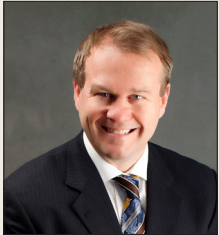


# THE DROHAN GROUP *Quarterly*

WINTER 2013



**MICHAEL DROHAN, MBA, CFP, CIM**  
Portfolio Manager  
902-421-0385  
michael.drohan@rbc.com



**IASHI HOLDER, BA, CFP**  
Associate Advisor  
902-421-0987  
iashi.holder@rbc.com



**TINA TAYLOR, BBA, FMA**  
Associate  
902-424-1003  
tina.taylor@rbc.com

RBC DOMINION SECURITIES INC.  
Purdy's Wharf, Tower 1  
1400-1959 Upper Water Street  
Halifax, NS B3J 3N2  
Toll-free: 1-888-821-1713  
www.michaeldrohan.com

## THREE WAYS TO MANAGE YOUR FAMILY'S WEALTH WITH INSURANCE

When people think of insurance, they usually think about home, auto and life insurance. But insurance can also help you enhance and protect your family's wealth. Here are three ways insurance can help provide financial peace of mind for you and your family.

**1. Wealth creation:** It's important to know that your family would be financially secure if you became unable to earn an income due to illness or disability, or if you passed away prematurely.

- Critical illness insurance can provide a lump-sum payment to help with your family's day-to-day financial needs, and help with health care costs not covered by the government, while you focus on getting better.
- Life insurance can help provide wealth that you would have otherwise created if you hadn't passed away. The funds can be used in any way your family needs – to help with mortgage and other debt payments, to fund your children's education costs, or to cover daily living expenses.

**2. Estate preservation:** You are probably familiar with Benjamin Franklin's famous quote, "In this world nothing can be said to be certain, except death and taxes." Unfortunately, death and taxes often go hand in hand.

While you can pass along your assets tax-free to your surviving spouse, you can't pass them along to anyone else without triggering taxes. Unless you have a surviving spouse, there is a "deemed disposition" of your assets at death. In other words, the government considers your assets – whether they have really been sold or not – to have been disposed of at fair market value, triggering the associated income taxes.

Everything from stocks and bonds held outside your registered retirement plans to the family cottage is taxable to your estate. Any remaining funds in your registered plans are also taxable on your final tax return – nearly half could go to the taxman.

To help preserve the value of your estate for your beneficiaries, consider the cost/benefit of a life insurance policy to help fund your estate's tax liability. A life insurance policy can either provide a fixed death benefit, or one that grows with the tax liability.



**RBC Wealth Management**  
Dominion Securities

**3. Tax-exempt investing:** Under the federal Income Tax Act, assets accumulate within a tax-exempt life insurance contract free of annual accrual taxation. When you pass away, any proceeds of the policy are distributed to your beneficiaries on a tax-free basis outside the scope of your estate, bypassing its associated costs.

Because of these advantages, many high-net-worth Canadian families have come to regard tax-exempt insurance not so much as insurance, but rather as an additional investment pool, complementing their

registered retirement plans and non-registered investment portfolios. However, there is also an insurance benefit to tax-exempt insurance – a tax-free death benefit that your beneficiaries can use to cover estate taxes, or for other purposes such as creating a family trust or a charitable legacy.

If you would like to explore whether any of these strategies could work for you, give Michael or Iashi a call. They can help you evaluate your options.

## RRSP DEADLINE & TFSA INCREASE

Please contact us BEFORE Friday, March 1, 2013 to make any Registered Retirement Savings Plan (RRSP) contributions for the 2012 tax year.

Also, you can now contribute up to \$5,500 to your Tax-Free Savings Account (TFSA) effective January 1, 2013.

## KNOW WHEN YOUR eDOCUMENTS ARE READY

If you wish to be notified by email when your new eDocuments are available for viewing in DS Online, or to sign up for eDocuments, simply ask us, and we can get you set up.

## GET READY FOR TAX SEASON

Before you file your income taxes, make sure you receive all outstanding tax slips. T5 income-related slips and materials will be mailed starting mid-February. All other tax slips will be mailed February to early April, contingent on the release of tax information by external issuers. Please visit our website at [www.michaeldrohan.com](http://www.michaeldrohan.com) for a link to our client tax reporting guide, and feel free to call Tina if you have any questions. If you have an accountant do your taxes, please make sure you give them everything you receive from us, and you can give us permission to speak directly to them to confirm they have everything they need.

## KEEPING YOUR INFORMATION SECURE

At RBC Dominion Securities, we take protecting your privacy and security very seriously. When we receive a request regarding your account, such as an email request for information or a letter of authorization for a fund transfer, we will contact you to verbally confirm. We also encourage you to not volunteer personal information such as your account number or Social Insurance Number over the phone, or in unencrypted email, even if the requestor identifies himself or herself as working for RBC. For more information, please feel free to contact us.

Please visit our website at [www.michaeldrohan.com](http://www.michaeldrohan.com) for other informative articles or feel free to ask any one of us for information on a topic that may be of interest to you.

The information contained herein has been obtained from sources believed to be reliable at the time obtained but neither RBC Dominion Securities Inc. nor its employees, agents, or information suppliers can guarantee its accuracy or completeness. This report is not and under no circumstances is to be construed as an offer to sell or the solicitation of an offer to buy any securities. This report is furnished on the basis and understanding that neither RBC Dominion Securities Inc. nor its employees, agents, or information suppliers is to be under any responsibility or liability whatsoever in respect thereof. The inventories of RBC Dominion Securities Inc. may from time to time include securities mentioned herein. RBC Dominion Securities Inc. and its affiliates may have an investment banking or other relationship with some or all of the issuers mentioned herein and may trade in any of the securities mentioned herein either for their own account or the accounts of their customers. RBC Dominion Securities Inc. and its affiliates also may issue options on securities mentioned herein and may trade in options issued by others. Accordingly, RBC Dominion Securities Inc. or its affiliates may at any time have a long or short position in any such security or option thereon. RBC Dominion Securities Inc.\* and Royal Bank of Canada are separate corporate entities which are affiliated. \*Member—Canadian Investor Protection Fund. RBC Dominion Securities Inc. is a member company of RBC Wealth Management, a business segment of Royal Bank of Canada. ©Registered trademarks of Royal Bank of Canada. Used under licence. © RBC Dominion Securities Inc. 2013. All rights reserved.