

Wade Wealth Report

FOR THE CLIENTS AND FRIENDS OF PORTFOLIO MANAGER FRANK WADE | WINTER 2013

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YOUR 2013 FINANCIAL OPPORTUNITIES CHECKLIST

Please take a few minutes to review your financial situation before the end of the year, it can really pay off. The following are eight areas you should review and/or discuss with your tax and legal advisors to organize your finances, maximize your wealth and protect your financial security.

1 PERSONAL TAX PLANNING

Before taking any action on the following points, be sure to consult with a qualified tax advisor.

- ☐ Project your taxable income for 2014
- ☐ Identify potential tax deductions and credits
- ☐ Gather cost-basis information on securities you have sold during 2013
- ☐ Review your investment portfolio with us to identify any tax-loss selling opportunities to reduce 2013 taxes
- ☐ Identify capital losses carried forward from previous years to offset taxable capital gains in 2013
- ☐ Consider donating appreciated securities in kind to maximize your tax-deductible charitable gifts

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- ☐ Earmark your Tax-Free Savings Account (TFSA) contribution for January 1, 2014
- ☐ Consider tax-advantaged investments
- ☐ Ensure you made any quarterly tax installment payments

2 BUSINESS OWNER TAX PLANNING

- ☐ Get professional advice on whether to contribute to an Individual Pension Plan (IPP) for year-end corporate tax deductions
- ☐ If you have purchased assets or equipment for your business, speak to your tax advisor about claiming depreciation for tax purposes
- ☐ Consider income splitting with lower-income family members by paying them a reasonable salary based on the services they perform, which will create Registered Retirement Savings Plan (RRSP) contribution room for them

3 RETIREMENT STRATEGIES

- ☐ Catch up on unused RRSP contribution room
- ☐ Consider retirement income options that are guaranteed for life
- ☐ Convert your RRSP by year-end if you turned 71 in 2013
- ☐ Use up any remaining RRSP contribution room before converting your RRSP to a RRIF

- ☐ Make your minimum required Registered Retirement Income Fund (RRIF) payment, if applicable
- ☐ Consider using your RRIF payments to contribute to a TFSA, and benefit from additional tax-free savings

4 INVESTMENT PORTFOLIO

- ☐ Review your savings and income needs
- ☐ Review your account guidelines with us and discuss any changes to your investment goals
- ☐ Set up automatic contribution plans if required
- ☐ Consider consolidating accounts to reduce fees
- ☐ Switch to electronic account statements to reduce paper

5 FINANCIAL SECURITY

Before taking any action on the following points, be sure to consult with your insurance advisor.

- ☐ Review your life insurance policies
- ☐ Review your disability, critical illness and long term care insurance
- ☐ Review your enhanced health insurance
- ☐ Determine the cost/benefit of your insurance coverage

6 FAMILY

- ☐ Consider opening or contributing to a Registered Education Savings Plan
- ☐ Speak to your tax and legal professionals about setting up or funding a family trust
- ☐ Make any cash gifts to lower-income family members for income-splitting purposes

7 ESTATE

- ☐ Ensure your Will is up to date
- ☐ Discuss testamentary trusts with your legal and tax professionals
- ☐ Review your Powers of Attorney
- ☐ Plan for an inheritance you are giving or receiving

8 PERSONAL SITUATION CHANGES

Please let us know if you have experienced any significant change in your situation, including but not limited to the events below.

- ☐ New children or dependents
- ☐ Change in marital status
- ☐ Illness in the family
- ☐ Loss of a loved one
- ☐ Job change
- ☐ Moving
- ☐ Extended stay out of country
- ☐ Major asset acquisition or divestment

Please contact us for more information about your final financial opportunities for 2013.



MIND THE GAP

Canada's baby boomers need Power of Attorney planning to protect themselves.

Establishing a Power of Attorney is a key part of any estate plan, and when reviewed and kept up-to-date, it can help ensure that your original plans for your wealth, assets and personal care are fulfilled as you intended. This planning is vital as the “gap” between “healthy” life expectancy and “average” life expectancy is nine to 11 years for Canadians. However, 71 percent of Canadian adults do not have a signed Power of Attorney

You probably give significant thought to the investment professional you choose to manage your investment portfolio, the legal counsel you choose to draft your Will, the realtor you choose to sell your house or the contractor you choose to repair it. You may conduct interviews or have initial consultations to ensure that they understand and respect your preferences, and feel comfortable that you connect on a personal level. But what kind of rigour do you use to choose the person who will make financial decisions for you and be in control of your assets, at a time when you are losing or have lost the ability to do so yourself?

While you may be aware of some of the potential risks if you do not have a Power of Attorney, the changing nature of family dynamics, caregiving

and fraud in Canada means that, increasingly, there are risks involved even when a Power of Attorney is in place. Canadians should therefore use the same due diligence process to select an attorney or attorneys as they would use to select their other professional advisors.

POWERS OF ATTORNEY FOR PROPERTY AND FINANCIAL MANAGEMENT

A Power of Attorney is a legal document in which one person gives another person or people the authority to act on their behalf. A standard Power of Attorney for property empowers your attorney to legally make decisions about your finances and property on your behalf and that authority survives in the event that you become incapable of making these decisions yourself (as such, these attorneys may be described as “enduring” or “continuing”). In some provinces and territories, a different legal document may be used to delegate decisions about your personal care, or one document will contain your authority for an attorney to make both personal care decisions as well as financial and property decisions.

Typically, a Power of Attorney for property is only used if the person giving that authority (the donor)

is unable to act or make decisions for themselves, although legally the attorney may have immediate authority even if the donor is still completely capable.

The terms of the Power of Attorney document, the conditions for its release, and legislation in the donor's province or territory of residence will determine when the Power of Attorney is effective and may be used.

FINANCING PERSONAL CARE

Your attorney can play a critical role in the care you receive as your health care needs change over time. Your attorney must manage your assets wisely and ensure that there are sufficient assets available to pay for that care. You may not know now what your needs will be in the future, such as whether you will require professional care at home or in a long-term care facility.

Many people believe that the federal or provincial government will handle the cost of this care. While the government may provide some financial assistance, there are limitations that require many people to pay for certain care services, or higher levels of care, out of their own pocket. These costs can be significant; accommodation in a long-term care facility such as a retirement or nursing home can range from

\$1,600 to \$9,000 per month depending on the room type and the level of government funding available in your province or territory – a cost that will likely increase over time.

One key role your attorney will play is in managing your finances to cover the costs of your care. For example, if you have a \$1 million investment portfolio, your attorney will determine which of your investments must be liquidated to pay for care if your income is not

sufficient to cover these costs, and how the portfolio will be managed to ensure that your best interests are met while still reflecting your long-term objectives for your estate.

If your attorney for financial matters is not the same person as for personal care, these people will need to work together closely to ensure your best interests are met. For example, your attorney for personal care is responsible for making decisions

about your health care, shelter, clothing, hygiene and safety. If you are incapable and your attorney for personal care makes a decision to have your care provided in a long-term care facility, your attorney for property will be called upon to ensure you have the financial resources to pay for the long-term care facility.

For a full copy of the article Mind the Gap, please e-mail ashley.kapustiak@rbc.com.

TEAM SPOTLIGHT

CHRIS CARRIERE, CIM, DMS, FMA Associate Advisor

Chris Carriere has been part of the Wade Wealth Management of RBC Dominion Securities team since early 2003 and participates in all aspects of the advisory side of the practice.

Chris joined RBC Dominion Securities in February of 1998 and is a graduate of the University of Winnipeg with a degree in Administrative Studies (major in economics). Chris continued his education upon joining the firm by obtaining the Chartered Investment Manager (CIM) designation, followed by the Financial Management Advisor (FMA) and Derivative Market Specialist (DMS) designations. Chris is often the first point of contact with client and discusses current market conditions with them.

CHRISTOPHER CHEREPUSCHAK, MBA Associate Advisor

Christopher has been a part of Wade Wealth Management of RBC Dominion Securities for just over three months and focuses mainly on the discretionary portfolios under management. Specifically, Christopher provides input on security selection and helps to ensure that allocation targets for each asset class are being met.

Christopher completed his Master's in Business Administration (MBA) this past summer and is now working on furthering his industry-specific credentials. Presently, he has completed all the necessary courses for the Chartered Investment Management designation, and will soon begin working towards attaining the Chartered Financial Analyst designation.

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