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July 2015

- **Estate Planning–  
Executor Services**
- **TFSA Limit Increase–  
Canadians Now Have  
\$10,000 of Contribution  
Room in 2015**
- **Canadian Sector  
Performance**
- **Number Crunching**

## Estate Planning: RBC Executor Services



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As you approach the final chapters of your lifelong story, there is a question you must ask yourself: Have you provided the person you've chosen to fulfill your wishes, as expressed in your will, with the knowledge they need to properly fulfill their duties?

Your Power of Attorney for property will ensure your life story is written, when you are unable to make those choices, and your executor will execute your final wishes after you have passed away. Both of these roles carry serious responsibility and are very time consuming. As a result many of those who are appointed to one or both roles end up wishing they hadn't been and hoping they never have to do it again.

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# Davidson Professional Wealth Management

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Being an executor and/or power of attorney is not an easy role and misunderstanding its complexities can lead to personal liability of the executor/power of attorney if mistakes are made. With the new changes implemented on January 1<sup>st</sup> 2015 to the Estate and Administration Trust Act (formerly known as probate in Ontario) there is an even greater responsibility, and liability, for executors.

It is prudent to choose the right executor and power of attorney; here are 6 important factors to consider when choosing your executor, power of attorney and/or trustee:

**TIME** - The process of closing an estate can take a very long *time*, in fact the average estate is over a year long, so you want to choose someone who will be committed to following through.

**TRUST** - Since there are many financial decisions to be made and the chosen person will have access to your finances, *trust* is imperative. There are opportunities to abuse this trust, so it is best to choose someone who is responsible with money and has a strong grasp on how to manage it.

**COST** - Any executor and/or attorney can run up the costs of an estate if they do not make wise choices and professionals who offer their services can also charge a fee for their work. With all the liabilities and work associated with the role(s) the *cost* is understandable but must also be considered in your decision making process.

**COMMUNICATION** - Dealing with the estate requires working with a wide range of people, beneficiaries and institutions. The person you choose to represent you must be able to clearly and effectively *communicate* with all of them.

**KNOWLEDGEABLE** - There are many documents and legal obligations that need to be fulfilled in a timely manner and having a *knowledgeable* person who understands the role and who is in touch with all the latest changes can help save money and time.

**LOCATION** - The person chosen will likely need to spend time in your home or business, meeting with attorneys, beneficiaries etc. and would benefit from living *close* to your assets.

Perhaps most importantly, be sure that whomever you appoint is both willing and wanting to take on the role(s) and they understand the magnitude of the request you are asking of them. It is recommended that you discuss this with them prior to appointing them legally.

There are methods that can help you simplify your estate and power of attorney roles with strategic estate planning. You may qualify for a joint partner or alter ego trust and you may benefit from using a professional trust company's services. If you would like to discuss any of this material further please feel free to contact the team.

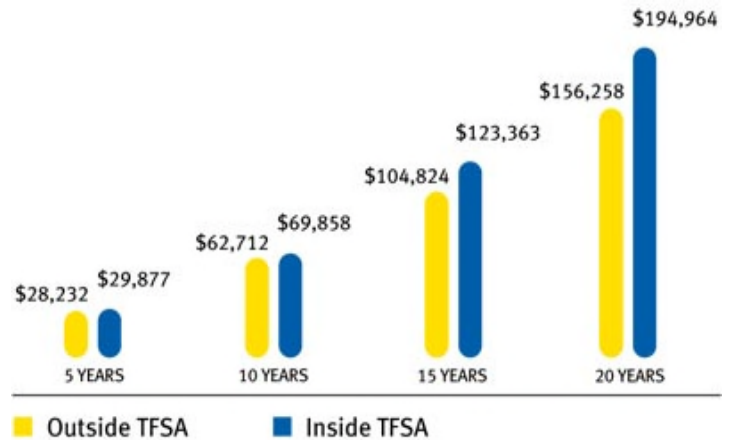
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## TFSA Contribution Limit Increase

As of April 21<sup>st</sup> the annual tax-free savings account contribution limit has been increased to \$10,000. The increased limit was included in the 2015 federal budget tabled by finance minister Joe Oliver. Although the budget has not yet received royal assent, the final stage of the legislative process, CRA has confirmed that the increased contribution room is available to all Canadians immediately. As a result the lifetime contribution limit is now \$41,000.

Until the budget is officially passed the possibility that the TFSA limit increase could be denounced has left some Canadians tentative about making a \$10,000 TFSA contribution (or in the event that the initial \$5500 was contributed before April 21<sup>st</sup>, a second \$4500 contribution), however the consensus is that the \$10,000 limit will remain in place in 2015 and if the limit was to be decreased it would be decreased effective Jan. 1<sup>st</sup> 2016.

The tax free savings account is one of the most effective saving tools available to Canadians. If you have a child who is 18 years of age or older they too can open a TFSA. The account is a great tool to help Canadians begin or continue to save effectively in order to achieve their long-term goals. If you have any questions about any of this information we encourage you to speak with Brad, Chris or Clare!



Assumes tax rate of 32% outside TFSA, with interest income taxed annually. All contributions made at beginning of year. Annual compound rate of return of 6%. For illustration only and not indicative of future returns. Actual tax rates and rates of return will vary.

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Canadian Sector Performance	2015 YTD	2014
Energy	-5.4%	-4.8%
Materials	0.8%	-2.6%
Industrials	-8.1%	21.9%
Consumer Discretionary	7.8%	29.1%
Consumer Staples	3.2%	49.1%
Health Care	58.3%	16.1%
Financials	-0.3%	13.8%
Information Technology	1.8%	35.1%
Telecommunication Services	2.6%	15.5%
Utilities	-4.5%	16.1%

## Number Crunching

Year to date performance as of June 30<sup>th</sup>, 2015 of select currency and equity indices. All returns are in local currencies.

Equity Indices	2015 YTD	2014
S&P/TSX Composite Index Total Return	0.9%	10.6%
Dow Jones Industrial Average	0%	10.0%
S&P 500	1.2%	13.7%
NASDAQ Composite Index	5.9%	14.7%
MSCI EAFE	5.9%	-4.5%
Currencies (in Cdn \$)	2015 YTD	2014
US Dollar	7.5%	9.4%
Euro	-1.0%	-3.7%

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### E-Newsletter!

We are pleased to now offer our quarterly newsletter in electronic format. If you would prefer this method of delivery please email us at [dpwm@rbc.com](mailto:dpwm@rbc.com).



### Looking For Our Market Commentary?

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