuity

- Guaranteed income for as long as you live, similar to a defined benefit pension.
- The most effective safeguard against “longevity risk,” or the possibility of outliving your savings.
- Should be considered one part of your retirement income plan.
- You deposit a lump sum of money to an insurance company in return for a predictable cash flow.
- The most common: the “fixed annuity” with a prescribed payout for life.
- Payouts end after your death (although you can purchase guarantee periods).

Not a good option if:

- There’s no chance you’ll run out of money.
- You have an ample employer pension (*you may already have income for life*).
- You are in poor health.

Group Pensions (Registered Pension Plans-RPP)

Defined Benefit:

- Employee contributions
- Based on years of service
- Employer chooses & manages investment & assumes risks
- Pays a lifetime pension income (*100% taxable*)
- Can be commuted as a lump sum to a locked-in plan (LIRA)
- Prior year contributions reduce the current year RRSP deduction

Defined Contribution:

- Employer and employee contributions
- Usually a percentage of salary that employer matches
- Employee chooses & investments & assumes risks
- You choose when/how much to withdraw
- prior year contributions reduce the current year RRSP deduction



TAXATION

Although we generally think of tax planning as a year end event, it should always be part of our everyday thinking. Good tax planning as a year round activity can increase your:

- Cash flow
- Retirement savings
- Net worth
- Estate value

Good tax planning is just as important as good investment planning. While taxation gets more and more complicated with every federal and provincial budget, it remains that we must understand the basic concepts of deductions, tax deferral and income splitting.

Governments frequently introduce new tax legislation, making income tax the hardest financial topic to understand. For this reason, getting help with your taxes is extremely important. Your tax expert will be current with any tax changes and look for ways for you to maximize The Four D's.

THE FOUR D's of TAX PLANNING:

DEFER:

A deferral strategy is to try to push having to pay tax into future years. Deferring tax means you might eliminate the tax this year but you will eventually have to pay it down the road. Generally, tax deferral has two advantages:

- (1) It is better to pay a dollar of tax tomorrow than to pay a dollar of tax today.
- (2) You have control over when you have to pay the tax.
- (3) The deferral period could take you into retirement years where you may be in a lower income tax bracket when the tax is payable.

Typical forms of tax deferral are RRSP's, RESP's, RDSP's, RRIF's and Capital Gains. Withdrawals from registered accounts are 100% taxable.

It's important to work with your financial advisor to plan timely contributions to, and withdrawals from, your RRSP and RRIF. Substantial investments in RRSP's and RRIF's could result in more taxable income during retirement than intended, when CPP, OAS and other pension income is being received. (See "Retirement" section)

DEDUCT:

Deductions reduce your taxable income. If you are able to deduct any part of your earnings, this will assist you in arriving at a lower taxable income. A \$100 deduction alone can mean a tax savings of \$21-\$46 depending on what tax bracket you fall into.

Tax Credits also reduce your tax payable and are usually non-refundable, such as:

- Medical tax credit
- Pension income credit
- Charitable donations credit
- Disability tax credit

DIVIDE:

Often called “income splitting”, dividing taxes gives you the ability to take an income and spread it among a number of different taxpayers.

For example, if you have one person paying tax on \$70,000 vs. having 2 people (say husband and wife) paying tax on \$35,000 each, you would rather have the second scenario. Unfortunately, you cannot arbitrarily decide who is going to claim what amounts for income.

Your financial advisor is invaluable in steering you through such situations; here are a few of the more common income splitting strategies:

- Spousal RRSPs that help split income in retirement
- Splitting CPP benefits with your spouse
- Pension splitting for retired couples
- Investing non-RRSP savings in the lower income family member’s name
- Payment of wages to family members (*through a business*)
- Utilizing trusts

DISCOUNT:

This refers to the use of insurance vehicles to pay for future contingencies and liabilities rather than using your own income and assets for such costs.

An example includes: tax-free dollars to cover potential costs of future health-related care and taxes. These benefits can be delivered for pennies on the dollar through insurance vehicles. Whether you are using disability insurance, critical illness insurance or long-term health care insurance, you can dramatically lower the actual cost of illness or disability-related expenses by using premiums paid today...a very tax-efficient way to plan ahead for such unexpected costs.

Ask your tax professional to estimate your taxable income partway through the year so you have time to plan for any deductions or credits that can be utilized before yearend to lower your tax bracket.

Tax is complicated at the best of times. It pays to have a **tax professional** run through the details, especially if your tax situation is complex.

MOST FREQUENTLY MISSED TAX DEDUCTIONS & CREDITS

1. Self-Employment Expenses:

- If you are using your house as part of your business – a home office for example – you can claim a deduction for that part of the home that is used to conduct business activities. A homeowner may claim a portion of mortgage interest, property taxes and capital cost allowance.
- A renter can claim a portion of monthly rent, including a share of utilities, insurance or home maintenance allotted to the area of the house set aside for business use.

2. Equivalent-to-Spouse Credit:

- Can be claimed if you are single, divorced, or separated *with some restrictions* and it is not necessary that the dependent have lived with, or been supported by, the taxpayer for the entire year.

3. Medical Expenses:

- Non-reimbursed medical expenses can be claimed as a non-refundable tax credit.
- Married or common-law couples are allowed to pool their claims together. You can deduct premiums paid for medical coverage, including Blue Cross or Green Shield private coverage.
- CRA allows you to accumulate your claims for any 12-month period ending in the year of the tax return.

4. Dividend Tax Credit:

The effect of the dividend tax credit is to reduce dividend income at the highest marginal rate to 14% - 17% lower than the highest marginal rate for ordinary income.

It may be beneficial for couples with dividend income to take advantage of tax rules that allow the lower-earner to transfer dividend income to his/her higher-earning spouse.

5. Disability Tax Credit:

- A federal and provincial tax credit is available for taxpayers with severe and prolonged mental or physical infirmity.

- A Canadian medical doctor or qualified professional must certify to the impairment on Form T2201.
- Consult your tax professional for additional tax credits/rules re parents and caregivers.

6. Pension Income Credit:

If you receive pension income, a federal and provincial tax credit on up to \$1,000 (*in 2017*) of eligible pension income is available. If the pension is from an employer's plan, you are eligible regardless of age; otherwise, in the case of a RRSP or RRIF withdrawal or an annuity, you must be at least age 65. If you can't use the credit, it can be transferred to your spouse.

7. Carrying Charges:

Deductions for a variety of expenses associated with financing charges and investment expenses:

- Interest on loans for investment purposes (*other than registered investments*)
- Fees paid to investment advisors or brokers

8. Moving Expenses:

- If you move within Canada for work related reasons, your moving expenses might be tax deductible.
- Expenses that can be claimed include hiring movers, renting a van to move yourself, breaking a lease, furniture storage, meals and lodging for you and your family while travelling, and legal fees and real estate commission if you have to sell your home.

9. Charitable Donations:

- Charitable donations are given a two-tier credit: Federal and Provincial.
- The first \$200 of donations for the taxation year gives you a 15% federal tax credit; a combined 25% when the provincial credit is added.

Tips:

- Combine smaller, multiple years of donations with a spouse in a single year to maximize the charitable donation credit over the \$200 threshold;



- Donate in December (vs. January) to increase your pool for the year;
- Claim amounts of donations up to a limit of 75% of your net income;
- Consider donations that are not just cash, but shares of publicly traded securities, artwork or real estate.



SAVING AND INVESTING

Just like anything else, to be successful, a lot of planning has to take place. Saving is one of those activities, as it needs a lot of thought. You will never regret saving. The money you save will be put to good use at some point.

In order to keep focused on what you intend to achieve through saving, consider and understand these tips:

- Make sure you have a **budget** that works 
- Determine your savings **goals** (short, medium and long-term) 
- Commit to “**pay yourself first**” (set aside an amount for savings BEFORE expenses)

BEING TAX EFFICIENT

Consider the impact of taxes on your savings and investments. Different investments are taxed in different ways:

Saving Accounts

- 100% taxable in the year earned.
- Eroded by inflation.

GIC's

- Produce low returns during periods when interest rates are low.
- 100% taxable.
- Eroded by inflation.
- Not ideal during a low-interest rate environment.
- Usually locked into a specific term, thereby not easily accessible.
- Be wise, banks compete with each other with products that are "all sizzle, no steak".

Tax-Free Savings Accounts (TFSA):

- Zero tax on growth.
- Allows flexible investing.
- No tax deduction available on contributions.
- \$5,500 maximum per annum (as at Jan.1.2018)
- Not included in income testing for OAS.
- Withdrawals can be replaced.

Registered Savings Plans (RRSP, RRIF, RESP, RDSP)

- Allow deferred growth (taxable when withdrawn).
- Withdrawals 100% taxable.
- Can be subject to withholding tax (see “retirement” section for tax rates).
- Allow for flexible investing.
- Some offer grants and/or tax deductions on contributions.

Non-Registered Investments

- Allow for flexible investing
- Easily withdrawn
- Taxable when withdrawn
- Favourable tax treatment
 - Capital Gains - 50% of growth taxable
 - Dividends – tax credit
- Can be exempt from income testing

TYPES OF INVESTMENT INCOME

Investment income is generated in three different ways. Depending on the type of investment income, the tax rules can be different and should be considered before making an investing decision. This is particularly important when planning an investment strategy in non-registered accounts.

The three types of income are: interest, dividends and capital gains.

INTEREST INCOME

- 100% taxable in the year earned, at your marginal tax rate.
- No tax breaks, such as deductions, grants or tax credits.
- Ideally, put interest-earning investments within your registered accounts to allow you to defer income inclusion.
- It's wise to minimize interest earning investments, especially during times your marginal tax rate is high. (Normally during times of employment).

DIVIDEND INCOME

- Refers to any distribution of a company earnings to shareholders from stocks or mutual funds you own.
- Dividends paid by Canadian companies are often eligible for the Dividend Tax Credit and attract less tax than other types of investments.
- Generally, dividend income is increased (grossed-up), then a non-refundable tax credit is applied to reduce the amount of tax you owe.

CAPITAL GAINS

- You have a capital gain when you sell "capital property" such as shares, stocks or real estate for more than you paid (called the adjusted cost base, or ACB).
- This difference is called a realized capital gain.
- Currently, only 50% of realized capital gains are taxable.
- Capital gains receive the most preferential tax treatment.

- For example, if you bought shares for \$20,000 and sold them for \$25,000, you have to declare a \$5,000 capital gain in the year you sold the shares.
- A primary residence is exempt from taxation.
- Capital gains made within a Tax-Free Savings Account (TFSA) are not taxed.

The table below illustrates the combined (federal and provincial) tax consequence of each type of investment income. (Interest income falls into the “Other Income” category:

2018 Taxable Income	2018 Marginal Tax Rates			
	Other Income	Capital Gains	Canadian Dividends	
			Eligible	Non-Eligible
first \$42,960	20.05%	10.03%	-6.86%	8.00%
over \$42,960 up to \$46,605	24.15%	12.08%	-1.20%	12.76%
over \$46,605 up to \$75,657	29.65%	14.83%	6.39%	19.14%
over \$75,657 up to \$85,923	31.48%	15.74%	8.92%	21.26%
over \$85,923 up to \$89,131	33.89%	16.95%	12.24%	24.06%
over \$89,131 up to \$93,208	37.91%	18.95%	17.79%	28.72%
over \$93,208 up to \$144,489	43.41%	21.70%	25.38%	35.10%
over \$144,489 up to \$150,000	46.41%	23.20%	29.52%	38.58%
over \$150,000 up to \$205,842	47.97%	23.98%	31.67%	40.39%
over \$205,842 up to \$220,000	51.97%	25.98%	37.19%	45.03%
over \$220,000	53.53%	26.76%	39.34%	46.84%

WHEN INVESTING, CONSIDER THESE FACTORS

Purpose:

Determine your investing goal: Retirement, Education, Renovations, Major Purchase.

Time Horizon:

How long before you redeem your investment.

Risk Tolerance:

How willing are you to take risk? Are you a conservative, moderate or aggressive investor?

Liquidity

Can the investment be easily accessed when it's needed.

Growth

Desired/required rate of return.

FREQUENTLY USED TERMS AND STRATEGIES

DIVERSIFICATION:

- Investing so that all your eggs aren't in one basket. By spreading your investments among different geographic regions, types of assets such as equities and fixed income, or a variety of individual funds, you spread out your risk.
- Mutual funds are a popular way for investors to diversify across different types of investments and markets.

THE THREE ASSET CATEGORIES

CASH and CASH EQUIVALENTS

- Savings and money market products.
- The safest investment.
- Lowest rate of return.
- risk (the risk that inflation will outpace and erode investment returns over time.

FIXED INCOME

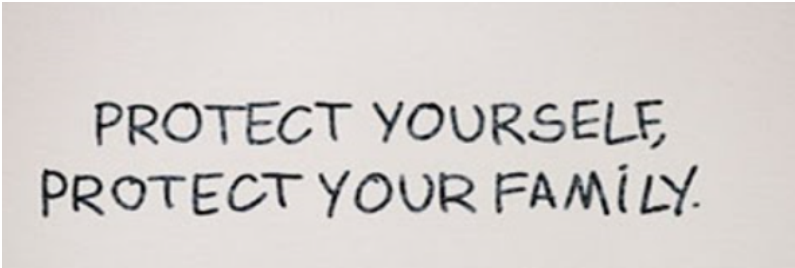
- These investments generally pay a return on a fixed schedule. i.e.: bonds, GICs.
- Less volatile than stocks or equities.
- Lower potential for growth, modest rate of return.

EQUITY

- Investments primarily in stocks/shares of companies that are listed on a stock market.
- Equities have historically had the greatest risk and highest returns.

ASSET ALLOCATION:

- Asset allocation involves distributing an investment portfolio across different asset classes, mainly cash (and cash-like investments), fixed income and equities.
- Each asset class has a different level of risk and return over time.
- Your asset allocation is very much determined by the factors listed previously.
- Know your comfort zone and stay within it.



PROTECT YOURSELF,
PROTECT YOUR FAMILY.

INSURANCE

The unexpected can disrupt the best laid out plan, and life does throw us the occasional curve ball.

This may be at a time when you are retired or looking forward to retiring, or you're focused on maximizing your retirement savings. After working your whole life, it's likely you're relying on a limited retirement income to live. You may not have the finances to fund a funeral or the cost of care as you age. Perhaps you would like to leave a legacy for loved ones. **Life insurance** can preserve or enhance your estate.

What if you suffer an unexpected illness?

Critical Illness Insurance provides a lump sum benefit to be used at your discretion.

Health Insurance pays for health costs not covered by your provincial plans, such as prescriptions drugs, dental work, travel or eye glasses.

The cost of care as you age can deplete your savings quickly. **Long Term Care Insurance** can safeguard your savings in your later years and cover costs of care and other expenses.

It's important to match insurance coverage to life's milestone events. This means working with your financial advisor throughout all stages of life. Protecting yourself and your family requires regular review of your risk to ensure you have the right insurances in place at any time that will provide you and your family peace of mind.

Let's learn about the various types of personal insurance.

LIFE INSURANCE

Life insurance can help protect the people who rely on you, and assure them that they will be taken care of if you are no longer there. In addition to the protection life insurance offers after your death, it can also support a sound financial plan while you're alive.

Life insurance pays a lump sum benefit to beneficiaries in the event of death. It eases the financial pain for family or loved ones. The benefit can help pay the mortgage, debt, final expenses, daily necessities and estate costs, as well as provide a legacy for loved ones. It can also protect investments and savings, as well as provide a legacy for loved ones.

Searching for insurance can be difficult and overwhelming. Not only can it be a challenge to find the right solution that fits your budget, but understanding the options can be complicated.

If you think that investing in insurance is too costly, consider the outcomes of possible scenarios, such as you or an immediate family member having an accident, sudden illness, or worse.

Each family circumstance is unique, so work with your financial advisor for the best options.

A note regarding beneficiary designations:

Life insurance policies with a named beneficiary avoid probate and are not subject to probate fees. In some instances, it makes sense to name the estate as beneficiary. Even though the proceeds will then be subject to probate fees, the money to pay the taxes will then be part of the estate. It's easier to pay the taxes from the estate proceeds than to try to get the money back from a family member after they have received it.

Each type of life insurance carries unique benefits designed to meet different needs.

Term Insurance:

Term insurance can provide financial security for those you name as beneficiary, pay any debts, mortgage and final expenses or estate costs. Key features:

- Coverage for a specific period of time.
- Terms of 5 to 40 years; coverage ends when the term ends.
- Not intended for life.
- Premiums are less expensive than permanent.
- If renewing, a new medical may be required.

- If renewing, premiums increase & become very expensive later in life.
- No accumulating cash value.
- Can be converted to Permanent Insurance

Permanent (Whole Life) Insurance:

Permanent life insurance can provide lifelong protection for you and your family while offering the opportunity to grow tax-advantaged money inside your policy.

Key features:

- provides coverage for life.
- More expensive than term.
- Offers consistent premiums and guaranteed cash levels.
- Can borrow against the policy.
- When a Whole Life policy is *participating*, it means the owner shares in both the surplus profits.

Universal Insurance:

Universal life insurance can also provide lifelong protection for you and your family with these key features:

- Provides coverage for life
- More expensive than term
- Offers flexible premiums and flexible death benefit
- Offers a tax-deferred investment opportunity

Disability Insurance *(for those still working)*

A disability can strike anyone regardless of their age, gender or occupation.

Your financial commitments don't disappear if you are unable to work. **Disability** insurance works when you can't, providing you with a monthly income to help cover your ongoing expenses such as mortgage payments and grocery bills.

The Statistics:

- You have 1 in 3 chance of becoming disabled for 90 days or longer, at least once, prior to age 65.
- 2.9 years is the average length of a disability which lasts over 90 days
- 49% of all mortgage foreclosures are caused by a disability-induced loss of income.

Benefits:

- Provides a monthly TAX FREE income to help get through an extended illness or injury.
- Protects savings/investments.

You should consider this if you are:

- a sole income earner
- self-employed
- single
- a business owner or key person

CRITICAL ILLNESS INSURANCE

Thanks to modern medicine, more people survive serious illness. Unfortunately, the costs associated with recovery can place a strain on the financial resources of you and your loved ones.

Critical Illness Insurance helps protect you against the financial consequences of a critical illness such as cancer, heart attack or stroke. You're covered for up to 25 illnesses and surgical procedures and get a *tax-free lump-sum benefit* no matter what happens to enable you to:

- Cover the extra expenses that can come with a critical illness.
- Focus on getting better while meeting your financial obligations.

- Pay for treatment that isn't covered under your provincial plan.
- Take time off work if you need to care for a critically ill child.
- Keep your business running smoothly if you aren't able to work
- Up to 100% of premiums can be returned if you don't experience a critical illness.

Critical Illness Statistics:

- 173,800 – the number of new cases of cancer in Canada in 2017.
- one in 2.2 men and one in 2.4 women living in Canada will develop cancer during their lifetime.
- 50,000 – the number of strokes in Canada each year.
- 426,000 – the number of Canadians living with the effects of a stroke.
- 90% - percentage of Canadians with at least one risk factor for heart disease or stroke

Benefits:

- pays a TAX FREE lump sum benefit if you contract a specified illness.
- covers about 25 conditions including cancer, heart attack, stroke, MS, Parkinson's, Alzheimer's.
- you choose how you want to use the proceeds.
- has features such as "return of premium".
- allows for the refund of premiums
- access to specialists.

HEALTH INSURANCE

Supplemental health coverage should be an important consideration. In these days of cutbacks in medical expense coverage, provincial governments are covering fewer medical expenses. These expenses are becoming increasingly the responsibility of the individual:

- prescription drugs
- vision care
- private/semi-private hospital
- dental
- travel
- paramedical
- medical equipment/supplies
- counselling

Alternative medical treatments are very helpful, such as chiropractic, physiotherapy, acupuncture and naturopathy. These treatments receive limited provincial coverage, and are covered under Health Insurance.

LONG TERM CARE INSURANCE

In the event of a **loss of independence** and/or **cognitive impairment** you will have the means to select the appropriate level of care and avoid placing physical and financial hardship on yourself or your family. Above all it preserves your dignity and independence. This is one of the biggest causes of anxiety for seniors.

The section on “Financial Strategies for Aging” will fully explain the benefits of Long Term Care Insurance.

Long Term Care Insurance can be designed to:

- 1) provide a tax-free, monthly income, to use at your discretion
- 2) reimbursement of the common expenses (caregiver) and hidden costs (meals, transportation, home conversion, a monitoring system and equipment purchase or rental)

Mortgage Insurance. Life, disability or critical illness insurance provided by your banking institution to cover your mortgage may not protect you as well as personal insurance.

The differences include:

CONTROL	
Personal Insurance	Mortgage Insurance
YOU can insure all your debt under the same policy.	LENDER requires a separate policy for each debt.
YOU designate the beneficiary of your choice.	LENDER is the owner and beneficiary of the policy.
YOUR beneficiary may spend the proceeds with no restrictions.	The LENDER repays the loan.
YOU receive the benefit in the event of disability or critical illness. You spend the money as you wish.	In the event of disability or critical illness, the LENDER receives the money to make debt payments.

FREEDOM	
Personal Insurance	Mortgage Insurance
YOU can choose level or decreasing coverage.	The insurance amount decreases as the amount of loan decreases.
YOU choose the amount of coverage you need for life, disability and critical illness insurance.	The insurance amount corresponds to the balance of the loan or to the monthly payment.
YOU have flexibility to refinance or take out a new loan.	The insurance amount corresponds to the balance of the loan. New loans require new insurance.
YOU can convert your insurance to permanent life insurance with no questions to answer about your health.	LENDERS' insurance does not include this option.

GUARANTEE	
YOU pay the same premium for the duration of your loans, even if interest rates go up.	Premiums may be adjusted based on your age & disability premiums may vary.
YOU remain insured if you change lending institutions.	Your insurance ends if you change lending institutions.
YOU are protected in the event of one of 25 covered critical illnesses.	Coverage usually extends to three critical illnesses when you take the additional benefit.



ESTATE PLANNING

Estate planning is essential. It's particularly important in cases where your estate involves significant assets (such as cottages, investments or small businesses), complex issues or multi-faceted relationships (blended families).

An estate plan is a documented expression of your wishes. Estate planning is the process of arranging for an orderly transfer of your assets to the people you want to receive them. It will provide you peace of mind by knowing your loved ones will be provided for.

When properly structured, it can simplify the distribution of your estate, provide for family members, minimize taxes and expenses and protect beneficiaries' inheritance.

While there are many common threads to estate planning, a personalized plan should be a reflection of your personal goals, objectives and priorities. Getting organized is often the most difficult part.

These basic strategies and documents should be part of an estate plan:

- **Life insurance** - provides funds to pay off estate tax, create ongoing income for beneficiaries, equalize your estate or buy a business partner's assets (See "Insurance" section).
- **Named beneficiaries** - by naming beneficiaries on insurance policies and registered plans, your assets avoid probate and could also be used to set up trusts for children or other dependants.
- **Financial powers of attorney** - sets out how you want your assets managed during an absence or if you lose mental capacity.


- **Personal powers of attorney** - appoints someone to make health decisions when you cannot and provides instructions about the care you want.
- **Gifts** - lets you split income with other family members, take advantage of low tax brackets and reduce overall tax.
- **Business succession plan** - ensures a smooth transfer of your business assets to the next owners for the benefit of all stakeholders.
- **Personal Inventory** - a complete listing of your family's valuable, personal and financial information, such as: bank and investment accounts, assets, liabilities, etc. It should also include names and current contact information of family members, dependents, doctors, financial advisors, accountants, etc. This provides your Executors, Power of Attorneys and loved ones with convenient and important sources of information. *There is a comprehensive Personal Inventory form included in this Guide, which may also be completed online.* *

IF YOU DON'T HAVE A WILL:

- Your wishes may not be met
- Someone, not of your choosing, may be appointed to administer your estate
- Taxes payable by your estate or heirs may be higher
- Your assets may be frozen for a much longer period of time, thereby blocking access to funds for your beneficiaries
- Time to settle your estate may be delayed, preventing access to funds or assets needed by a spouse or beneficiary
- At the age of majority, minors will be entitled to their portion of your estate - which may be sooner than you wish

WHAT TO CONSIDER AS PART OF YOUR ESTATE PLAN

1. Distribution of assets

- Prepare a list of all your assets, liabilities and insurance policies, important contacts. This will help get a financial snapshot and determine the amount and type of assets that make up your estate. Download this  **Personal Inventory** to record this information.
- Determine the amount of taxes and fees owing on your estate. This can be quite complicated so it's best to seek the assistance of your financial advisor.
- Will there be adequate liquidity to pay the expected taxes and estate costs and still leave a legacy?
- What is the impact of passing on certain assets (such as a business or family cottage) to only some of your children? Are there enough "other" assets to ensure your estate is distributed equally and fairly? Would this maintain family harmony?

- Do you have the proper amount (and type) of insurance to meet your specific needs and leave a legacy?
- Do you own specific items (jewelry, artwork, etc.) that you wish to gift to friends, family or others?
- Are you interested in making tax-efficient charitable donations upon your death?
- Do you want your executors, trustees or beneficiaries to secure financial or other advice from specific advisors?

2. Family considerations

- Should you make special arrangements to protect the inheritance of minor children or grandchildren until they attain responsible ages, or reach certain pre-determined milestones?
- Are special arrangements required for infirm beneficiaries, including protecting their social assistance or other government support on a long-term or permanent basis? Do you have any other dependents such as physically, mentally, or financially dependent children or parents?

- Do you have concerns about a future marital breakdown of your children or your surviving spouse, and the impact it will have on your estate? Is it necessary to protect beneficiaries with poor financial judgement or skills, or those who may otherwise be unable to manage money? This requires legal advice.
- Are arrangements necessary in a second marriage and/or blended family situation for support of your spouse, while ensuring your capital passes to your children from a first marriage?

3. Ownership, Beneficiary Designations and Trusts

- How do you own your assets? Did you know that if you hold an asset “joint with right of survivorship (JTWROS)” the survivor will inherit it?
- Is the payment of probate fees a concern? Did you inadvertently change ownership of your assets to “JTWROS” such that your estate plan no longer works as intended? Is there an opportunity to save probate and other estate costs on certain assets that don’t require probate?

- Have the appropriate beneficiary designations been made for registered plans (RRSPs, RRIF's, RPPs, DPSPs, RESP's, RDSP's, TFSAs) and insurance policies?
- Could your beneficiaries benefit from a structure that reduces taxes on income from their inheritance? Should your will make use of trusts to provide greater control over your estate and protect it from creditors, including situations as a marital breakdown? Seek legal advice.

4. Business Planning

- Is there a buy-sell agreement in place? Are there any other shareholder agreements that govern the efficient wind-up or sale of your business? Is proper insurance in place to provide the business liquidity? What if a key person becomes incapacitated—do you have a proper contingency plan?
- Should consideration be given to an estate freeze to minimize your tax liability and allow the future growth to accrue to your children or successors?
- If your family carries on your business, will there be enough liquidity to see them through the transition period after your death?

5. Foreign considerations

- Are you a dual citizen or do you own any assets outside Canada? If yes, has consideration been given to potential foreign estate tax issues? Are there any plans to move out of the jurisdiction in the future?
- Do you have sufficient liquid assets to cover tax liabilities?
- Does your estate plan address the potential for double taxation on your estate?
- Are your executors, trustees, and/or beneficiaries' residents of Canada? Do they plan on staying in your provincial and/or federal jurisdiction? Have you addressed all the legal and tax implications associated with the foreign jurisdiction?

6. Digital Assets:

There's little legislation to assist an estate trustee with digital assets, so the best way to protect these is to provide the following items in the estate plan:

- A password-protected list of digital assets that is accessible by an appointed trustee (some frequently used services for storing passwords and password management are *Norton* or *Dashlane*).
- An appointed trustee specifically authorized to manage your digital accounts (can be your executor or a separate trustee solely responsible for managing these digital assets).
- Different providers apply different rules. Gmail, for example, provides user content if the fiduciary sends a copy of the death certificate, a copy of the email that authorizes the fiduciary, and a court order. Facebook, however, won't transfer accounts to a fiduciary, but a Facebook account can be deleted with written request from the deceased's next of kin. Facebook will also allow you to designate a "legacy contact" a family member or friend who can manage your account when you pass away.

COMMUNICATE YOUR ESTATE PLAN

Communicate your wishes, particularly to your executor and power of attorney. This ensures those you care about have the information they need to carry out your wishes. Put together an information package that includes:

- a copy of your will, powers of attorney, and other legal documents.
- A list, or preferably, a copy of your Personal Inventory, detailing financial, personal information, and contacts.
- a list of all the benefits your family members may be entitled to, such as life insurance. Insurance pays cash to your family or other beneficiary after your death. This can give them income and help pay your funeral and other final costs.
- If you don't have a Personal Inventory, create a list and description of your debts (mortgage, loans) and assets (home, other real estate or investments). List any collectibles, items whose worth may go up over time because they are rare or have special value. Examples: artwork, antiques, coins.

YOUR EXECUTOR

- Someone named to administer your estate
- Many choose a family member or trusted friend
- Could choose a professional executor
- Consider someone who...
 - has adequate level of maturity
 - hopefully will outlive you
 - is trustworthy and willing to accept the responsibility
 - has a clear understanding of your wishes
 - has knowledge/expertise to administer your affairs if they are complex



Personal Inventory (available for download)

FINANCIAL STRATEGIES FOR AGING



The news is worrying ... ***over 70% of people age 65 and over will require some type of care*** in their lifetime.

There are steps you can take to minimize or prevent financial anxiety, protect your savings, and maintain independence in your later years.

Most importantly, be realistic about aging; life can turn in a heartbeat. Most of us make the following ***assumptions***:

- We'll remain healthy indefinitely.
- The government will provide for us, if we don't.
- Our money will last our lifetime.
- Our families will be our caregivers.
- Our spouses will have plenty of money left when we're gone.

These assumptions are neither realistic or practical, so consider the following for your later years:

- If you became disabled or unable to care for yourself, how will it impact you and your family?
- What is your desired quality of life?
- Do you want to remain independent and choose to live where you want?

ARE YOU PREPARED FOR YOUR CARE YEARS?

The reality is that ***most of us WILL***:

- Require care at some point in our lives or our families.
- Want to remain in our own homes.
- Want caregivers (*rather than our children or spouse*) to care for us.
- Be penalized for having assets (*receive little or no government assistance*).
- Will want/need dignity and control of our lives.

STEPS YOU CAN TAKE

Have a financial care plan:

Be sure to incorporate the cost of care into your financial plan for retirement. This is often overlooked as we tend to financially plan for a long and healthy lifestyle. Statistics prove this may not be so. Canadians feel the biggest risk to their retirement plan is the unexpected cost of aging.

Between an aging population, longer lifespans, and medical advances, there's a growing sense in financial planning that a sound retirement plan *must* include a way to address the costs of care if you can't look after yourself.

Can your retirement plan pass the financial “stress test” in the event of illness or disability? If not, consider long term care insurance and include it in your financial plan.

There is no financial product more suited to the times than long term care insurance, and it is an affordable solution. This option will soon be more difficult to obtain. The real cost of care in the future will far exceed the cost of premiums today.

WHY CONSIDER LONG TERM CARE INSURANCE?

- Burden of health care is shifting to the individual.
- Long Term Care costs will quickly erode a lifetime of savings.
- Tax-free benefits can preserve estate.
- Allows you to remain in your own home or in a facility of your choice.
- Dis-engages the government

Long-term care insurance, from such providers as "My Dignity" www.mydignity.ca, kicks in if you can't care for yourself or suffer cognitive impairment. Policies pay out tax-free benefits that can be spent as you require, or they reimburse you for certain costs. It is affordable, easy to arrange, and requires no medical underwriting.

Monthly costs in a long-term care home could run from \$1,000 to \$5,000, exceeding your planned income and limiting your options. Too often, people wait until they're too old to buy it when the price becomes unaffordable.

The most **common cost** of care is a caregiver. Long-term care insurance will cover this expense.

The **hidden costs** of loss of independence or cognitive impairment can add up. These expenses can be steep, leading you to cash in savings or rely on family for support. Such costs include: meals, transportation, home conversion, a monitoring system and equipment purchase or rental...all are covered by long-term care insurance.

Appendix to Printed Guide:

Financial Goals Form

Budgeting Form

Personal Inventory Form

These forms may also be found online at ywcamuskoka.com and can be downloaded to your own computer for completion.

Section 2

HEY, WHERE CAN I FIND...

The following pages contain a brief summary of service agencies and resources in Muskoka and how to contact them.

For greater detail on programs for Seniors, we urge you to visit the following sites:

elderabuseprevention.ca

healthcareathome.ca

Muskoka.on.ca

nsmhealthline.ca

Ontario.ca/seniors

seniorsinmuskoka.ca

ywcamuskoka.com

Income Security Programs

CPP/OAS	1-800-277-9914
TTY	1-800-255-4786

District of Muskoka

The District delivers a wide variety of programs and services for Seniors, including but not limited to: financial assistance for housing, emergency housing, the Seniors Community Advisor Program and more.

Bracebridge	705-645-2231
Toll Free	1-800-461-4210
www.muskoka.on.ca	

North Simcoe Muskoka Local Health Integration Network

Arranges all home and community care services, such as mental health, palliative, respite care specialized programs, as well as help gaining placement in long-term care. Formerly CCAC.

Barrie	705-721-8010 x 2450
Toll Free	1-888-721-2222 x 2450
www.nsmhealthline.ca	
www.nsm.ccac-ont.ca	

Ontario Guaranteed Annual Income System (GAINS)

Toll Free 1-866-668-8297

TTY 1-800-263-7776

www.fin.gov.on.ca/en/credit/gains

Service Canada (CPP, OAS, GIS)

Toll Free 1-800-622-6232

TTY 1-800-926-9105

www.servicecanada.gc.ca

DEVICES

Assistive Devices Program

Financial assistance for a wide range of devices

Toronto 1-800-268-6021

TTY 1-800-387-5559

www.health.gov.on.ca

Canadian Hard of Hearing Association

Financial assistance for hearing aids.

Sudbury Branch.

Toll Free & TTY 1-866-300-2442

Office & TTY 705-523-5695

www.chhasudbury.com

McConnell Foundation

Financial assistance for eyeglasses, assistive devices, dentures and dental work.

Bracebridge 705-645-2412 x 190

Resource Centre for Independent Living (RISE)

Direct funding for those with physical disabilities. Information on education, housing, employment, and leisure.

Parry Sound 705-746-6996

Toll Free 1-888 634-6828

www.risercil.ca

Ontario March of Dimes

Assistive Devices Program - Funding for wheelchairs, bath aids etc. Home & Vehicle Modification Program

MODmobility - Donate or buy recycled assistive devices such as wheelchairs, walkers, bath aids, etc.

Toronto 1-416-425-3463

Toll Free 1-800-263-3463

www.marchofdimes.ca

DISABILITY

Ontario Disability Support Program (ODSP)

Toll Free 1-800-665-9718
Bracebridge 705-645-8718
TTY 705-645-7904
www.mcass.gov.on.ca/en/mcass/programs/social/odsp

Ontario Renovates District of Muskoka

Bracebridge 705-645-2412
Toll Free 1-800-461-4210
www.muskoka.on.ca

Accessibility Resource Centre

*Independent Living Services of Simcoe
County & Area*

Barrie 705-737-3263
Toll Free 1-800-465-1133
TTY 705-737-3242
www.ilssimcoe.ca

A Guide to the Disability Tax Credit

How to claim this benefit on your income tax return.

www.turbotax.intuit.ca/tips/how-to-claim-the-disability-amount-retroactively-2-5331

HEATING COSTS ASSISTANCE

Low Income Energy Network (LIEN)

Toll Free 1-866-245-4182 x 5167

www.lowincomeenergy.ca

Low-Income Energy Assistance Program (LEAP) *Customers may contact the access agency listed below their utility provider.*

Hydro One

United Way of Greater Simcoe County

Toll Free 1-855-487-5327

Lakeland Muskoka

District Municipality of Muskoka

Bracebridge 705-645-2412

Toll Free 1-800-461-4215

Ontario Electricity Support Program (OESP)

Low income households may qualify for a monthly credit on electricity bills.

Parry Sound / Muskoka

Toll Free 1-855-831-8151

Ontario Native Welfare

Admin Assoc (ONWAA)

Toll Free 1-844-885-3157

www.ontarioelectricitysupport.ca

Salvation Army

Gravenhurst

705-687-2131

Veridian Connections Gravenhurst

United Way of Greater Simcoe County

Low Income - Toll Free 1-855-487-5327

MEDICATIONS

Ontario Drug Benefit (ODB)

Covers some of the cost of most products and prescriptions for seniors.

Ministry INFO line 1-800-268-1154

Trillium Drug Program 1-800-575-5386

Seniors Information Line

(Drug Co-Payment)

Toll Free 1-888-405-0405

TAX PREPARATION ASSISTANCE

Community Volunteer Income Tax Program (CVITP)

www.cra-arc.gc.ca/tx/ndvdl/vlntr/menu-eng.html

Muskoka Seniors Home Assistance

Huntsville

705-789-6676

Muskoka District Office

Please call or visit the website for dates and locations of tax clinics in your area.

Bracebridge 705-645-2412

Toll Free 1-800-461-4210

www.muskoka.on.ca

HEALTH TRAVEL COSTS

Northern Health Travel Grant Program

Northern Ontario - Parry Sound District

Travel grants help pay transportation and accommodation costs for eligible residents of Northern Ontario who must travel long distances within Ontario for specialty medical services that are not available locally.

English 1-800-461-4006

French 1-800-461-1149

TTY 1-800-387-5559

Sudbury 705-675-4010

www.health.gov.on.ca

PUBLIC LIBRARIES

Many libraries offer internet access, shut in services, photocopying, services for the visually and hearing impaired, as well as many recreational and cultural programs specifically for Seniors. Call for information on availability.

Bala 705-762-1086
www.olsn.ca/muskokalakakes

Baysville 705-767-2361
www.lakeofbayslibrary.ca

Bracebridge 705-645-4171
www.bracebridgelibrary.ca

Dwight 705-635-3319
www.lakeofbayslibrary.ca

Gravenhurst 705-687-3382
www.gravenhurst.ca/en/library.asp

Honey Harbour 705-756-8851
www.gbpl.ca

Huntsville 705-789-5232
www.huntsvillelibrary.ca

MacTier	705-375-5430
www.gbpl.ca	
Milford Bay	705-764-0283
www.librarytechnology.org/library/30767	
Port Carling	705-765-5650
www.olsn.ca/muskokalakes	
Port Severn	705-818-7749
www.gbpl.ca	
Rosseau	705-732-4231
www.sequinpubliclibraries.ca	
Vankoughnet	705-645-7548
Wahta	705-762-2354
www.wahtamohawks.ca	
Walkers Point	705-687-9965
www.walkerspointlibrary.com	

SENIOR CENTRES & CLUBS

Active Living Centre
Huntsville 705-789-6421

Autumn Leaves Seniors
Baysville 705-767-3579

Centennial Club Seniors
Bracebridge 705-645-9111

Dorset Seniors' Club 705-766-2278

Gravenhurst Seniors Club 705-687-8126

Lakeview Seniors Club
Dwight 705-571-3757

Port Cunnington Seniors 705-635-1765

Ryde Community Centre 705-687-4200

Seniors Friendship Club
Sprucedale 705-685-7938

Utterson Live Wires 705-385-2689

W.I.S.E. Clubs 705-645-2412 x 199
Wellness Initiative for Seniors Engaged

RESOURCES FOR WOMEN

Gravenhurst Women's Centre

A great resource for women of all ages, clients are welcome on a drop-in basis and/or to participate in planned workshops and activities.

270 Muskoka Road South

Gravenhurst 705-687-6500

facebook.com/gravenhurstwomenscentre/

Muskoka Women's Advocacy Group

Bracebridge 705-645-4461

Toll Free 1-800-461-1740

Huntsville 705-789-8488

Toll Free 1-866-789-8488

www.mwag.ca

Women's Own Resource Centre (WORC)

Almaguin Highlands - Information, events, workshops, individual support.

South River 705-386-9672

Toll Free 1-888-640-8668

www.womensownresource.org

YWCA Muskoka

*Women in Business • Girlz Unplugged *
Circles * Business of Life • Women of
Distinction • ywca encore (post breast
cancer exercise program) * The Gathering
Space * Seniors Programs * Bridges out of
Poverty * Networking and Support **

Bracebridge

705-645-9827

www.ywcamuskoka.com

LEGAL & END OF LIFE

North Simcoe Muskoka Health Line

*Comprehensive source of information,
services, and contacts covering healthcare
and legal options.*

Barrie

705-721-8010 x 2450

Toll Free

1-888-721-2222 x 2450

www.nsmhealthline.ca

Advance Care Planning

*Seniors INFOline - Guide to making choices
about your care while you are well and able.*

Toll Free

1-888-910-1999

www.seniors.gov.on.ca

Advocacy Centre for the Elderly

Community legal clinic for those 60 years and over who meet eligibility guidelines. Providing representation in cases including long term care, hospital discharge issues, elder abuse, pensions, advance care planning, retirement home tenancies, etc.

Toronto 1-416-598-2656

Toll Free 1-855-598-2656

www.advocacyelderly.org

ARCH Disability Law Centre

Provides legal advice and representation to those whose cases meet Legal Aid Ontario's financial eligibility guidelines.

Toronto 1-416-482-8255

Toll Free 1-866-482-2724

TTY Toll-free 1-866-482-2728

www.archdisabilitylaw.ca

Capacity Assessment Office

Ministry of the Attorney General

Formal assessment of an individual's mental capacity to make decisions about property and personal care.

Toronto 1-416-327-6766

Toll Free 1-866-521-1033

www.attorneygeneral.jus.gov.on.ca

**Community Legal Education Ontario
(CLEO)**

Helps people with low incomes, or who face other barriers, to participate in Ontario's justice system; by providing them with the information they need to understand and exercise their legal rights.

Toronto

1-416-408-4420

www.cleo.on.ca

Egale Canada

A National organization advancing equality and justice for lesbian, gay, bisexual and trans-identified people, and their families.

Toll Free

1-888-204-7777

www.egale.ca

Family Law Information Centre (FLIC)

Information and Referral Coordinator

Bracebridge

705-645-8793

Parry Sound District

705-746-4251

French Legal Advice Line

Toll-free telephone advice service to low income Franco-Ontarians residing in northern and parts of central Ontario in: housing (tenants only) • social assistance (Ontario Disability Support Program and Ontario Works) • Canada Pension Plan • Employment Insurance

Toll Free 1-877-687-2847

Administration line: 705-674-3200

Lake Country Community Legal Clinic

Advice, referrals and representation to low income residents • not family or criminal law • Offices in Parry Sound, South River, Huntsville and Bracebridge – all contact through the Bracebridge office.

Bracebridge 705-645-6607

Toll Free 1-800-263-4819

www.lcclc.ca

Legal Aid Ontario

Barrie 705-737-3400

Toll Free 1-888-590-3961

TTY 1-866-641-8867

www.legalaid.on.ca

Ontario Human Rights System

Works to promote, protect and advance human rights

Toll Free

1-800-387-9080

www.ontario.ca/humanrights

Parry Sound Friendship Centre

Court Worker Program, serving Parry Sound and Muskoka; All First Nations North to Pickerel, ON. and South to Mactier and Moose Deer Point. Assists First Nations people through court procedures and referrals.

Parry Sound

705-746-5970

Public Guardian & Trustee (Office of the) Serving Ontario

Helps to protect the rights and interests of certain estates of mentally incapable adults who have no one else to act on their behalf, appointing Private Guardians of Property, acting as Litigation Guardian or Legal Representative

Toronto

1-416-314-2800

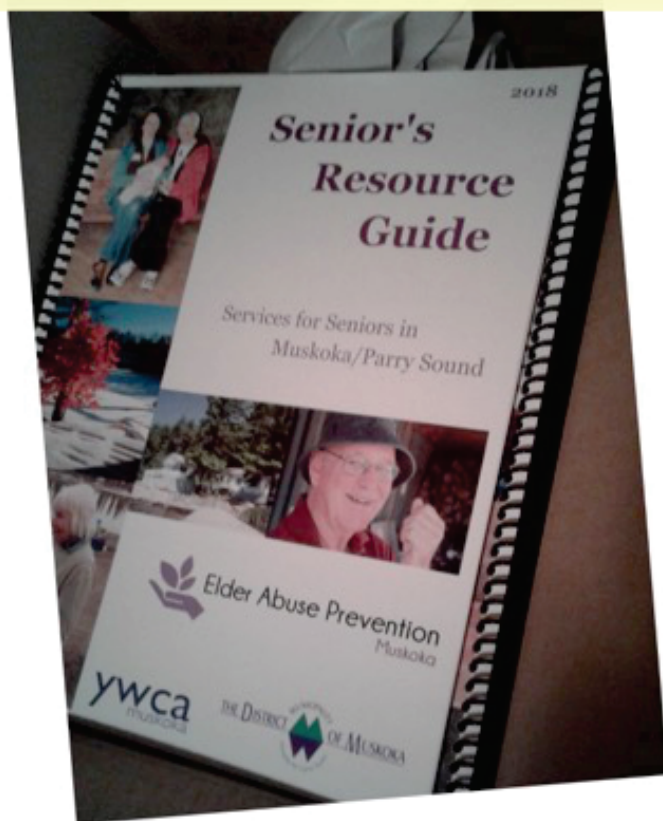
Toll Free

1-800-366-0335

www.attorneygeneral.jus.gov.on.ca

Seniors's Resource Guide 2018 is here!

Call (705) 646-7677 for your copy of the guide
or for confidential information about elder abuse.



Elder Abuse Prevention
Muskoka

1-866-222-1224

elderabuseprevention.ca

leadership girls
inclusive giving women
diversity family
dignity
economic sustainability



COMMUNITY
YWCA
MUSKOKA

community vibrant environment
safety change
boys
partnerships
gender equity peace

A TURNING POINT FOR WOMEN AND GIRLS

YWCAMUSKOKA.COM

705-645-9827