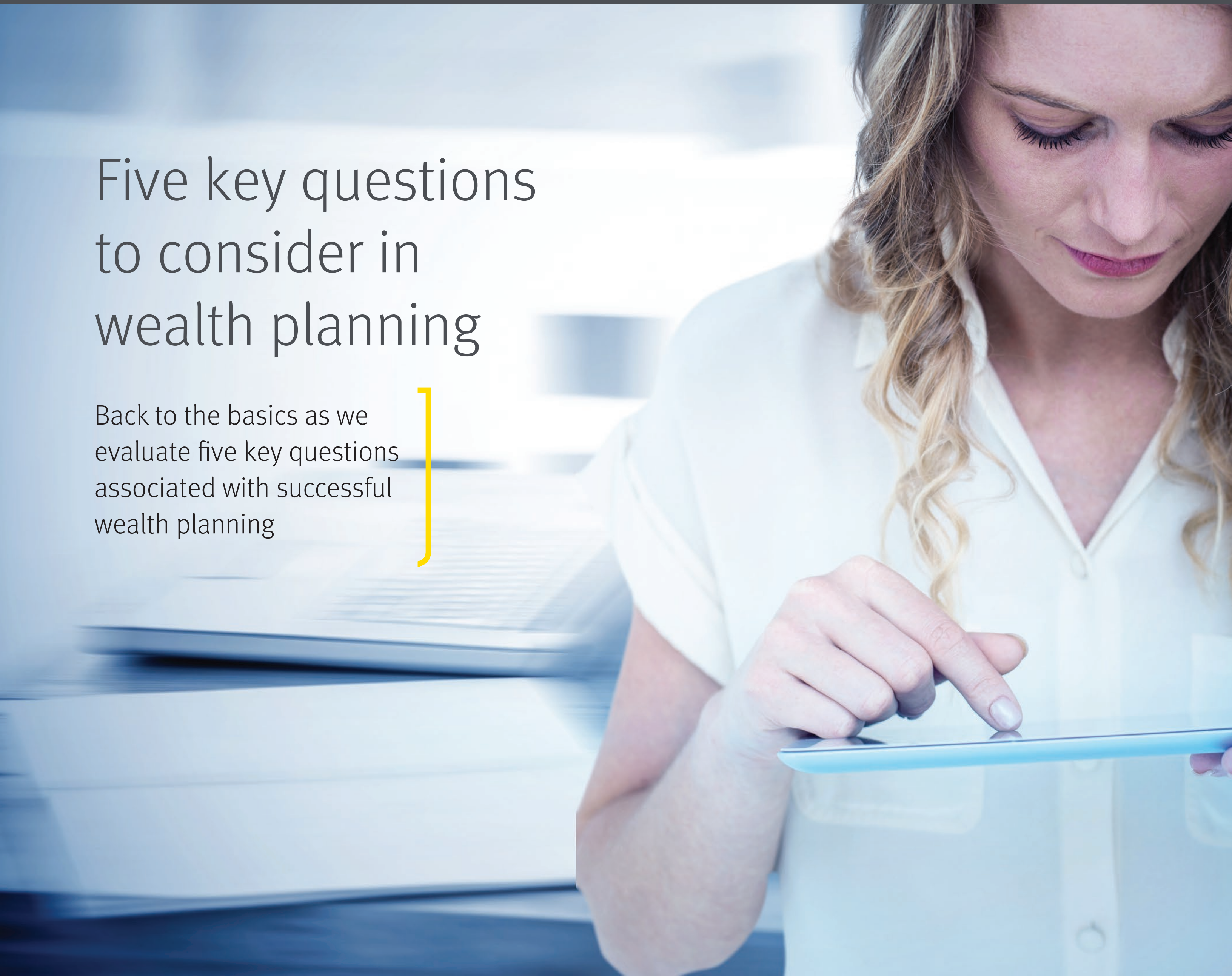

Five key questions to consider in wealth planning

Back to the basics as we evaluate five key questions associated with successful wealth planning

RBC Wealth Management

Five key questions to consider in wealth planning

In every stage of adult life, individuals are tasked with making a range of wealth-planning decisions that bring with them different options, factors and details to consider. Some of these decisions exist on a larger scale while others are more specific; some have shorter-term effects while others have a longer time horizon; and, some even impact the next generation or beyond. Yet from one end of the spectrum to the other, a commonality exists — there is great benefit in possessing a basic understanding and awareness of the concepts and reasoning that go into each decision.

In recent studies based on data from the Canadian Financial Capability Survey, it was found that less than 25 percent of respondents were able to correctly answer financial literacy questions related to interest, inflation and risk diversification. In this same study, under 50 percent of respondents considered themselves to be financially knowledgeable, and approximately 50 to 60 percent felt they knew enough about investments to choose the right ones that are suitable for their circumstances.[1] It's statistics such as these that have pushed financial literacy increasingly to the forefront in Canada more recently. Across the country, there are a range of government and financial organizations, educational institutions and community associations providing Canadians with the resources, tools and education to broaden their financial knowledge and feel more confident in the decision-making processes. Those aims mirror the theme behind this report, as we go back to the basics and examine key questions to address in successful wealth planning, along with simple solutions and options to consider.

To illustrate and provide practical and in-depth examples of these concepts in action, included in each section are case studies involving two couples, Prem and Nisha and Tim and Betty. At the beginning of this wealth-planning journey, our couples are young adults who are just laying down roots both career-wise and in their personal and family lives. Over the course of the report, our couples mature and advance through various stages, facing a range of common transitions and choices that exist along the life cycle of wealth planning.

Whether you're a Millennial just embarking on greater financial independence or an older adult who is transitioning into or is already in retirement, it is both important and valuable to expand your financial knowledge base, and through the discussion and examples presented within, that is exactly what this report aims to achieve.

Specifically, the five questions explored are:

1. Reducing mortgage debt or saving for retirement – is one favourable?
2. Which is the better savings option – an RRSP or a TFSA?
3. What is the best way to handle inheritance?
4. How can TFSA, RRSP, government and other sources of income and income splitting be strategized in retirement?
5. What are the key considerations of estate planning and successfully leaving a legacy?

1 Reducing mortgage debt or saving for retirement – is one favourable?

It's an important question for many Canadians, and specifically for homeowners and those in their primary saving years: Do we focus on paying down mortgage debt or is it more beneficial to put that money directly towards saving for the future? To determine how individuals are generally approaching these financial aspects, let's first take a look at some broader statistics. According to the Canadian Bankers Association, 71 percent of household debt is mortgage debt, which is generally viewed as a high-quality asset that may increase net worth over time.[2] Additionally, in a 2015 study by the Mortgage Professionals Canada, it was found that over one-third of mortgage holders have taken at least one action to shorten their amortization period, including lump-sum payments or increasing the frequency of payments, for example.[3] By contrast, Canadians as a whole are only saving 4 percent of household income,[4] and fewer than one-quarter of all tax filers contributed to RRSPs, according to 2015 data from Statistics Canada.[5] Statistics such as these seem to suggest that many Canadians tend to favour debt servicing over focused saving. However, what these statistics can't answer is whether individuals are making educated decisions in choosing the best option and whether it may bring them the most beneficial outcome in years to come.

When you get right down to it, both saving for retirement and reducing mortgage debt will increase your net worth. And, while it is beneficial to do both, there are scenarios in which it is advantageous to choose one over the other.

Compounding growth

For many individuals who are becoming established both professionally and personally, thinking decades ahead to retirement is typically not top of mind. However, giving long-term planning some attention now may be extremely beneficial down the road, thanks to the concept of compound growth.

In the most basic sense, every dollar earned from an investment may be reinvested to earn more dollars. The result is increasing growth potential with every dollar saved. Therefore, the earlier an investor begins saving, the more time each dollar has to grow and compound.

Prem and Nisha

- **Goal:** Building their retirement savings beginning this year.
- Each is able to contribute $18,000 to their RRSPs per year (18 percent of $100,000 earned income).

Prem and Nisha

Investments	2016: Age 30	2026: Age 40	2036: Age 50
Prem's RRSP	$18,000	$294,118	$844,118
Nisha's RRSP	$18,000	$294,118	$844,118
Subtotal	$36,000	$588,236	$1,688,236

*Prem and Nisha each contributed $464,100 ($18,000 indexed over 20 years).

Tim and Betty

- **Goal:** Paying down their mortgage in full before building their retirement savings.
- They start investing in 2026 after they have paid off their mortgage early with their excess cash flow.
- They have unused RRSP room and more available cash flow, so their contributions are $36,000 each per year.

Tim and Betty

Investments	2016: Age 30	2026: Age 40	2036: Age 50
Tim's RRSP	$0	$43,844	$717,056
Betty's RRSP	$0	$43,844	$717,056
Subtotal	$0	$87,688	$1,434,112

*Tim and Betty each contributed $534,009 ($36,000 indexed over 20 years).

Note: For the purpose of the above example, the couples will invest in the same portfolio where an annual rate of return of 6 percent is used, and it is assumed that salaries, and therefore contributions, are indexed by inflation at 2 percent per year.

To examine the question of saving versus servicing debt in more detail, let's consider some example scenarios with our couples, Prem and Nisha and Tim and Betty. All four of them have just reached the age of 30 and, through their twenties, they experienced many of the common transitions that early adulthood brings — marriage, home ownership, and increased financial responsibilities.

In 20 years, Prem and Nisha have a combined RRSP savings of $1,688,236 (or $1,136,134 in today's dollars). By contrast, Tim and Betty have $1,434,112 (or $965,116 in today's dollars). This marks a total difference in savings of $254,124!

Note: The difference in savings will compound only until retirement. While both couples will retire mortgage-free, Prem and Nisha will have more RRSP funds heading into retirement.

Interest rate on debt and return expectation on investments

When you break it down, paying down debt offers a guaranteed return. In our example, the mortgage interest rate of 4.5 percent is the guaranteed benefit for each dollar of principal repayment. This is where it's important to do a side-by-side comparison with your RRSP investment. In situations where an individual's pre-tax return expectation on his or her investment exceeds this amount, it may be more beneficial to invest the money for long-term growth and income. In general, for a balanced portfolio, it may be reasonable to assume a return expectation of approximately 6 percent. Therefore, in this case, it makes sense to invest by contributing to RRSPs. Let's return to our example couples to further illustrate this point.

Prem and Nisha's total net worth is not only higher, but they have also increased their diversification and liquidity by investing in RRSPs, as well as paying down their mortgage debt.

Income tax rates

Mortgage payments are made with after-tax dollars. At a 40 percent marginal tax rate, you therefore need to earn $1.66 for every additional dollar paid on the mortgage ($1.66 – 40 percent tax (0.66) = $1). Or, for every $1 earned, $0.60 is available to make additional mortgage payments.

RRSP contributions, on the other hand, are made with pre-tax dollars. In other words, for every $1 earned, $1 gets invested. As such, investing pre-tax dollars puts more of

Prem and Nisha

After 10 years:

- RRSP total: $588,236 (investing $36,000 each year)
- Home equity: $467,708 (making regular mortgage payments of $36,000 each year)
- Combined net worth: $1,055,944

Prem and Nisha

Investments	2016: Age 30	2026: Age 40
Prem's RRSP	$18,000	$294,118
Nisha's RRSP	$18,000	$294,118
Subtotal	$36,000	$588,236
Real Estate	**2016: Age 30**	**2026: Age 40**
Prem and Nisha's house	$765,000	$932,530
(Mortgage)	($590,296)	($464,822)
Subtotal	$174,704	$467,708

Tim and Betty

After 10 years:

- Home equity: $932,530 (directing an additional $36,000 per year to their mortgage by doubling up their payments)
- RRSP total: $87,688
- Combined net worth: $1,020,218

Tim and Betty

Investments	2016: Age 30	2026: Age 40
Tim's RRSP	$0	$43,884
Betty's RRSP	$0	$43,884
Subtotal	$0	$87,688
Real Estate	**2016: Age 30**	**2026: Age 40**
Tim and Betty's house	$765,000	$932,530
(Mortgage)	($540,530)	$0
Subtotal	224,470	932,530

your money to work for you, maximizing compounding growth and the investment/interest rate spread.

In an ideal scenario, RRSP contributions are made during higher-income years, with the expectation that they will be withdrawn, during retirement, at a lower tax rate. If there is still an outstanding balance on the mortgage, the remaining payments may be made with dollars taxed at a lower rate. Additionally, the RRSP contributions benefit from tax-deferred growth and income until they are withdrawn, therefore creating a larger pool to draw from and a higher stream of income.

The big picture

In most cases, balance and diversification support directing cash flow to both debt and savings for the best long-term results. Compounding growth is a compelling reason to start saving early, for the very simple fact that years passed cannot be recouped. Current economic conditions such as interest and market rates may affect individual decisions, as would other personal considerations such as income tax rates, investment risk tolerance and comfort of debt servicing. While this section has outlined some different scenarios and strategies, they may not apply to your particular financial circumstances. To ensure your individual situation and needs have been properly considered when navigating important life decisions such as those discussed here, you should obtain professional advice from a qualified tax, legal and financial advisor.

In the realm of financial decision-making, some individuals take on the mentality of handling one thing at a time, which often translates to a shorter-term mindset, taking care of aspects that are more in the here and now. This also often results in choosing to "save later when it makes more sense," so to speak. However, the fault in this framework of thinking is not calculating how these decisions may impact long-term financial circumstances versus other potential options. As our example scenarios in this section have demonstrated, the main point is ensuring the choices you make now are also the most effective ones for down the road.

In the following section, we zero in more specifically on retirement saving, with an in-depth look at how the two primary options of RRSPs and TFSAs stack up to each other.

2 What is the better savings option – an RRSP or a TFSA?

The decision between investing in an RRSP or a TFSA is a common one faced by many Canadians, and one in which there is no definitive black-and-white answer that suits everyone. When talking about these investment options, there are a number of factors to consider in order to properly meet individual goals and circumstances.

Some individuals tend to gravitate towards RRSPs for a variety of reasons — for example, RRSPs have been in existence for far longer than TFSAs and thus may seem more familiar and straightforward for retirement planning; RRSPs also offer more contribution room than TFSAs. This trend in retirement saving is seemingly reflected in the fact that Canadians hold just over $1 trillion in RRSPs compared to $157.9 billion in TFSAs.[6]

What's important to note, however, is that those reasons and numbers don't mean the RRSP is an inherently better option across the board. And given the fact only approximately 38 percent of eligible Canadians have TFSAs, and of those holders more than one-third did not contribute to their accounts,[7] the indication is many individuals don't fully grasp both how to optimize TFSAs and the scenarios in which they may be the better investment choice.

Getting the facts straight

A key part of the decision-making process is a basic understanding of the purpose, features and requirements, as well as the positives and drawbacks, of each investment option.

RRSP and TFSA key features

RRSPs

- Contributions are deducted for tax purposes
- Lowers tax burden when filing your tax return
- Investment earnings grow tax-deferred
- Income taxes owed will be based on your marginal tax rate at time of withdrawal
- Minimum age withdrawal requirement by age 71

TFSAs

- Contributions are not deducted for tax purposes
- Investment earnings will grow tax-free
- Withdrawals are not taxable
- No minimum age withdrawal requirement
- Withdrawals are added back to your available contribution room in the next calendar year

Is an RRSP right for you?

An RRSP is a particularly beneficial savings tool if you expect to be in a lower tax bracket during retirement than you are today. For individuals not expecting a material amount of income from other sources, such as an employer pension plan, being able to reduce taxes over your working lifetime is a clear benefit.

However, if you are diligently tucking money away into your company pension plan, and if you anticipate a comfortable income in retirement comparable to your current salary, taxes owing may be higher than what is received in a refund today, undoing many of the expected benefits. (For those who expect to be in the same tax bracket, there is still a benefit in achieving tax deferral on your investment earnings in an RRSP.)

It is also important to note that the minimum withdrawal requirement may bump you into a higher tax bracket. This aspect should not be discounted or overlooked, as it may result in having your Old Age Security (OAS) clawed back. In such a scenario, this would equate to having your OAS pension clawed back at the rate of $0.15 for every $1 earned over the threshold (if your 2016 annual net income is above $73,756; the full OAS pension is eliminated when your net income is $119,398 or higher).

Is a TFSA right for you?

If you are contributing to a company pension plan, a TFSA is an excellent savings tool to complement your anticipated retirement income. Furthermore, if you are in a financial position in which you are fortunate enough to not require all of your savings to finance your retirement, the absence of a minimum age withdrawal requirement adds flexibility and may make a meaningful difference in your estate planning.

Our couples, Tim and Betty and Prem and Nisha, have become more established in their careers and have now reached a life stage where they have extra cash flow. As such, they are interested in starting a savings program. At the moment, the amount each couple is able to save has limited them to choosing between investing in an RRSP or a TFSA.

Prem and Nisha

- Salaries: $100,000 per year each
- Employer Pension Plan: No, so this means that during retirement, the absence of a separate income stream may put them in a lower tax bracket.
- Benefits of RRSP: They will tax shelter investment earnings on their annual contributions, receive a refund on their taxes owing today, and pay taxes at a lower rate when they withdraw in retirement.

Tim and Betty

- Salaries: $100,000 per year each
- Employer Pension Plan: Yes, so they are therefore expecting to be in a similar tax bracket in retirement, negating some of the tax savings benefits of an RRSP.
- Benefits of TFSA: More flexible and tax-efficient complement to an employer pension offering. If they tuck money into their TFSAs annually, they will have the flexibility to make withdrawals tax-free at any time, simplifying the tax implications of their retirement strategy.

Based on their investment decisions, the table below further illustrates both the details and differences, as well as the outcome when they reach age 65, between the two plans.

	Prem and Nisha	Tim and Betty
Annual contributions[1]	$11,000 to RRSP	$11,000 to TFSA
Reinvested refund	Yes[2]	Not applicable
Annual growth	6%	6%
Marginal tax rate	33%	33%
Balance at age 65	$1,772,481[3]	$1,371,268

(1) Contributions over 35 years and do not increase with inflation.

(2) Reinvested annual RRSP refund calculated as 33% of previous year's contribution amount.

(3) Prem and Nisha's balance at age 65 is a pre-tax amount.

Once these couples retire at age 65, the below table outlines the annual income stream generated by their savings. For information and illustrative purposes, there are two RRSP withdrawal columns outlining the net amount generated in two different retirement tax brackets, illustrating that a high tax rate in retirement can negatively affect RRSP withdrawals, after tax.

	Example RRSP	Prem and Nisha RRSP	Tim and Betty TFSA
Before-tax annual withdrawal	$130,807	$130,807	$101,200
Projected income tax rate at retirement	33%	20%	33%
Net withdrawal	$87,641	$104,646	$101,200

Note: This represents payments annually over 25 years; amounts are in today's dollars.

While these two couples are in similar life stages, their situations are diverse, therefore driving home the point that when considering retirement savings, varying circumstances influence and encourage different financial strategies.

Note that for both couples, as their income and earning power increases and contribution room to these programs is exhausted, there may be value in considering additional strategies such as tax-exempt insurance.

Tax-exempt insurance

Similar to an RRSP, the contributions made to a tax-exempt life insurance policy are limited. However, there is much more flexibility with respect to maximum deposits. Tax-exempt life insurance is a tremendous tool for non-registered asset accumulation and wealth preservation.

It can also enhance your portfolio, since it adds a layer of diversification to your investments. It works by allocating deposits above life insurance costs within a variety of different guaranteed and variable growth investments. This has the ability for tax-exempt growth over your lifetime.

Not only can tax-exempt life insurance significantly enhance the overall value of your portfolio — because the growth is not taxable — but is paid tax-free upon death.

Individuals are able to access policy cash values in a variety of ways. Tax-exempt life insurance may be used to enhance retirement income by complementing what has been saved in an RRSP and a TFSA. This unique strategy utilizes annual tax-free bank loans. By transferring a portion of wealth every year into this solution, individuals not only gain access to a tax shelter, but also purchase an immediate and significant benefit for their estate (the insurance coverage) and continue to maintain some degree of liquidity.

In the event of an individual's death, the bank loan is paid from the policy and the remainder of the funds from the insurance policy is paid tax-free to the named beneficiaries. Other benefits of insurance include a tax-free benefit upon death and the ability to avoid probate where beneficiary(ies) are named.

The big picture

At the global level, some key concerns among high-net-worth individuals include whether their assets will last throughout their lifetime (66.2 percent), as well as the ability to afford the lifestyle they want in retirement (62.8 percent), according to the World Wealth Report 2015.[8] It's concerns such as these that may be effectively addressed and accounted for via a guided understanding of RRSPs and TFSAs as primary options for personal retirement savings.

As the examples in this section have illustrated, the choice between these savings plans largely depends on individual circumstances, each offering distinct advantages and potential when utilized in the right way, for the right reasons. Through increased awareness of and knowledge about each option, as well as key differences between RRSPs and TFSAs, individuals may gain the confidence and assurance in making an educated choice to provide the best outcome for future retirement needs.

Beyond the decision itself, there is also great value in understanding how to strategize and maximize contributions within the plans. The Spring 2016 issue of

RBC Wealth Management Services *Perspectives* magazine discusses investment strategies to boost growth potential in the article "Make the Most of RESPs and TFSAs." For supplementary background on RRSPs, please visit Understanding RRSPs on our website. When considering and making investment and other financial decisions, you should always obtain professional advice to ensure your personal circumstances are properly considered and that action is taken based on the latest information available.

The information in this section may not necessarily apply to your particular financial situation, so this is another area where your investment advisor serves as a valuable resource in finding the best solutions for your personal needs.

In the following section, we shift our focus to wealth transfer from one generation to the next. Concentrating on the perspective of the receiving generation, we discuss decisions around how to best plan for and utilize inherited financial assets.

3 What is the best way to handle inheritance?

The topic of inheritance is one that often doesn't receive the attention or planning it requires from both those who are passing down wealth and those who are receiving it. In fact, statistics indicate that many high-net-worth families are unsuccessful in transferring assets, which often stems from a lack of communication and planning beforehand at the family level to determine values and how those values may be carried on via inheritances. Unfortunately, this leaves some individuals unprepared or caught by surprise in receiving an inheritance, which often goes hand-in-hand with funds then not being utilized in the most beneficial way. Beyond potential financial repercussions, lack of planning around inheritance may also be the source of great family tension. And while it's understandable that the emotional stakes are naturally higher when dealing with assets within a family, the best way to approach this is with proactive communication among all family members in forming plans that are in line with family goals and values.

While we focus herein on the receivers of inherited assets, further information about transferring wealth to the next generation can be accessed by viewing the related article "Wealth transfer: Are your heirs ready?" on our website.

To examine two different scenarios among the receiving generation for utilizing inheritance, let's revisit our couples. Nisha and Betty went to school together, graduated together, and got married around the same time. Both families have been endowed a large sum of money through inheritance. Although the couples are all successful professionals, are embarking on the next stages of their lives together, and have had similar experiences thus far, that does not necessarily mean they will make the same decisions in regards to inheritance.

Prem and Nisha

- Inheritance: $1MM from Prem's mother
- Family circumstances: Two children who play hockey and attend private school.
- They are familiar with the burdens of student loans and debt, as Nisha had insisted on footing some of her educational bill when she attended medical school, wanting to take on more financial independence and responsibility from her family.
- Family values/plans: All family members agreed that education was of high priority.
- Decision: Prem and Nisha do not want their children to have to worry about the costs of higher education or student loans. They will loan the funds to a family trust in benefit for their children's education costs.

Tim and Betty

- Inheritance: $1MM from Betty's favourite aunt
- Family circumstances: Two minor children who are enrolled in a number of extracurricular activities and who attend a private school.
- Family values/plans: Values at the family level had not been discussed and no plans had been put in place. They were surprised to receive the funds.
- Decision: They will place the inheritance funds into their non-registered account.

Prem and Nisha

The couple meets with their advisors and discusses their recent inheritance and the importance of ensuring their children's education costs, and only their educational costs, would be covered with this sum of money. Their advisors inform them they can establish a family trust for the children's education at the current 1 percent CRA prescribed loan rate, and that they would be able to income split with their children. They are further advised that once the trust is established and Prem has loaned $1MM to the trust at the CRA prescribed interest rate, all of the investment income (interest, dividends and capital gains) earned would be taxable to the children. For that to happen, the trust must pay the loan interest to Prem annually, which he would include in his income.

By establishing a family trust, the couple may save approximately $225k in taxes (see Table 1 below). This amount of savings is based on the fact that the couple will be paying for their children's education and extracurriculars with the trust income and therefore awarded the tax benefits. Furthermore, Prem and Nisha are able to call back the $1MM loan should they ever require the funds, or they may choose to forgive it on their death. They are comfortable knowing that they are not simply cutting a $1MM cheque for their children, but are rather loaning the funds, thereby never losing access to the inheritance.

Tim and Betty

Tim and Betty were caught off-guard in receiving the inheritance and had no plans in place. Without seeking any advice, they opt to place the funds in their non-registered account, and then simply cut cheques for their children's expenses. All income from investing the inheritance is taxed in Betty's hands, at the top marginal rate, and no income splitting has been established. By year 10, Betty will have paid approximately $146,000 in taxes. If she and Tim had instead placed her inheritance in a trust like Prem and Nisha did, she would have paid approximately 66 percent less in taxes over the 10-year period, allowing her to save $97,295.

Table 1

Assumptions for Prem and Nisha	Assumptions for Tim and Betty
• $1MM portfolio • Annual ROR: 6 percent • Prem's tax rate: 49.5 percent • Two beneficiaries (if the child's taxable income is below basic exemption, there will be zero income taxes payable) • Basic Personal Exemption: $10,000 (this amount varies by province)	• $1MM portfolio • Annual ROR: 6 percent • Betty's tax rate: 49.5 percent • Two beneficiaries (if the child's taxable income is below basic exemption, there will be zero income taxes payable) • Basic Personal Exemption: $10,000 (this amount varies by province)

	Prem and Nisha	Tim and Betty
	Inheritance loaned at 1% to family trust	Inheritance held in Betty's personal account
Investment income (interest, dividends, capital gains)	$60,000	$60,000
Tax payable in year 1	$4,950	$13,439
Tax payable by children	–	–
When you compare taxes payable in year 1, Prem and Nisha will experience a savings of $8,489 over Tim and Betty.		
Over 10 years, that savings will grow to $97,295 for Prem and Nisha over Tim and Betty; and over 20 years, that translates to a savings of $225,650 for Prem and Nisha through choosing the family trust option.		

The big picture

Given the fact that approximately $30 trillion in assets will be transferred from Baby Boomers to Generation X and Millennial heirs over the next three to four decades[9] — marking the largest wealth transfer in history — the importance of carrying out the process of inheritance appropriately, effectively and wisely among family members absolutely cannot be understated. Intergenerational wealth transfer is a major consideration and one that needs to be approached with not only an understanding about the importance of open and ongoing communication, but also a firm knowledge of the impact, and potential implications, of the related financial decisions — among both generations involved.

In the following section, we progress towards the retirement phase, examining a variety of aspects, questions and decisions individuals face regarding income and financial situation as they finalize their retirement plans and shift into this stage of life.

4 How can TFSA, RRSP, government and other sources of income, and income splitting be strategized in retirement?

As individuals near retirement, a number of questions around savings, pensions, lifestyle and health often tend to surface. These types of questions are valid and important, and the root to effectively answering them is based on building a heightened sense of financial literacy as it relates to key aspects of the retirement stage. In a survey of non-retirees and retirees, approximately 60 percent of respondents said they put money away for retirement, mainly via RRSPs and TFSAs.[10] On the flipside, another survey notes that about 60 percent of respondents, including those in the 55- to 64-year-old age bracket, are concerned they have not saved enough for a comfortable retirement.[11] What this seems to suggest is that while many individuals are taking some of the right steps, there is still a level of misunderstanding regarding key factors to consider and how individual situation impacts decision-making.

The years leading into retirement mark a good time to revisit overall financial plans, as well as any new or recent life changes that may have an effect on retirement plans and choices. Let's turn back to Prem and Nisha and Tim and Betty for a walkthrough of some various scenarios. Our couples are now getting ready to retire and are starting to put their retirement plans in place. Here we will take a closer look at how each couple's financial situation has evolved, as well as some of the common decisions they may face as they near and embark on this life stage.

Both couples are trying to figure out where their retirement income will come from, as well as the timing of when they should start relying on their various financial assets and how to minimize their income taxes.

When should individuals start to draw CPP/QPP?

An individual may receive their full CPP/QPP entitlement at age 65 without reduction. However, one may elect to draw their CPP/QPP as early as age 60 or defer it to as late as age 70. For every month that you take your CPP early, there is a 0.6 percent reduction (for QPP, the reduction factor varies from 0.5 to 0.6 percent); if an individual decides to take it the year they turn 60, the total reduction would be 36 percent of their entitled amount. If an individual does not need additional funds, they may elect to defer their CPP/QPP. For every month CPP/QPP is deferred, there is a 0.7 percent increase in their pension entitlement. As an example, a deferral until age 70 would result in a 42 percent increase in CPP/QPP entitlement. Upon an individual's death, their spouse is entitled to 60 percent of the pension entitlement. However, no individual may receive more than the maximum monthly entitlement at age 65, which is currently $1,092.50 per month.

When assessing when to take CPP/QPP, individuals need to consider factors such as tax rates, current sources of savings, expenses and life expectancy. Based solely on the math, if there is no immediate need for cash, an individual should not draw their CPP/QPP before age 65 if they expect to live to be 78 or older. If the individual anticipates living past age 86, then they should consider deferring it until age 70. However, since "you never know when you'll go," and because you have contributed to the program for your whole working career, some would suggest it may be better to start taking it sooner and then save what you don't spend. So, when should our couples start to draw their CPP/QPP?

Prem and Nisha

- Both are 58 years of age; Prem retired at 55, and Nisha plans to work until age 62.
- They have accumulated significant savings in their RRSPs ($1,000,000 each) and TFSAs ($60,000 each), and have non-registered investments of $500,000 held jointly.
- Neither has an employer pension plan. Nisha's employment income is sufficient to cover the family's lifestyle expenses and maximize her RRSP contribution, but there will be no additional funds available to add to their TFSA or non-registered savings.
- Both have made maximum CPP/QPP contributions during their working careers.
- They are both considered in good health and feel that age 90 is an appropriate time frame to plan for. They plan on leaving their $1MM trust intact for future generations.
- They have no need for additional cash flow, so it would appear that they should not claim their CPP/QPP until age 65. However, Prem has very little income for the next five years.
    - If he were to draw his CPP/QPP entitlement ($731 per month) at age 60 and invest in both of their TFSAs for the next five years with a 6 percent return, their TFSA account balances could increase by about $53,000.
    - If that $53,000 was left to grow within the TFSAs at a rate of 6 percent, their final estate would be enhanced by about $215,000 by age 90 (or about $120,000 in today's dollars).

Tim and Betty

- Both are 58 and plan to work until age 62.
- They have saved $200,000 each in RRSPs and Betty still has the $1MM inheritance available for retirement expenses.
- They both have employer pension plans. Tim's pension plan is considered a defined benefit plan. It is estimated that Tim's pension at age 62 will be $75,000 per year and provides a CPP/QPP bridge benefit of $6,000 per year prior to age 65. The plan is not indexed, has a survivor benefit of 60 percent, and has a commuted value of $850,000 today. Betty has a defined contribution plan that is currently worth $600,000. Both Betty and the employer contribute equally to the plan.
- Both spouses have contributed the maximum to CPP/QPP during their working careers.
- Tim, unfortunately, has been diagnosed with a medical condition that will likely result in him dying prematurely (life expectancy is 70). Betty has history of longevity in her family with parents and grandparents living well into their 90s.
- They are both entitled to the maximum CPP/QPP amount at age 65. They feel that their pension plans will fully cover their retirement lifestyle.
- Given that Tim is in poor health and will likely pass away before age 78, he has decided to draw his CPP/QPP upon retirement (i.e. age 62).
- Given the history of long life in Betty's family and her excellent current health, she has decided she will defer her CPP/QPP until age 70 unless she experiences health issues prior to that.

Prem and Nisha

Investing CPP/QPP payments into their TFSAs

Year	Age	Annual Contribution	Deferred Growth	Market Value
2016	60	$8,772	$280	$9,052
2017	61	$8,947	$829	$18,828
2018	62	$9,127	$1,421	$29,376
2019	63	$9,309	$2,060	$40,745
2020	64	$9,495	$2,747	$52,987
Total		$45,650	$7,337	$52,987

Year	Age	Annual Contribution	Deferred Growth	Market Value
2021	65	$0	$3,000	$53,000
2022	66	$0	$3,180	$56,180
2023	67	$0	$3,371	$59,551
2044	88	$0	$11,459	$202,447
2045	89	$0	$12,147	$214,594
Total		0	$164,594	$214,594

How can income taxes in retirement be minimized?

Currently, couples are allowed to split up to 50 percent of their "eligible pension income" with their spouse or common-law partner. Prior to age 65, eligible pension income includes the following:

- periodic payments from a defined benefit pension plan
- certain annuity payments resulting from the death of a spouse

After age 65, eligible pension income includes the following:

- periodic RRIF, LIF, LRIF payments
- payments from registered pensions plans
- annuities purchased from RRSP, RRIF, LIF, and LRIF proceeds
- certain annuities purchased with non-registered money after age 65

In addition to splitting the income on their tax returns, both spouses may be able to claim a pension tax credit equal to $2,000.

For purposes of the pension splitting rules, CPP/QPP, OAS and tax-free portions of foreign income are not considered eligible pension. It should be noted, however, that couples may elect to share CPP/QPP credits based on the number of years they were together and contributing to the CPP/QPP.

Tim and Betty

Defined Benefit Pension Plan (DBPP): This plan is designed to provide lifetime retirement income for an employee and includes provisions to continue reduced payments to a surviving spouse.

- Given the large commuted value of Tim's pension plan and his reduced life expectancy, Tim is wondering if he should take his pension upon retirement or if he should consider commuting his pension to a Locked-In Retirement Account (LIRA). He is also concerned, given Betty's family history, that their savings may not be sufficient to provide for Betty later in life.
- When assessing if Tim should draw a pension or take the commuted value, there are a number of factors to consider, including the amount of survivor benefits, his investment risk tolerance, flexibility of withdrawals, if the plan is fully funded, and the financial health of his employer. Tim worked through the numbers with his financial advisor and learned that due to his shortened life expectancy and since he is comfortable with a balanced portfolio earning approximately 6 percent per year, he would be slightly better off financially taking the commuted value.
- However, when they discussed the fact that Betty's pension plan is subject to market risk and that his 60 percent survivor pension is a secure income source to meet her living expenses, he felt more confident leaving his pension with his employer.

			Commute to Locked-In Plan (Summary)										Projected Pension
			Projected Annual Minimum Payment Option (pre-tax)					Projected Annual Maximum Payment Option (pre-tax)					
	Age at Start of Year												
Year	Employee	Spouse	LRIF/RIF Value on Jan.1	RRSP/ RRIF/ PRIF Value on Jan.1	LIF/LRIF + RRIF/PRIF Minimum	Income and Capital from Taxable Account	Minimum + Income and Capital from Tax. Account	LRIF/RIF Value on Jan.1	RRSP/ RRIF/ PRIF Value on Jan.1	LIF/LRIF + RRIF/ PRIF Maximum	Income and Capital from Taxable Account	Maximum + Income and Capital from Tax. Account	Annual Pension Income (pre-tax)
2021	62	62	$1,114,288	–	–	–	**–**	$1,114,288	–	$78,413	–	**$78,413**	**$81,000**
2022	63	63	$1,180,031	–	$ 43,705	–	**$ 43,705**	$1,096,992	–	$78,339	–	**$78,339**	**$81,000**
2023	64	64	$1,203,369	–	$ 46,283	–	**$ 46,283**	$1,078,753	–	$78,265	–	**$78,265**	**$81,000**
2024	65	65	$1,225,354	–	$ 49,014	–	**$ 49,014**	$1,059,517	–	$78,191	–	**$78,191**	**$75,000**
2025	66	66	$1,245,744	–	$ 51,906	–	**$ 51,906**	$1,039,224	–	$78,117	–	**$78,117**	**$75,000**
2026	67	67	$1,264,274	–	$ 54,968	–	**$ 54,968**	$1,017,812	–	$78,044	–	**$78,044**	**$75,000**
2027	68	68	$1,280,655	–	$ 58,212	–	**$ 58,212**	$ 995,215	–	$77,970	–	**$77,970**	**$75,000**
2028	69	69	$1,294,567	–	$ 61,646	–	**$ 61,646**	$ 971,363	–	$77,897	–	**$77,897**	**$75,000**
2029	70	70	$1,305,664	–	$ 65,283	–	**$ 65,283**	$ 946,181	–	$77,823	–	**$77,823**	**$75,000**
2030		71	$1,313,563	–	$ 69,356	–	**$ 69,356**	$ 919,591	–	$77,750	–	**$77,750**	**$45,000**
2053		94	$ 639,186	–	$120,103	–	**$120,103**	–	–	$0	–	**$0**	**$45,000**
2054		95	$ 549,709	–	$109,942	–	**$109,942**	–	–	$0	–	**$0**	**$45,000**
					Total Projected Payments		$2,784,341				Total Projected Payments	$2,167,829	$1,818,000
				Total After-Tax Present Value (PV) of Minimum Payment			$ 897,325	Total After-Tax PV of Maximum Payment vs. Pension Income (see next page for details)				$651,727	$538,382

Tim and Betty

Defined Contribution Pension Plan (DCPP): The actual amount of Betty's pension is dependent upon the accumulated value of the plan, which is dependent solely upon the market returns received. Therefore, Betty is not guaranteed an annual pension income amount. Betty is concerned that she will run out of money later on in her retirement but would also like to ensure that she has some flexibility to access funds if something unforeseen arises. Betty is considering the following options with her plan at the time of retirement:

1. She may take the full amount of her DCPP and purchase an annuity at the time of retirement. This would give the family a guaranteed annual income, but there is little flexibility to access lump-sum amounts if needed. Also, if both Betty and Tim die suddenly, the value of Betty's DCPP may be lost.
2. Betty may take her DCPP and transfer it to a Locked-In Retirement Account (LIRA). This would give Betty some flexibility on the timing of payments. She could defer the conversion of the plan to an income stream and may consider unlocking a portion of the plan (transfer a certain percentage of the plan to an RRSP based upon provincial pension legislation). Once the locked-in portion is converted to a Life Income Fund (LIF), provincial pension legislation will limit the maximum amount that Betty could withdraw in any given year. This is determined by her age and fair market value of the plan from the previous year and is intended to ensure the money will last throughout the account holder's retirement years.

Betty has decided that upon retirement, she will transfer her pension to an LIRA, unlock the maximum amount she can to her RRSP (50 percent in her province), and purchase a life annuity at age 65 on the locked-in amount. Tim and Betty feel this, along with Tim's survivor benefit, will provide enough of a guaranteed income stream to cover their basic retirement needs and give them some flexibility to access funds in their RRSP as needed.

Pension income splitting

Tim's DBPP income will be fully taxable when he starts taking it. This will put him in a higher tax bracket than Betty, who may defer taking her pension and will only be getting CPP/QPP at age 62. Tim's marginal tax rate from age 62 to age 70 falls in the range of 34 percent to 44 percent, while Betty's ranges from 15 percent to 27 percent. If Tim opts to split his pension income with Betty, they could put both of their marginal tax rates in the range of 33 percent over this period. The below tables illustrate the two different scenarios and outcomes; over the time frame shown, pension splitting could save the couple upwards of $25,000.

Marginal tax rates for each spouse without applying pension income splitting

Year	Age	Tim	Betty
2020	62/62	33.89%	15.00%
2021	63/63	33.89%	26.05%
2022	64/64	31.48%	25.05%
2023	65/65	43.67%	20.05%
2024	66/66	43.67%	20.05%
2025	67/67	43.67%	20.05%
2026	68/68	43.67%	20.05%
2027	69/69	43.67%	20.05%
2028	70/70	43.67%	27.16%

Total annual tax payable with income splitting (Plan A) and without (Plan B)

Year	Age	Plan A	Plan B
2020	62/62	$14,363	$18,591
2021	63/63	$20,610	$23,333
2022	64/64	$20,391	$23,167
2023	65/65	$20,987	$23,963
2024	66/66	$21,188	$24,110
2025	67/67	$20,957	$23,834
2026	68/68	$20,720	$23,553
2027	69/69	$20,480	$23,265
2028	70/70	$28,465	$29,033

Prem and Nisha

- They do not have employer pension plans, however, they feel that given the amount of assets they have accumulated, they should be able to meet their retirement needs.
- Since they are unable to split any RRIF income until age 65, they have decided to use the savings in their joint non-registered account to provide for retirement until age 65.
- At age 65, they will take 50 percent of their RRSP and convert it to an RRIF and will convert the balance of the RRSP to an RRIF at age 71. They feel this approach should cover their annual lifestyle expenses and give them flexibility if they need to access funds at any point in retirement.

Tim and Betty

- Both have $200,000 in their RRSPs. An RRSP is a tax-deferred investment account that must be converted to an RRIF (Registered Retirement Income Fund) or an annuity that will help provide an annual income stream.
- This conversion must occur no later than the end of the year in which the RRSP owner turns 71. There is no restriction on the maximum amount that may be accessed in any one year.
- They have decided that since they will have sufficient taxable income from their registered pension plans, they should wait until age 71 to convert their RRSPs to RRIFs. This approach should minimize their taxes and create some flexibility later in retirement.

Old Age Security and "clawback"

Old Age Security (OAS) is a monthly pension that is payable at age 65, and an individual must apply to start receiving their OAS pension. This social assistance program is subject to recovery tax ("clawback") if an individual's income exceeds certain thresholds. For the 2016 tax year, OAS starts to be clawed back when an individual's net income before adjustments (line 234 on the T1 general) exceeds $73,756. It gets fully clawed back at a net income level of $119,398 or above. An individual may elect to defer OAS until age 70; for each month deferred, there is a 0.6 percent increase in the monthly amount, which is currently $570.52.

Both couples do some quick calculations to help determine whether they will be subject to the OAS clawback and if it makes sense to defer their OAS until age 70.

The big picture

In 2015, the average age of retirement for Canadians was 63.4,[12] and this number fits with the general trend of the population delaying retirement, whether as a result of longer life expectancy, good health, financial reasons or otherwise. The key to remember, however, is that the age individuals choose to retire at is just that — a number. It's the decisions that go into determining your ideal retirement age that matter. In other words, because each individual's circumstances vary, it's important to look at the combination of all factors and options to fully understand how they impact your retirement situation. This is yet another area in which it is important to obtain professional advice from a qualified advisor to ensure your particular circumstances are properly considered based on the latest information available. The specific information in this section outlines a number of scenarios, approaches and strategies, not all of which may apply to your individual situation.

In the final section, we address the topic of estate planning, concentrating our discussion on different options for sharing and passing on wealth to the next generation, as well as how those options are impacted by individual circumstances.

Prem and Nisha

- They have decided it would be wise to defer their OAS until age 70 to try and maximize their entitlement while preserving some of the OAS in later years.
- If both Prem and Nisha were to leave their RRSPs intact until age 71, at a 6 percent growth rate, they could accumulate about $1.7MM each. The RRIF minimum payment on that amount would be upwards of $85,000 for each spouse.
- Not accounting for any other taxable income they will be receiving, Prem and Nisha would already be subject to OAS clawback. This further validates the idea of drawing down their RRSPs before age 70. Nisha should even consider focusing her contributions prior to retirement on catching up unused TFSA contributions instead of continuing to maximize her RRSP.

Tim and Betty

- At age 65, their taxable income sources will amount to $75,000 from Tim's pension, approximately another $25,000 from government retirement benefits, and approximately another $20,000 from RRIF income if needed.
- Total family income: Approximately $120,000 — or about $60,000 each, since most of this income is eligible to be split.
- They will individually find themselves below the OAS clawback range, so they will opt to start taking their OAS at age 65.

5 What are the key considerations of estate planning and successfully leaving a legacy?

Oftentimes, people make the assumption that once they've reached a point of financial comfort and are confident they have enough savings for their lifetime and to leave a substantial estate to their children and other beneficiaries, then all of the necessary decisions have been made. In reality, however, there are a number of factors to consider in regards to estate planning, and overlooking them is a large misstep that carries with it a number of potential consequences down the road. According to a survey from the Lawyers' Professional Indemnity Co., 56 percent of Canadians don't have a signed Will,[13] and while this is only one piece that goes into estate planning, this statistic suggests that many individuals aren't directing enough attention to their estate planning as a whole.

Understandably, estate planning is an emotional endeavour. Approaching the topic often generates awkward or uncomfortable feelings for some individuals, but the important thing individuals need to understand is that avoiding the conversations and related decisions may only lead to a range of financial, tax and family implications when wealth is left behind that has not been adequately planned for. This type of planning has also become more complex with the increasing definitions of "family" in current society, a more common one of which is blended families. And while this side of estate planning is outside the scope of this report, further insights can be found in the related article "Estate planning for blended families: 4 tips on getting it right" on our website.

When you get down to it, estate planning is all about family. With the right plans in place, achieved through educated decision-making and thought processes, you help to ensure your wealth is successfully passed on to the next generation in a way that best benefits you and your loved ones.

Sharing wealth during a lifetime or passing an estate on after death

The first and foremost consideration for individuals and couples who have reached a stage of planning for passing on wealth is to confirm they have sufficient funds to maintain their chosen standard of living for the remainder of their lives. At the highest level, this is another area in which having an understanding and awareness of your savings and other forms of income becomes very helpful. More specifically, forecasting and determining your financial needs may be accomplished through carrying out wealth projections. Speak with your advisor to learn more about advice-based tools that may be used to help define, guide and report on your needs and goals.

Two of the main factors that need to be considered are the reasonable rates of return on the investment portfolio an individual has at the time, as well as any accumulation he or she will have in the future in the form of government benefits, employment pensions or other form of income. Potential inheritances that may be received should also be considered, and, as was demonstrated in Question 3 of this report, the ideal scenario is when inheritances have been openly discussed within the family, so they may be properly factored in and planned for in advance by the receiving generation.

Another key factor to consider is an individual's potential longevity. While it's important to account for family history, overall health and risk of potential medical conditions, it's generally a good idea to use age 90 as a minimum. The reason for doing this is that if you give away assets during your lifetime without proper planning, there is no guarantee the recipients of those assets will provide support or return the funds if they are needed by you at a future point in time.

Once these aspects are carefully considered and an individual is firmly confident in his or her own financial future, the next question to address is reasoning for choosing to provide the gift now as opposed to later. For some individuals, there is a strong personal preference to share wealth early in order to see the results and benefits of the gift while they are still alive or to help the children now when the need may be greatest (for education costs or a downpayment on a home, for example). While those are both admirable goals, it is also important to be aware of the potential consequences of the gift. Though not pleasant to think about, outcomes such as these are a possibility:

- Potentially lessening a person's desire to achieve success on their own terms.
- Family wealth being lost in the event of future breakdown of a relationship (the division of assets under the family property rules in any given province).
- Poor investment or business decisions.

Let's now return to our couples a final time to examine some of the key considerations in estate planning and some of the options available — as well as their potential benefits and drawbacks — for passing accumulated wealth on to the next generation.

Prem and Nisha are considering sharing their wealth with their children during their lifetimes, whereas Tim and Betty are planning to pass their estate on to their children after the death of the second of them. These are two very different ideas as a starting point for the planning, and ones that need to be given proper and full consideration to ensure they are the best approach for each respective couple.

Tim and Betty

- Taking into consideration their financial projections and their personal family situation, the couple feels more comfortable passing down their wealth after death.
- Strategy: Joint Partner Trust
- Details: Both members of the couple must be alive; one member must have reached age 65; at that time, the non-registered assets may be transferred into the Joint Partner Trust at cost on a tax-deferred basis.
- Benefits: On the death of the second of them, the assets go to the children outside of the estate and thus avoid probate fees.

Prem and Nisha

- The couple has assessed their financial future and feels strongly about sharing their wealth during their lifetime and seeing the benefits it provides to their family members.
- Strategy #1: The couple has already established the Family Trust for their children to cover education costs, via their inheritance, as discussed in Question 3.
- Details: Set up on inter vivos (during their lifetime) basis; lend assets to the trust at the prescribed rate.
- Benefits: The beneficiaries (their children) have the income taxed at their lower tax rates, thus increasing the after-tax income of the family unit as a whole. There is no risk of losing control of the funds, as it is a loan and the loan could be recalled at any time.
- Strategy #2: Prem and Nisha are now grandparents, and they decide to establish a family RESP for their grandchildren.
- Details: Grandparents are able to establish and be a subscriber of a family RESP (subscribers must be related by blood or adoption to the beneficiary(ies) in this plan); $50,000 lifetime contribution limit per RESP beneficiary.
- Benefits: A grandparent may include all of his or her grandchildren from each child in one family RESP; as the subscribers, they retain control over the funds.*

*Note: The Spring 2016 issue of RBC Wealth Management Services *Perspectives* magazine discusses the basics of RESPs, including the features, requirements and benefits in the article "A Guide to Registered Education Savings Plans."

Protecting assets for the future

For some individuals, passing down wealth during their lifetime may generate feelings of uncertainty because future circumstances are not always predictable and unforeseen events may occur. One effective way to address this is protection of assets through the use of a loan instead of via a gift. By using this strategy, the asset becomes protected in the event that the giver requires the assets back or the recipient experiences a relationship breakdown, for example. Specifically in regards to loans, there are a range of options and components to consider. For instance, the loan may or may not be interest bearing and it may or may not require regular repayments of the capital. A common option is a demand loan, which may or may not be forgiven upon the death of the lender(s). Certain loans may even be registered against a property to make the lender a secured creditor. By using this structure, individuals gain the benefits of security of capital while still perhaps benefitting the recipient by reducing interest costs on the asset that has now been paid for.

Note: It is important that careful planning takes place to avoid the attribution rules by ensuring income taxed in the hands of a minor is used for the benefit of the minor.

Benefits of gifts during a lifetime

The two most commonly referenced benefits of gifts that are made during an individual's lifetime are the reduction in income taxes for the donor (as there is less taxable income due to the reduced amount of investable assets) and the reduction in potential probate fees.

The reduction in income taxes is more difficult to quantify, since you have to consider the income that is reduced on the side of the giver, but income may be increased on the side of the recipient if the gift is invested and not all spent. It is all dependent upon the marginal tax rates of both sides of the gift. If the marginal tax rate is the same, there is no net benefit to the family unit. Some individuals may choose to hold onto the assets and perhaps gift after-tax amounts to the beneficiary. The following questions also need to be asked, as the answers may result in a significant difference as to the effect of the gift:

- How will the gift be used?
- Is the gift going to be invested or used to pay down debt?

In regards to probate fees, it is important to note that the benefit of the reduction in probate fees will be specific to the province or territory of residence. The probate fees range from a high of 1.695 percent in Nova Scotia (on the value of the estate that exceeds $100,000) to zero in certain jurisdictions.

Additional factors and aspects to consider

Planning in Wills is another key area of consideration, specifically in regards to the use of a beneficiary designation on assets such as registered plans, Tax-Free Savings Accounts and life insurance policies to pass assets directly to the beneficiaries without having to go through the estate.

When life insurance is properly structured, it may provide an equivalent rate of return (compared to fixed-income investments) and may guarantee a future minimum estate value. The insurance policy may also solve some of the current concerns with regard to taxation on investment returns, as assets inside an insurance policy may continue to accumulate tax-free during an individual's lifetime, and the life insurance policy may pay out to the beneficiary tax-free. In addition, because life insurance does not flow through the estate, probate fees are avoided. For individuals who are interested in insurance options such as these, it's important to consult with a licensed insurance professional to determine which solutions and policies may best suit personal needs and circumstances.

The big picture

With more and more Baby Boomers shifting into the retirement stage, there is a growing emphasis on the need for appropriate estate planning and decisions regarding passing down wealth. And given the fact that the current life expectancy in Canada is hovering around age 82,[14] the increased projected longevity has caused some individuals to reach a crossroads of how much they will need, how much to pass on, when the optimal time is, and through what means. To gain additional insight into some of these aspects, we also encourage you to view the related article "Estate planning: How to live, and give, in the longevity boom" on our website.

The topic of estate planning is broad and layered, and the information within this section has highlighted only some of the considerations that go into a comprehensive and complete estate plan. There is no one-size-fits-all approach that will work for all people, all families or all situations, and as such, it is important to obtain advice from a fully qualified professional. Doing so will help to ensure your individual circumstances are properly considered and addressed and action is taken to best suit needs and goals, specific to your situation.

Conclusion

Amidst busy lifestyles, career demands and family responsibilities, focusing on certain aspects of wealth planning sometimes shifts downward on the list of overall priorities. Unfortunately for some, overlooking or neglecting important decisions in planning may lead to individual and family stress, missed opportunities and potential negative financial consequences. As this report has aimed to demonstrate, however, addressing key wealth-planning aspects with a heightened level of understanding may be very valuable. And while the "how, why and when" of each specific decision will be unique to each individual, the central point to remember is that there are options available to suit every need and goal — it is all about aligning circumstances with strategy.

Whether saving for the future, paying down debt, choosing investment options, handling inheritance, transitioning into retirement or passing down wealth to the next generation, the hope of this report is to help Canadians realize that no matter what stage of life or how complex a financial situation may seem, the decision-making process may be both simplified and successful. Armed with appropriate and relevant knowledge, as has been demonstrated within, individuals can build confidence in making decisions that will encourage the ultimate realization of their long-term wealth-planning objectives.

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