

The Flight of the Canadian Snowbird

Your guide to living part-time in the United States



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A Snowbird's Story

Canadians that head south every year in search of sunnier skies, an uninterrupted golf season or for general relaxation, are known as Snowbirds. Snowbirds are generally aged 55 and up and live outside Canada for at least 30 days a year.

This growing trend to winter outside of Canada is becoming increasingly popular. In 2001, Canadians aged 55+ made 488,900 trips outside the country, a 13% increase over the year 2000¹. And the reason most Snowbirds choose to winter in the United States is because it is close enough to provide all the comforts of home with a common language and culture, yet is far enough away from the biting Canadian winter weather.

Sun destinations in the United States do vary according to the individual traveller, but most head to Florida in the south and California in the west, with Nevada, Arizona and Texas gaining popularity for their welcoming climates and incentive programs. And Canadian travellers do make quite an economic impact. According to Prior Smith, the long-time host of "Canada Calling," a radio program catering to Snowbirds living in Florida, winter visitors account for \$1.4 billion US spent in Florida alone!

But what you have to realize is that living part-time in the United States isn't as easy as it may seem. Travelling to the United States for an extended holiday, or any country for that matter, requires careful planning to ensure you make the most of your time away, stay safe and healthy, and properly maintain your financial obligations and personal property. This guide will examine some of the key points you should consider when deciding to "fly" south for the winter.

1 Source: Redekop, David. The Canadian Snowbird Market—2002. The Conference Board of Canada. August 2002.

Your personal financial affairs

Insurance > out-of-province/country emergency travel medical insurance

One of the first steps in getting organized for your trip is to review your insurance needs. Travelling without adequate insurance is a risk you don't want to take. As a Snowbird, you need to understand all the options, benefits, rates and coverage involved, as well as the exclusions and deductibles relating to your policies. With all of the products and providers available today, you need to do your research. Making sure you have copies of everything in writing before you leave is crucial.

Purchasing emergency travel medical insurance is one of, if not, the most important decision you, as a traveller can make. Emergencies can happen at any time and can not only ruin your trip, but can be devastating financially, especially when you consider the high cost of health care in the United States. Out-of-province/country emergency travel medical insurance can help fill in the gaps in your provincial policy if you are stricken with a serious illness or injury while away from home.



Consider this, a provincial plan generally pays out between \$75 Cdn and \$400 Cdn per day for hospital care, whether you become ill or injured in Canada or elsewhere². In the United States, the average hospital stay can often exceed \$1,500 US per day, and can run up to \$10,000 US a day for intensive care³. And what's more, you are personally billed for your treatment. If there is a shortfall, you must either forego treatment or muster up the funds yourself.

Emergency travel medical insurance is a simple and cost-effective way to avoid potentially devastating financial setbacks that can result

from medical emergencies that catch you unprepared. It is designed to make travel a worry-free experience, as emergencies can happen anytime, anywhere—even for a well-prepared traveller. On a positive note, the health portion of a travel premium has the potential to be considered a medical expense by the Canada Customs and Revenue Agency (CCRA), and can be used as a tax credit, perhaps reducing your Canadian taxes payable.

The following case example of a Canadian vacationing in Florida illustrates the benefit of emergency travel medical insurance:

2,3 Source: Gray, Douglas. *The Canadian Snowbird Guide: everything you need to know about living part-time in the U.S.A. and Mexico.* McGraw Hill Ryerson Limited. Toronto, 1999.

A 55-year-old Ontario woman on vacation in Florida was admitted to a local hospital with breathing problems. An initial medical report confirmed the admitting diagnosis of respiratory-related conditions and thankfully, within five days of hospitalization, she had responded favourably to medication. She was then transferred to a hospital in Canada by air ambulance so she could recover close to home.

- ▶ Her total claim cost: \$53,300 Cdn
- ▶ Government health insurance paid: \$2,150 Cdn
- ▶ Private insurance paid: \$52,150 Cdn



Life insurance

There are a number of different types of life insurance coverage available to help meet the needs of Canadian Snowbirds travelling to the United States. If you don't already have a policy in place, you will want to have an adequate amount of life insurance. Whichever policy you choose, you should be certain that it is up to date and meets your needs while out of country, as well as ensuring your premiums will be paid in your absence —missing just one payment may be cause for your policy to be voided. You may want to speak to your life insurance representative to make sure that you have the most appropriate coverage for your particular circumstances.

Special circumstances

If your travel plans include activities that may be considered hazardous, such as certain sports like waterskiing or scuba diving, you should make sure your travel insurance plan covers these activities. It may be pricey, but it's always better to be safe than sorry. The same is true if you have a pre-existing health condition. It is better to be upfront with your insurance provider regarding your condition(s) rather than finding out too late you are lacking the coverage you need in the event of an emergency.

Homeowner coverage

If you own a house or condominium you should review your policy before you leave so that you fully understand what coverage you have and any restrictions you need to be aware of. Many companies require that you inform them in writing of your plans to be out of country for an extended period of time, as well as providing them with appropriate contacts in case of emergency. In general, your home insurance policy should cover the following as they pertain to your actual home and your belongings within that home:

- ▶ Acts of God (floods, tornadoes, hurricanes)
- ▶ Fire
- ▶ Theft
- ▶ Vandalism
- ▶ Water damage (frozen pipes, sewer back-up, snow or ice build-up)

In addition to your primary residence insurance, you should also consider purchasing:

- ▶ Boating insurance to cover damage, theft and liability for boating equipment you own or make use of.
- ▶ Seasonal residence insurance for a home in which you reside part of the year, such as a residence in the United States, a cottage or time-share condominium.
- ▶ Tenant insurance to allow for property and liability protection while you reside in a place you do not own, but rent.

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Look into purchasing cancellation and trip-interruption insurance that will cover you in the event that you must either cancel or cut short your trip due to a medical emergency. Many higher-end credit cards offer this service along with the annual card fee.

Auto insurance

If you own any form of automobile you should review your policies prior to embarking on your trip. This is chiefly important if you will be driving to your sunny destination.

Auto insurance covers you for losses you might incur due to theft or damage to your car as a result of vandalism, extreme weather or fire. It also provides you with coverage against claims made against you should you be involved in an auto accident where there is damage to someone's person or property. It is of major importance to insure any recreational vehicles you plan to use on your holiday as well, which can include:

- ▶ All-terrain vehicles (ATVs)
- ▶ Motorcycles
- ▶ Motorhomes
- ▶ Trailers/campers

Considerations when driving your own vehicle to the United States

Travel patterns for Snowbirds change with travel trends, and may also depend partly on which option is the most convenient and cost-effective. As a result, more and more travellers are choosing to drive themselves to their winter getaway. Here are some points you should bear in mind if you choose to drive:

- ▶ **Emergency contacts**—Always let friends or family know your whereabouts and keep in touch along the way to your final destination. It's a good idea to carry a cell phone that works in both countries and have a list of emergency contact numbers accessible in your vehicle.
- ▶ **Emergency provisions**—In addition to the above, your vehicle should be stocked with a first-aid kit, blankets, maps of your travel plans, plenty of water and of course, a store of non-perishable food items.
- ▶ **Insurance**—If your vehicle was purchased in Canada, your insurance must be obtained in Canada and will cover you for any claims made in the United States. However, if you purchase a vehicle in the United States, you will need to be covered by an American policy for the period you operate the vehicle in that country.
- ▶ **Licence renewal**—Don't forget to check the expiry date on your driver's licence before you leave and renew if necessary.
- ▶ **Roadside assistance**—It can be costly and dangerous to break down on the side of the road, especially in unfamiliar surroundings. Several organizations such as the Canadian Automobile Association (CAA) or American Automobile Association (AAA) can offer a multitude of benefits that include roadside assistance, towing, free travel books and mapping services.



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Ask your travel agent about baggage and personal-effect insurance to ensure your personal belongings are covered in case of loss or theft.

Pre-planning your finances

Before you set out on your journey, take time to assess your overall financial picture. This includes making a list of all your investments, savings and chequing accounts, credit and banking cards. It's also a good idea to make sure your Will is up to date, and that you've established a legal power of attorney (or mandate in Quebec) and 'living Will' (legally known as powers of attorney for personal care or health care directive). Copies of all these important documents should be stored in a safe place, as well as being accessible to a trusted individual back at home. You may need to get expert advice to ensure that your living Will is recognized in the jurisdiction you are travelling to.

Renewing term deposits or GICs

Renewing your Canadian term deposits and GICs while in the United States doesn't have to be troublesome. Planning for maturity dates can be as simple as leaving instructions with your financial institution as to how you'd like your money reinvested or transferred—all it takes is a little pre-planning. As an alternative, most financial institutions now allow you to phone in your instructions from your winter home.

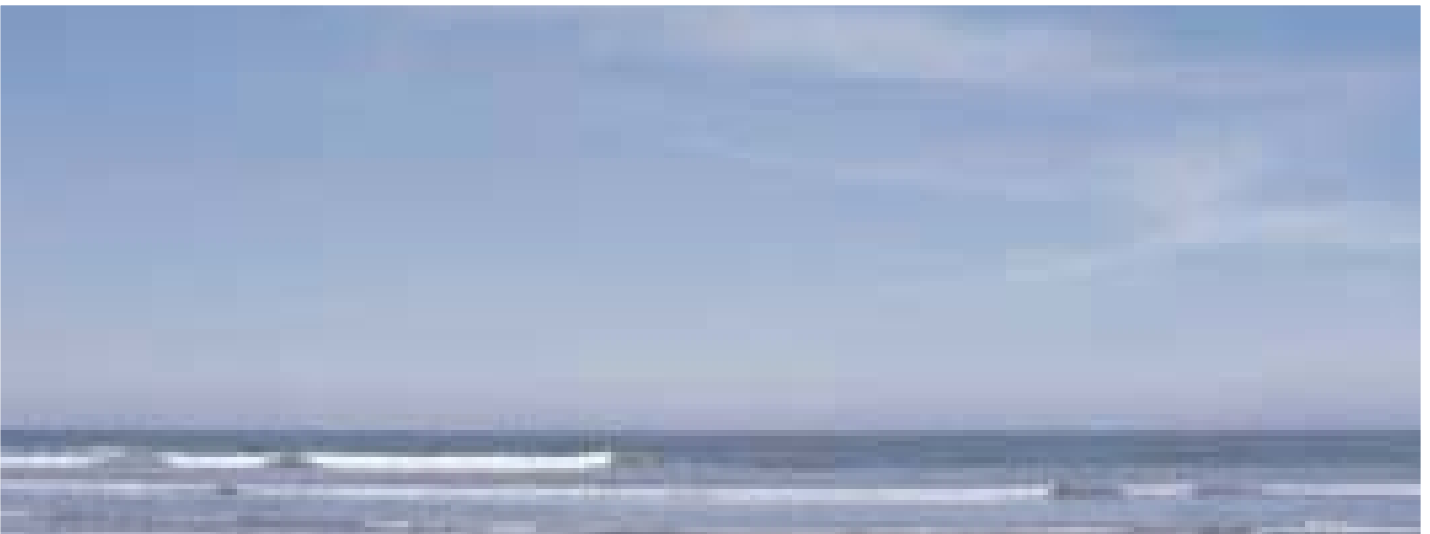
Pre-arrange RRIF deposits

If you have an RRIF, you can organize to have your withdrawals made through a systematic withdrawal plan while you're away, instead of taking a lump-sum payment. This will allow for you to have a steady stream of income while on holiday, and helps you to even out any currency fluctuations that may be involved in withdrawing the funds all at once as U.S. cash.

Post-dated cheques

Canadian companies that you do business with may be willing to accept post-dated cheques for some of your regularly scheduled payments while you're away. However, keep in mind that post-dated and stale-dated cheques are a completely foreign concept in the United States—when you write a cheque, you give the payee immediate authority to withdraw those funds from your account, regardless of the date on the cheque.

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Paying bills

Nobody likes paying bills at the best of time, particularly while on vacation. Nowadays there are several ways to pay your Canadian bills while in another country, including:

- ▶ Pre-authorized automatic withdrawals from your chequing account
- ▶ Post-dated cheques
- ▶ Pre-arranged credit card payments
- ▶ Telephone and online banking

The trick to ensuring the timely payment of your bills, including loan and mortgage payments, is to sit down and assess what you'll need to pay while you're gone and on what dates. The next step is to allot for sufficient funds to be available in your account(s) to accommodate all pre-authorized debits—having overdraft protection on your account(s) can help add to your peace of mind by never letting pre-authorized payments or cheques be met with insufficient funds. Not only will this save you hassle and administrative fees by being overdrawn, but will also help make sure your credit rating and good standing with companies will never be called into question as a result of a simple accounting error on your part.

Direct deposit of government allowances

The best, most reliable way to ensure you receive uninterrupted payments owed to you is to opt for the direct deposit service offered by the Canadian government. Each month your payments will be deposited in the account of your choice, in Canada or the United States. If you opt to have the U.S. equivalent deposited to a U.S. account while you are in the United States, you might want to find out more about U.S. dollar exchange rates used by the Canadian government. Another consideration is the need to switch back to Canadian direct deposits when you return to Canada.

Payments that can be directly deposited to a U.S. account include:

- ▶ Canada Pension Plan (CPP) or Quebec Pension Plan (QPP)
- ▶ GST credits
- ▶ Old Age Security (OAS)
- ▶ Tax refunds
- ▶ Veteran pensions

For more information on how to apply for direct deposit, visit Human Resources Development Canada online at www.hrdc.gc.ca/isp/common/directdp.shtml, or by calling 1-800-277-9914. For QPP in Quebec, call 1-800-463-5185.

Monitoring U.S. exchange rates

Currency volatility is of particular concern for Canadian Snowbirds. If the value of the Canadian dollar drops in relation to the U.S. dollar, your cost of living in the United States can increase substantially. A way to potentially minimize the impact of currency exchange rates is to monitor the value of the Canadian dollar on a regular basis, before you leave Canada. You can make your money go further if you purchase U.S. currency when the rates are more favourable.



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Look into joining an organization like the Canadian Snowbird Association. The CSA can provide you with great resources for planning your winter in the sun. You can find them online at www.snowbirds.org.

Managing your finances while you're away

Realizing that Canadian Snowbirds have special banking and investing needs, many financial institutions have developed products and services to help make managing your money from the United States as efficient and economical as banking at home.

Having a U.S. dollar account

Not only does this option allow you to save up for your trip and make the most of favourable exchange rates, but it also allows you to pay your local U.S. bills such as telephone, electricity, etc. during your vacation without having to convert currency or being subject to delays in processing. It is especially fast when you sign up for Internet or telephone banking for your U.S. dollar account.

If you have a U.S. dollar account in Canada with a Canadian financial institution, you may not be able to access U.S. cash from this account at Automated Teller Machines (ATMs) in Canada or the United States. Most Canadian financial institutions can only debit U.S. funds from your Canadian account and apply the U.S. dollar exchange rate effective at that time. In addition, these ATM fees can also be costly. If you are interested in having a U.S. dollar account, you may wish to consider opening one at a subsidiary of a Canadian financial institution that has a branch network in the United States, ATM access, and the capability to transfer funds between your Canadian account at home and your U.S. accounts in the United States. For even greater ease, any U.S. dollar account you open should offer telephone and online banking options.

Alternatives to carrying cash

Losing your money at any time is upsetting, but when you're away it can be overwhelming. Most individuals choose to carry a small amount of cash for everyday purchases, but you may also want to consider the many advantages of traveller's cheques and credit cards. Traveller's cheques are often the safest

and most convenient choice as they can be replaced in the event that they are lost, stolen or destroyed, and are available in denominations to suit your needs.

Credit cards are also a very convenient means of payment. Depending on the card you choose, you can benefit from the additional features they offer, such as higher limits, great reward programs, insurance top-up programs, extended product warranties and more. Most credit cards also offer the ability to set up automatic bill payments as an alternative to pre-authorized payments from your account and are usually accessible through online banking. As with all important cards you carry, it's a good idea to have a complete list of all your credit cards, along with the telephone numbers of the credit card companies in the event of loss or theft.

Apply for a U.S. dollar credit card

Another option is to have a U.S. dollar credit card from a Canadian financial institution. This way you can avoid daily currency fluctuations and simply make a payment from your U.S. dollar account on the due date. As well, it is often much easier for a Canadian Snowbird to qualify for a credit card in Canada than in the United States as a result of an established credit history at home. It is always best to apply for your credit needs long before you leave Canada.



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Cancel all deliveries of newspapers and magazines while you're gone so that they don't build up on your doorstep, indicating to would-be intruders that the house is vacant.

Telephone and Internet banking

Most of the large Canadian financial institutions now offer both online and telephone banking. So wherever your travels take you as a Snowbird, as long as you have access to a personal computer with Internet access or a touch-tone phone, you can manage your finances. These additional ways to do your banking allow you to:

- ▶ Check your account activity and balances
- ▶ Transfer funds
- ▶ Receive and pay bills
- ▶ Handle your mortgage payments
- ▶ Keep up to date on current market research and trends
- ▶ Speak to a professional regarding any questions you may have concerning your finances

Even if you are not very familiar with using computers or are nervous about not being able to manage your finances in person, there's no need to worry—banking online and by phone is easy, secure and very convenient, especially when you find yourself away from home. Your personal banker can provide you with all the information you need to feel more comfortable with managing your day-to-day banking from the United States.

Managing your investments while out of country

In today's marketplace, investing can be complicated. This is particularly true when you're not able to watch over your investments as a result of extended periods of travel. If you're the type of person that doesn't have the time or inclination to make your own investing decisions, you may wish to consider either discretionary portfolio management if you have considerable wealth, or a portfolio approach to investing.

In either case, an advisor makes investing decisions on your behalf according to strict guidelines as set out in an investment policy statement, or according to a pre-existing model. Only decisions in keeping with these guidelines or models, which are in the best interest of your financial health, are implemented. The benefit of this approach is that you never have to worry about missing out on an opportunity merely because you're away. Your professional advisor is always working on your behalf so that you can spend your time enjoying life in the sun.

Review your investment accounts prior to leaving

One point to keep in mind while you're living part-time in the United States is that you generally cannot open new investment and retirement accounts, such as RRSPs. If you have an existing account, several financial services providers will only allow you to redeem mutual fund units; purchases or switch orders will not be accepted when you're out of country. In addition, several financial services providers are unable to provide you with investment advice or financial-planning services unless you are in Canada.

It is generally recommended that if you do plan to spend part of your year in the United States, you set up an appointment with your financial advisor to review your existing portfolio as well as the restrictions that are in place. Confirm that your financial affairs are in order prior to you leaving Canada is always a smart idea.

Taxation issues for non-residents

Tax issues can confuse even the most seasoned investor, and when you live part-time in the United States as many Snowbirds do, taxation may become even more complex. If you are a Canadian citizen* and you spend even part of the year in the United States, you may be subject to U.S. taxation. Even if you don't have to pay any U.S. taxes, you may still have to file a tax return with the Internal Revenue Service (IRS), the U.S. government's taxation authority. Your tax situation can get even more complicated if you have income sources in the United States.

U.S. residency status

It is important to know whether or not you are considered a 'resident' or a 'non-resident' alien by the IRS for tax purposes—your status can have significant tax implications. Keep in mind that your status can change from year to year and it's important to know where you fit in.

Your status depends mainly on the length of your yearly stay in the United States. If you've spent more than 30 days in any given calendar year in the United States, then the "substantial presence test" is applied, which looks at the time you've spent there over the last three years.

Exemptions

If you exceed the limits on the substantial presence test which uses the number of days you have spent in the United States over the last three years to determine your residency status, but do not wish to be considered a U.S. resident for tax purposes, you can claim one of two exemptions under the Closer Connection Category of the U.S. Internal Revenue Code, or under the Canada/U.S. Tax Treaty. In broad terms, you must meet the following criteria:

- ▶ Your home is in Canada; or
- ▶ You have a closer connection to Canada both personally and economically than to the United States.

Each requires you to complete specific forms with the IRS and it's a good idea to speak to your own qualified tax advisor to decide which is your best option and how to go about earning the exemption.

Withholding tax

As a general rule, Canadian residents are taxed in Canada on all of their income earned from their worldwide sources, including any income earned in the United States. As a Canadian resident, before you receive U.S.-source income, a U.S. non-resident withholding tax is often applied.

Under the terms of the Canada/U.S. Income Tax Treaty and U.S. domestic tax laws, the following withholding tax rates are applicable to most Canadian Snowbirds:

- ▶ Dividend income from sources in the United States is potentially subject to a U.S. withholding tax of 15%.
- ▶ Interest income from sources in the United States is potentially subject to a U.S. withholding tax of 10%, except for sources in the United States, such as:
 - > U.S. federal, state and municipal debt obligations (bonds, coupons);
 - > Some U.S. corporate bonds issued after July 1, 1984; or
 - > Interest earned on bank or savings and loan deposits.

* If you have dual American/Canadian citizenship or only American citizenship, this fact should be shared with your tax advisor and other professional advisors as there may be different strategies applicable to your situation.

Tax Credits

To avoid being taxed twice (i.e. in Canada and in the United States), a foreign tax credit is applied to the tax payable on your Canadian income tax return, which recognizes the taxes you have already paid in your U.S.-source income.

Interest and dividends

U.S.-source dividends are not eligible for the Canadian dividend gross-up and dividend tax credit that results in a lower effective tax rate for Canadian source dividends. U.S.-source dividend and all interest income are taxed at the same rate as your marginal tax rate, unlike dividends received from Canadian corporations.



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If you pay your income tax in quarterly instalments, make arrangements for your payments to be made while you're away.

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Capital gains

Capital gains realized on the disposition of American assets are treated in the same manner as Canadian assets. However, the cost amount and the proceeds amount must be converted to Canadian dollars based on the exchange rate in existence at the time of each of these transactions.

U.S. gift taxes

If you gift assets that are situated in the United States, such as U.S. real estate, art or automobiles, there is a U.S. gift tax levied on those items if their value is in excess of \$11,000 US. Gifts of non-tangible items such as stocks and bonds are not subject to U.S. gift tax, as long as the donor is not a citizen or resident of the United States. However, there may be Canadian tax payable if appreciated assets are gifted to a non-spouse

Your tax advisor can fully explain the details of which U.S. taxes do or don't apply to your specific situation.

Residing in the United States

Owning and renting property in the United States

Depending on how you plan to spend your time in the United States—socializing with other Snowbirds through organized activities, or reveling in the quiet of your own solitude—there are myriad choices available to you in terms of accommodation.

Whether you decide to rent or own, live in a mobile senior's community or on a deserted stretch of beach, it's ultimately up to you. What is key is that you consult a professional legal advisor qualified in the region of your choice to help you sort out your personal situation with a customized plan.

Owning real estate in the United States

As with any large purchase, there are always pros and cons to be considered before you sign on the dotted line. In the case of a Canadian considering purchasing property in the United States, it's a good idea to rent for your first season as a Snowbird, perhaps even trying out various types of accommodation in more than one area. With first-hand knowledge of your choices in the South including price, style and amenities, you can be sure to choose the option that makes you the happiest. In any event, if you do choose to buy, be certain to deal with a lawyer familiar with the jurisdiction you're purchasing property in.

Some advantages to owning in the United States may be:

- ▶ Ease of knowing where you'll be each year, and the comfort of not having to research and plan for accommodation each time you travel.
- ▶ Having a sense of community and belonging, especially if you plan on spending significant time there.
- ▶ The ability to pass on your asset to your heirs.
- ▶ The potential for growth of your equity.

Some disadvantages to owning in the United States are:

- ▶ Currency risk can lessen the resale value of your home compared to the purchase price.
- ▶ Having complicated and restrictive resale clauses limiting your ability to sell down the road (i.e. no escape clause).

- ▶ If you live in Canada for the better part of the year, your U.S. home may sit dormant for long periods of time unless you rent it out. This may lead to additional costs for upkeep.
- ▶ Purchasing when you are unfamiliar with the area, U.S. laws and taxation can be time consuming and stressful, particularly if you're conducting your business from Canada.
- ▶ Upon your death, your U.S. property may be subject to U.S. Estate Tax which can reduce the net value available to be passed on to your heirs.
- ▶ When you sell, any capital gain is subject to income tax in the United States as well as in Canada, however, foreign tax credits can help to minimize or eliminate double taxation.

Obtaining a U.S. mortgage

Countless U.S. companies provide loans to Canadian Snowbirds, and if you meet lending criteria, most Canadians can borrow up to 80% of the purchase price, at the same rates as U.S. citizens. Another point to keep in mind is that several of the larger Canadian financial institutions also have U.S. affiliates that would be more than happy to help you coordinate your mortgage for a U.S. property. Being familiar with a company and knowing their reputation and history can go a long way in helping you feel more confident with your financial decisions.

Rental income

If you earn income on the rental of U.S. property, which may include a house, condominium, mobile home or recreational vehicle, in most cases the gross rental income is subject to 30% non-resident withholding tax. There are exceptions worth noting where you may use your net rental income (gross income minus expenses) for withholding tax purposes. In addition to withholding taxes, a U.S. tax return would have to be filed to report the U.S.-source rental income and to balance any year-end tax liability with the withholding taxes paid. A qualified U.S. tax advisor can help determine if this is an appropriate option for your tax situation.

Real estate sales

When you sell U.S. real estate or vacation property as a Canadian resident, any capital gain is subject to tax both in the United States and in Canada, as it is considered an investment for the purpose of financial gain. Unless the purchaser is paying less than \$300,000 US and is planning to use the property as a personal residence, the purchaser is required to withhold 10% of the purchase price on behalf of the IRS in keeping with the U.S. Foreign Investment in Real Property Tax Act (FIRPTA). Many states also require you to file a tax return when you sell the property.

Canadian tax implications

To avoid double taxation, the tax you pay in the United States as a result of the sale of U.S. property, can be applied as a foreign tax credit against your tax payable in Canada.



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Consider doing some research about your preferred destination beforehand. Travel books and magazines are often available to you free of charge through your local CAA or travel agency.



Estate planning

As a Snowbird, you never really know what adventures await you on your travels. But one thing that's for sure is that you should always be prepared for anything that may happen, good or bad. To be really prepared, whether you travel or not, you must have a comprehensive estate plan in place. If you're like most people, when you think of estate planning, you think of your Will. But proper estate planning requires careful consideration of a number of other factors based on your objectives.

Estate-planning goals

Estate planning focuses primarily on the distribution of your assets after your death, but it can also involve planning for many other personal objectives:

- ▶ Creating an orderly process for the handling of sensitive family issues.
- ▶ Maximizing tax-efficient strategies.
- ▶ Reducing estate administration costs, such as attorneys' fees, executors' fees and court costs, especially since you may have assets located outside of Canada in the United States.
- ▶ Transferring your assets to your beneficiaries in a timely manner.

Because your goals and personal situation will invariably change over time, you should revisit your plan from time to time and update it accordingly.



Making sure your Will is valid in your Snowbird state

Generally, if you have a valid Will in your home province, it will probably be valid in the U.S. state where you hold assets. If you have two Wills—one in Canada and one in the United States—the later one may supersede the earlier one with unintended results. However, depending on your personal circumstances, there may be advantages to having a second Will to deal specifically with property located in the U.S. Any reference to a second Will should include reference to the primary Will,

dealing with the assets outside of the U.S. Creating a second Will must be done with care and only on the advice of both your U.S. and Canadian lawyers.

If you don't have any assets in the United States, there is no need for a valid U.S. Will, and therefore, there is no need for U.S. probate upon your death. Having a professional accountant, lawyer or tax advisor who is skilled in cross-border issues is a must if you spend time in the United States and/or hold assets there.

What is a power of attorney?

A power of attorney is a document in which one person (a donor) authorizes another person or persons (the attorney) to manage the donor's property as a representative of the donor. In Quebec, the power of attorney document is called a mandate, the term "mandatary" is used in place of attorney, and the "mandator" is equivalent to donor. Your attorney does not have to be a legal attorney or notary; any mentally competent adult or reputable trust company can act on your behalf. In addition to having a power of attorney for your property, you will also want to consider a power of attorney for personal care in the event you become incapacitated.

Without a valid power of attorney in place, your family, friends or business associates would have to petition the Court or government office for permission to administer your finances in the event of your incapacity. This can result in time-consuming, inconvenient and costly hassles. Setting up a power of attorney now means you get to choose who will make decisions, if necessary, for you in the future.



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Make sure your Will is always up to date and reflective of your current situation so there are no surprises.

Customs regulations

American authorities are now enforcing stricter border controls due to recent world events and the threat of terrorism. Knowing the customs rules and regulations and abiding by them will save you time and aggravation when crossing the border into the United States. As a result of this heightened security, it's in your best interest to have official photo identification with you as you cross over into the United States, most notably, your Canadian passport.

Before you leave

Although it is not currently mandatory for entry into the United States, a Canadian passport which is valid for your entire stay in the United States, will make any of your dealings with customs that much easier. You may also wish to take along your birth certificate, citizenship papers or landed immigrant certificate, as well as copies, just in case. It is also advisable to register valuables you're bringing with you (expensive jewelry, cameras, computer or electronic equipment) with the Canada Customs and Revenue Agency (CCRA) en route to your destination. By proving ahead of time that expensive items were not purchased on your trip, you will avoid having to pay unnecessary duty on them when you return to Canada.

U.S. Customs

When entering the United States on trips of six months or less, you may take with you duty-free:

- ▶ 200 cigarettes, 50 cigars or two kilograms of tobacco (Note that Cuban cigars are generally prohibited in the United States, even if for personal use.)
- ▶ Alcoholic beverages for personal use up to one litre

- ▶ Gifts up to \$100 US
- ▶ Personal and household effects for your own use

If you carry more than \$10,000 US in or out of the country in any form (cash, traveller's cheques, money orders) you will be asked to file a report with U.S. Customs.

Restricted items

If you require specific medicines or narcotics for a legitimate medical condition, you should carry a doctor's note stating that they are medically necessary. All drugs must be declared to the customs officer, as should any food products, namely fruit, vegetables and plants.

Canadian Customs

When you return to Canada, you can bring back, free of duty:

- ▶ 200 cigarettes, 50 cigars, 200 grams of tobacco and 200 tobacco sticks. (Alcohol and tobacco must be declared personally and cannot be shipped.)
- ▶ Alcohol for personal use to a maximum of 1.14 litres (40 ounces) of wine or liquor, or 24 bottled beers
- ▶ Up to \$750 Cdn in goods including gifts you've received or are distributing, if you've been out of the country for more than seven days

You may want to visit their Web site for more specific guidelines: www.ccra-adrc.gc.ca or alternatively, you can visit any customs office to pick up a copy of "I Declare" for more details.



bright tips

If traveling south in a car or recreational vehicle, check out border wait times by going to Canadian Customs and Revenue online at www.ccra-adrc.gc.ca and click on Border Wait Times.

More to know before you go

Travelling with your pet

If you're thinking of bringing along the family pet when you travel south there are a lot of details to consider. The first step is to have a full check-up done by your family veterinarian. It is also important to travel with Fluffy or Fido's medical records, especially those that state inoculation history. For entry into the United States, a valid rabies certificate is mandatory.

Travelling with a pet is not always easy, so it's always best to plan ahead. Airlines and railways all have very specific guidelines for transporting pets, so your best bet is to check with your individual carrier before you leave.

Here are some general guidelines to follow to make your pet's trip a safe and comfortable one:

- ▶ Bring lots of extra food and water, as well as any medications he or she will require for the duration of the trip.
- ▶ Microchip encoding is specific to only one country. You may want to consider registering your pet in the United States as well.
- ▶ Never tranquilize a pet without consulting your veterinarian.
- ▶ Take direct flights whenever possible to avoid the potential for lost baggage if your pet is to be placed in the plane's cargo hold.
- ▶ Take time to ensure your pet is comfortable with his or her new surroundings when you arrive at your destination.
- ▶ Your pet's carrier should be big enough for them to stand and turn around comfortably.

Absent house concerns

If your house will be vacant over the winter, you should think about having a security system installed if you don't already own one, as well as taking the time to see to the following precautions:

- ▶ Arrange for snow shoveling and have whoever does the shoveling to clear off your car off as well if it's sitting in the driveway. It's also a good idea to have someone make tracks in your snowy driveway so that it appears as if you've had visitors recently.
- ▶ Consider a house-sitting service.
- ▶ If you have a security system, let the security company know that you will be away and for how long.
- ▶ Have a neighbour check in on things now and then, water your plants and pick up any junk mail that collects or forward on any important mail to your vacation address. Your insurance policy may actually demand this for the policy to remain valid during your extended absence.
- ▶ Have a vague answering machine message and ensure you retrieve your messages often so that a long "beep" doesn't hint to people you're away.

- ▶ Have someone trustworthy as a security/emergency contact for your home.
- ▶ Have your mail forwarded through the post office to you at your winter home so important documents and statements don't go astray.
- ▶ Store valuables out of sight. Keep special items such as jewelry or important papers securely stowed in a fireproof safety deposit box.

Health and safety issues

As with anything, it is always better to plan ahead and be safe than sorry. This is especially true if you have medical issues or are a nervous traveller. Here are some tips to make your trip to your Snowbird destination safer:

- ▶ Look into long distance options before leaving and make sure your cell phone has coverage in all states you'll be travelling through.
- ▶ Ensure your cell phone is always charged and you have emergency 911 service.
- ▶ Register with a local Canadian government office when you arrive in the United States.
- ▶ Stock up on any drugs or medicines you will need on your vacation that are covered under your provincial plan. Have enough for your stay plus extras in case you remain in the United States longer than expected. Having a doctor's note stating the reason for the drugs and declaring them at the border is also wise, particularly as some Canadian drugs you take may be restricted in your vacation state.
- ▶ Investigate renting a safety deposit box at a financial institution close to your hotel or vacation property.
- ▶ Travel with a companion and if you can't, always ensure a friend or family member knows of your whereabouts.

Remembering to vote

Just because you're away, doesn't mean you don't get a say in Canadian elections. If eligible, you may cast absentee ballots in federal and provincial elections. For more information on mail-in enumeration, contact:

Elections Canada
257 Slater Street
Ottawa, Ontario
K1A 0M6
1-800-INFO-VOTE (1-800-463-6868)

For provincial elections you should contact your provincial elections office to coordinate casting your ballot while you're out of the country.



bright tips

On longer flights ensure you drink plenty of fluids, avoid sitting too long and limit your intake of caffeine to lessen your risk of blood clots, commonly known as DVT or deep vein thrombosis.

The RBC Snowbird Package

The RBC Snowbird Package™ is a comprehensive bundle of products and services created exclusively for Canadian Snowbirds who winter in the southern United States. Imagine how much more relaxing your trip will be, knowing that your banking and insurance needs can be met as easily as if you were back at home! And with the growing number of RBC Centura branches in Florida, Georgia, North and South Carolina, and Virginia, you are sure to find an RBC representative nearby.

For just \$25 US per month or by maintaining a minimum balance of \$2,500 US¹, you will receive the following benefits, in one convenient package:

- ▶ **The RBC Centura™ Premier Checking account**—Enjoy nationwide access and a host of premium services that include unlimited in-branch transactions, free standard cheques, commission-free traveller's cheques and a small safe deposit box² in RBC Centura U.S. branches, just to name a few.
- ▶ **A preferred U.S. dollar exchange rate³**—Receive a preferred rate any time you transfer funds between your Canadian accounts and your RBC Centura Premier Checking account, and also when you purchase or sell U.S. cash or traveller's cheques in any RBC Royal Bank branch in Canada.
- ▶ **No-charge fund transfers**—Transfer funds by phone between your Canadian accounts and your RBC Centura Premier Checking Account for free any day of the week between 7a.m. and 11p.m. Eastern Standard Time.
- ▶ **No-fee online banking**—View your account activity and pay bills, any day, any time, through any personal computer with Internet access.
- ▶ **Telephone banking**—Use our automated telephone system to do all your everyday banking, 24 hours a day, seven days a week, or connect with an RBC Centura representative any day of the week between 7 a.m. and 11 p.m Eastern Standard Time.
- ▶ **RBC Royal Bank™ U.S. Dollar Visa* Gold**—Carry a premium Visa card with no annual fee that allows you to earn RBC Rewards™ and offers many other high-end advantages.
- ▶ **RBC Mortgage⁴ access**—Access over 1,000 different mortgages through over 150 different Lenders whether you are purchasing a new home or refinancing your current home in the U.S.through RBC Mortgage
- ▶ **InfoProtector™**—Protect yourself by registering all your credit cards with our card registry service so that in case of loss or theft, you're covered.

Optional Snowbird Travel Medical Insurance™

Rest easy with comprehensive out-of province/country emergency medical travel insurance coverage. When you take advantage of the RBC Snowbird Package, you will be eligible for a discount towards the purchase of Snowbird Travel Medical Insurance™

The RBC Snowbird Package™ is an account package designed exclusively for RBC Royal Bank customers with personal accounts, bringing together products and services provided by RBC Royal Bank, RBC Insurance and RBC Centura Bank – RBC Financial Group's North Carolina-based bank.

1 If the account balance drops below \$2,500 at any time during the month, the full \$25 US fee will apply.

2 Where safe deposit boxes are available and based on their availability.

3 Preferred foreign exchange rates are defined as rates that are improved over our standard foreign exchange rates.

4 Mortgages provided either through RBC Centura Bank or its affiliate RBC Mortgage. Credit on approval.

Terms subject to change without notice. Not a commitment to lend. Call for details. RBC Centura and RBC Mortgage are Equal Housing Lenders.

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Snowbird Travel Medical Insurance is underwritten by RBC Travel Insurance Company.

Bon voyage!

We know that the “migration” of a Canadian Snowbird requires a lot of research, diligent saving and smart planning on your part. A good trip also involves the professional advice of those that understand your needs as you travel to and live part-time in the United States. For more information on how RBC Financial Group™ can make your Snowbird adventure in the South more relaxing, safe and cost-effective, please contact us by phone at 1-800-ROYAL® 5-3 (1-800-769-2553), visit us online at www.royalbank.com/travel/index or speak to a representative at any RBC Royal Bank branch.

Have a wonderful trip!

map screen

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