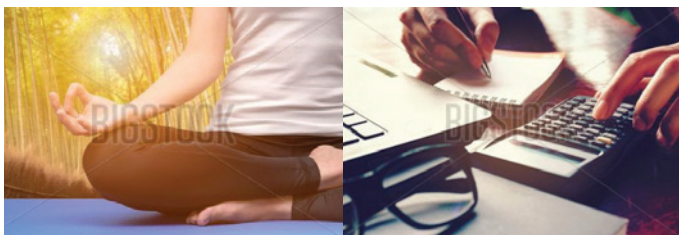


# Pearlstein's Corner

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## Four Things to Know About Balancing Health and Wealth



Last week I sent an email to clients with a question:

*“What’s the one thing that would help you sleep better at night, knowing it would help you live for today and tomorrow?”*

The answers were quite interesting. One group of answers focused on health and family. Another zeroed in on money, while a third mentioned both.

So, what comes first, health or wealth?

The answer seems to be – it all depends.

It apparently hinges on how you view your current financial position.

### This Study Suggests That Wealth Equals Health

A recent study by the Canadian Medical Association found that Canadians who have lower incomes see themselves as less healthy compared to wealthier Canadians.

**Of respondents earning less than \$30,000 a year, only 39% described their health as excellent or very good.**

**But when those earning \$60,000 or more were asked, 68% described their health as excellent or very good.**

This study might suggest that the path to optimal health begins with a larger than average paycheque and/or investment income.

Except that two of history’s big thinkers think the exact opposite.

### Health Before Wealth

American poet and philosopher Ralph Waldo Emerson said “the first wealth is health.” Although Emerson lived to be 78, he grew up as a sickly child whose father passed away when he was just eight years old.

Almost a century later, Mahatma Ghandi, who lived very modestly, said “health is real wealth.”

I think the bottom line is that good health is essential for your future no matter how you measure or envision it, especially if you have experienced ill health or grew up in difficult circumstances.

### Your Age Changes Your View of Health

You may not have considered this yet, but your age has a significant effect on how you think of your health. A generation has a way of changing priorities.

One of my clients, a 58-year old gentleman who is an empty nester, said that for him and his wife “having the solid knowledge that we will have enough money to support ourselves to 100 years of age” was what he needed to sleep better at night.

On the other hand, another client who is now 82 offered, “having reassurance that I’m independent physically and mentally until I’m not ... and always having something to look forward to the next day.”

### Decide Upon Your True Dreams and Goals

Your lifestyle, or as I refer to it, your peak life style, is simply the life you want to live up to and through retirement. Knowing you are on track in achieving this is truly about figuring out a financial plan that lets you sleep at night knowing you can live for today and tomorrow.

### It Starts With a Plan

If you don’t have a plan, or the one you have needs a refresh, shut your door, turn off your phones and think.

We are all so busy in our 24/7 world. Sometimes you really need to disconnect for a time to reconnect with your dreams, your plans and your future.

It may help to put pen to paper and write out a few simple points. Then call or email me and I’ll help you align your goals with where you are right now.

# Wealth Planning Primer – Power of Attorney\*

► Preparing and planning for your health and wealth includes getting the right paperwork in place.

► Having a clear understanding of how it can help you and your family before you need it is key, since a spouse, adult child or next of kin cannot act on your behalf without it.

► No documentation in place results in the province in which you reside taking responsibility, potentially causing much heartache, inconvenience and unforeseen costs for you and your loved ones.

## FAQs

Below are some frequently asked questions and issues that come up on a regular basis for Powers of Attorney.

### What is a Power of Attorney?

A POA is a legal document in which one person, commonly referred to as a donor or grantor, gives another person(s), referred to as the attorney(s), the power and authority to act on the donor's behalf. In performing his or her duties under a POA, an attorney(s) must always adhere to the fundamental principle that he or she is a fiduciary and must act in the best interests of the donor.

A POA for property is used to allow the attorney(s) to make decisions about financial and property matters. A different legal document may be used in some provinces and territories to make personal care decisions. In some provinces, you can execute one document which will contain your authority for an attorney to act on your behalf in relation to financial and property matters as well as personal care matters. However, this article focuses on issues relating to POAs for financial and property matters.

### Creating a POA

We strongly recommend that you have a qualified legal advisor prepare your POA. This helps ensure that you create a POA which contains the clauses necessary to enable your attorney(s)

to effectively carry out your wishes. Generally, a POA must meet certain statutory requirements to be valid. These requirements may differ from one jurisdiction to another.

A common clause found in many POAs gives the attorney(s) power to do anything that the donor could do if capable. Although this may be the intent of the donor, the operation of certain laws may limit the attorney's authority and powers.

Any powers you give your attorney(s) must not override the fundamental principle that the attorney(s) is a fiduciary and must act in your best interests and avoid conflict with those interests.

### Types of POA

There are generally two types of POA; a POA for property; and, a POA for personal care.

As required under the legislation, a POA for property should contain a clause providing that the power granted to an attorney will continue notwithstanding that the donor loses mental capacity. This is known as an "Enduring" or "Continuing" POA. In the absence of such a clause, the power granted to an attorney over property is extinguished if the donor loses mental capacity. This can be a critical issue as it is precisely at the time that you demonstrate mental incapacity that you will need an effective POA so someone is authorized to act on your behalf.

Consider when and/or under what circumstances you want the POA to take effect. You may not want it to become effective until you are found to be incapable of managing your own finances. Alternatively, you may require immediate assistance if you are not available or do not wish to act personally, or you become physically impaired. In that case you may want the POA to take effect as soon as you execute the document. Provided you are capable and third parties are aware of them, your instructions and decisions will take precedence over those of the attorney(s).

Should you have any questions, please connect with Sam Kim, our Associate Investment Advisor @ **416-733-5246** or **[sam.kim@rbc.com](mailto:sam.kim@rbc.com)** as this is only a primer. Also, since there are a wide range of situations and issues to consider, we recommend our clients review Powers of Attorney (and Wills) at least once every two years.

\*Common law provinces only

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### Do You Know Someone Who Should Read This?

Some of my clients have mentioned that they've shared my newsletters with other family members, friends or colleagues. If you know someone who might benefit from this, why not pass it on?

If you have any thoughts about your current plan, please get in touch. I'm always happy to review and answer your questions.

