

Supporting Businesses & their Employees in the Fisheries Industry

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**Wealth
Management**

Agenda

- Personal Banking
- Succession & Retirement Planning
- Employee Retention
- Business Banking
- Q&A



Private Banking

Scott Christie

Private Banker, RBC Private Banking



Your Private Banking Team

Team Christie



Scott Christie
Private Banker
902-421-4966
scott.christie@rbc.com

As your Private Banker, Scott will gain an understanding of your unique needs and goals in order to deliver wealth management planning tailored to you. He will then work with you and your team as well as partner with top experts from across RBC to implement customized solutions, including succession planning and advice on complex structures for you and your family.

As a Private Banker, Scott provides comprehensive financial management and banking solutions for high net worth clients. He brings over 25 years of financial services expertise to his role, including 15 years as a Financial Planner with RBC.



Ben MacDonald
Manager, Credit Structures
902-421-5497
ben.macdonald@rbc.com

As your Manager, Credit Structures, Ben and his credit colleagues will get to know and understand your family's wealth objectives in order to design and implement customized credit solutions. He will work with you to deliver these solutions in a timely manner, helping you meet your goals today and into the future.

Support Team

christie.associates@rbc.com | 902-421-4904

Your Support Team includes an Advisor and a team of Associates who, working together in partnership with your Private Banker, will provide advice and recommend solutions to ensure your everyday banking needs are handled in the most convenient and efficient manner. They will also guide you through the set-up of solutions, keeping you informed of digital options and advancements now and into the future.



Traci Gothreau
Advisor



Rosanne Blood
Associate



Linda Doucet
Associate



Will Metheral
Associate



Jennifer Rutherford
Associate



**Wealth
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Your Private Banking Team

Team Christie

Our clients have a minimum of \$1 million in investable assets or a net worth of \$3 million.
Core market: majority of clients falling in the \$3MM to \$15MM range for investable assets

* Emerging High Net Worth Clients – clients who will meet the above targets within 5 years.

A typical Private Banking client would be a:

- Business owner/ entrepreneur
- Wealthy family
- Professional
- Corporate executive
- Affluent retiree from the above group

Whose complex situation requires:

- Management of multiple income streams
- Leveraging debt to increase net worth
- Sophisticated banking solutions
- Maximizing tax efficiencies (beyond RRSPs)
- Flexible long/short term lending solutions
- Accounts for family holding companies and trusts
- Smart strategies for managing cash flow
- Tax, estate and international structures



“Tripod” servicing model

The Private Banking model consists of a “tripod” of three client-facing roles. These team members combine expertise and work together to help high-net-worth clients and their families achieve their goals by:

- Growing wealth
- Creating personal equity in their companies
- Acquiring or diversifying investment holdings
- Managing cash and liquidity
- Purchasing real estate
- Providing financial assistance for family members
- Consolidating existing lending
- Benefitting from efficient and convenient day-to-day banking solutions

Key client-facing roles

Private Banker

the primary relationship manager and point of contact for the client, responsible for gaining an understanding of the client’s unique, often complex needs, and working with the other members of the tripod team and other RBC partners to tailor advice and provide wealth planning recommendations.

Manager Credit Structures

leads the client’s credit relationship by partnering with the Private Banker team to understand the client’s long and short-term credit needs and to provide advice for credit strategies and solutions tailored to each client’s unique situation.

Private Banking Associate

leads the client’s credit relationship by partnering with the Private Banker team to understand the client’s long and short-term credit needs and to provide advice for credit strategies and solutions tailored to each client’s unique situation.



Value for Money

Private Banking Package

Core Private Banking Package – Minimum monthly management fee of \$125

Personal Banking

Holding Companies

Trusts

Phone/Fax/Email Instructions

Direct Access M-F 8:30-5



Exclusive access to the new **Avion Infinite Privilege Visa for Private Banking***

- Access to CWT Personal Travel Advisor service (1.5% redemption)
- Points earn at 1.25:1
- Roll-up points from Business Avion
- Lounge Access
- Fast track security
- Enhanced Insurance



High Net Worth Client Credit Needs

The effective use of leverage whether it be that of ideas, technology or **credit** has been fundamental in the success and creation of wealth for many high-net-worth individuals.

A proactive well thought out credit strategy is an integral part of the high-net-worth individuals wealth plan.

We use the following leveraging strategies to provide focused advice and develop customized solutions based on the clients specific circumstances and needs.

- **Short-term liquidity management:** fund day to day cash flow needs
- **Diversifying cash flow:** broaden asset mix and sources of cash flow / wealth generation
- **Tax planning:** structure debt efficiently, make interest costs tax deductible
- **Risk management:** currency fluctuations CAD/USD, Appropriate mix of fixed or floating rate debt
- **Financing Real Estate:** new house / renovations, property in Arizona / Hawaii
- **Preserving wealth:** by borrowing money rather than liquidating assets to make purchases, increase or diversify assets
- **Estate planning:** Free liquidity from life insurance and ease wealth or business transfer to next generation



Continuum of Credit Solutions – Basic to Complex

- **Standard retail credit** (e.g. Visa, RCL, mortgage, etc.)
- **Complex credit** – *our differentiator*
 - Revolving funds arrangement (RFA) – two-way revolving arrangement providing the client with automatic augments to and from their personal deposit account
 - Lending to holding companies and trusts
 - Lending to complex holding companies, management corp. and prof corp.
 - Marketable securities lending – daily monitoring – concentrated stock lending
 - Revolving demand loan supported by pool of collateral
 - RBP (floating rate) loans
 - RBUSBR (floating rate) loans
 - Insurance lending
 - Interest rate swaps
 - Letters of credit
 - Fixed rate financing with specialized borrowing options
 - Bankers Acceptance (BA)
 - London Interbank Offered Rate (LIBOR)



10 Key Decisions for Business Owners

Matt Kempton, Associate Wealth & Investment Advisor
Jenkins Wealth Management of RBC Dominion Securities



Jenkins Wealth Management of RBC Dominion Securities



April 13, 2021

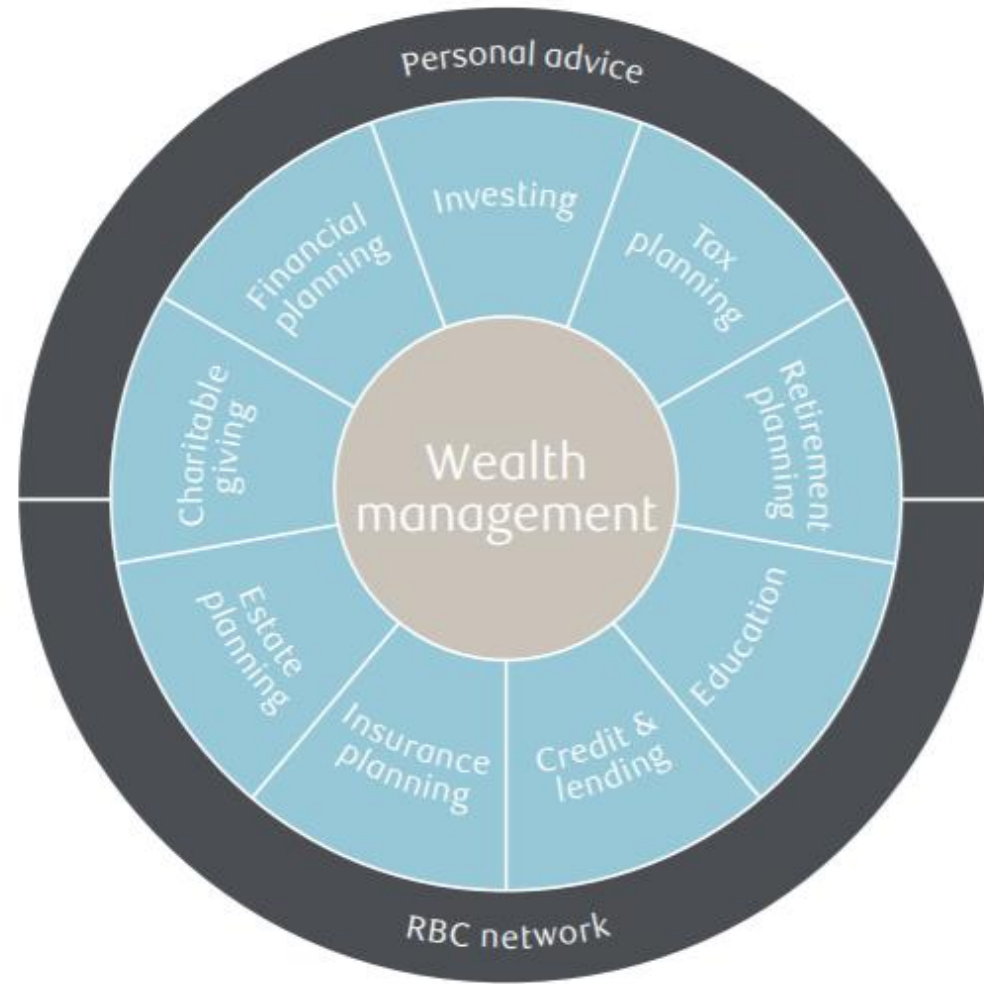
Email matthew.kempton@rbc.com with any questions

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What We Do



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Wealth
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The business owner's guide to wealth management



- As a business owner, you face unique concerns when it comes to managing your financial assets
- There are different considerations at each stage of a business life cycle – from start-up to wind-down
- In this presentation, we'll discuss some of these concerns, and the 10 key decisions that can help you address them

Investing (n): The ownership of an asset with the expectation of a financial return.



The business owner's guide to wealth management

1. What is the best structure for your business?
2. How can you reduce taxes?
3. What should you do with surplus cash?
4. How can you build employee loyalty?
5. How will you reduce your risk?
6. What can you do to deal with the unexpected?
7. Do you intend to retire from your business?
8. Will you sell your business?
9. How can you keep your business in the family?
10. What will you do once you're retired?



Decision 1: What is the best structure for your business?

How you choose to structure your business can impact everything from how you are taxed to how much investment capital you can raise.

Sole proprietorship	Partnership	Corporation
Easy to set up and manage	Relatively easy to set up	Higher costs and administrative requirements
Retain direct control	Allows you to draw on additional sources of expertise, capital and authority	Ability to raise capital
Personally taxed	Personally taxed	Tax advantages – small business deduction and capital gains exemption on the sale of shares
Unlimited personal liability	General partnership – full liability Limited partnership – for limited partners, liability is limited to the amount invested	Personal liability may be limited to investment in the company and any personal guarantees



Decision 2: How can you reduce taxes?

How can you reduce taxes?

There are many tax advantages for private Canadian corporations

Personal tax strategies

- Income-splitting by employing lower-income family members
- Make your family members shareholders of your corporation directly or indirectly through a family trust to multiply use of the capital gains exemption



Decision 3: What should you do with surplus cash

Follow a “decision tree” to address when you will need to make use of your surplus:

1. Will there be a business need in the foreseeable future?
2. Is there an impending personal need?
3. Will you need it for longer-term goals like retirement?
4. Consider tax-effective ways to withdraw surplus funds:
 - Corporation repays loans you made to the corporation
 - Corporation pays you a tax-free capital dividend if it has a positive Capital Dividend Account balance



Decision 4: How can you build employee loyalty?

- Employer-sponsored savings plans including Group Retirement Savings Plans (Group RRSPs) and Registered Pension Plans (RPPs)
- Enhanced retirement benefits, including Retirement Compensation Arrangements (RCAs) and Individual Pension Plans (IPPs), which are designed for higher-income employees to help fill the “pension gap”
- An IPP is a defined benefit plan established for one individual that allows higher contributions compared to an RRSP
- An RCA is a non-registered pension arrangement that has no set limits on contributions, provided they are “reasonable”
- Think about non-financial ways to reward employees, including work-life balance and a healthy working environment



Decision 5: How will you reduce risk?

There are several legitimate ways that may allow you to protect your personal and business assets from potential creditor claims.

Protecting personal assets:

- Gift assets to family members
- Place funds in an insurance policy or registered pension plan
- Transfer assets to a formal trust for the benefit of your family members



Decision 6: How can you deal with the unexpected?

- Plan ahead to avoid or limit the damage of an unexpected setback or catastrophic event.
- Consider insurance to:
 - Cover business expenses if you become incapacitated
 - Fund buy/sell arrangements for an orderly transfer of assets upon the death, disability or illness of a partner or shareholder
 - Provide financial compensation for the loss of a key employee
- Create a family business divorce strategy that addresses issues such as business valuation and buy-out situations in the event of a marriage breakdown



Decision 7: Do you intend to retire from your business?

- Will your business provide sufficient funds for your retirement?
 - It can be very difficult to predict what you'll get for your business when you sell it or arrange a buy-out
 - Saving for retirement outside your business (for example, through an RRSP or IPP) can reduce the risk of a shortfall
- What's going to happen to your business?
 - Whether you intend to pass along the business to family members, sell to a third party, or arrange a management buy-out, have an exit strategy planned well in advance
- Are you maximizing the tax advantages?
 - There are several tax strategies available to businesses that can help you enhance your retirement nest egg, including maintaining your small business status and establishing an estate freeze



Decision 8: Will you sell your business?

- Have a valid reason to sell – but do not disclose personal information that can weaken your negotiating power
- Don't wait until you're under pressure to sell and forced to accept a poor offer
- Gather essential information such as financial statements, tax returns and inventory lists
- Consider engaging experts such as a business broker, legal expert, tax advisor and business valuator
- Ask potential buyers to sign a non-disclosure agreement to protect key business information from competitors
- Keep the business going strong until you sell – letting it go into decline could affect your selling price
- Look at key tax strategies such as utilizing the capital gains tax exemption for incorporated businesses



Decision 9: How can you keep your business in the family?

- Identify your successor or successors, and take an honest look at your family members to determine who has displayed the interest and aptitude in taking over from you
- Get on the same page as your chosen successor to make sure they really want to take over
- Involve your successor in planning the transition
- Get your chosen successor up to speed through training, education and mentoring
- Communicate your plan to other stakeholders, such as other family members and your management team
- Gradually give your chosen successor greater responsibility, while you scale back your duties



Decision 10: What will you do once you're retired?

- Think about how you're going to spend your time in retirement – before you actually retire
- Consider practical financial matters, such as ensuring your retirement income will last as long as you need it to, while providing you with the standard of living you want
- Address how you will pass along your wealth to the next generation in the most tax-efficient way possible



Appendix 1: Special rules for farmers and fishermen

In certain instances, you may transfer your farming or fishing property on a tax-deferred basis to family members during your lifetime or when your estate is settled

- This can postpone payment of capital gains tax until your children or spouse decide to sell the fishing or farming property.



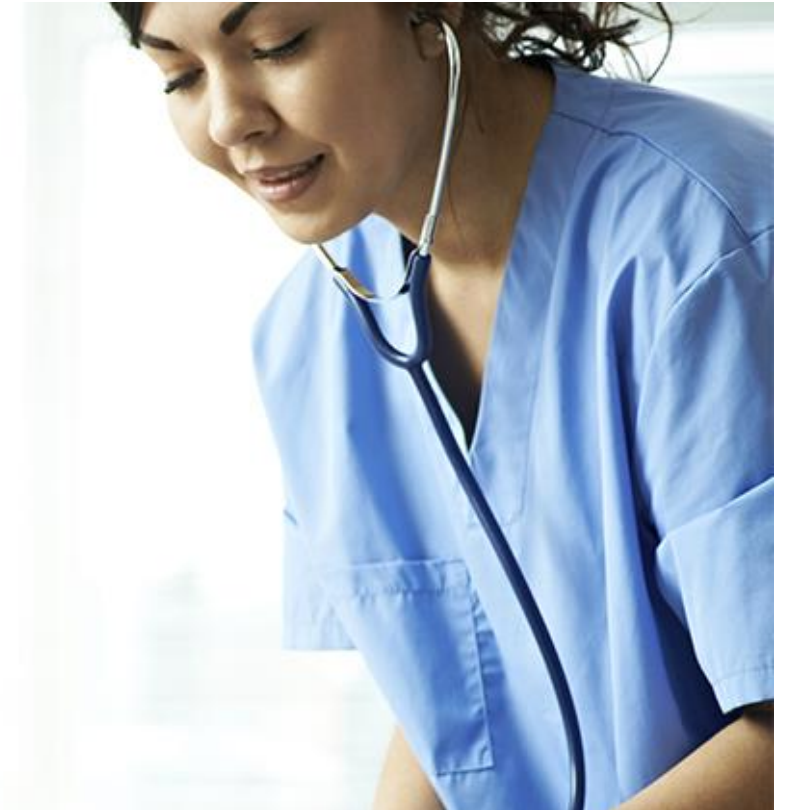
Appendix 1: Special rules for farmers and fishermen

- An enhanced lifetime capital gains exemption may be available on qualifying farm or fishing properties, subject to certain conditions, which are less stringent if you acquired a farming property prior to June 18, 1987
- You can potentially multiply the use of this exemption if you transfer the property to a qualifying family member
 - That way you can use your personal exemption when you transfer the property, then your family member can use theirs when they sell



Appendix 2: Incorporating your professional practice

- Professionals such as dentists, doctors, lawyers and accountants can enjoy tax saving and deferral benefits by incorporating their practices
- A professional corporation is subject to the rules and guidelines of the regulatory body governing its profession
- Bear in mind that costs and administrative requirements are generally higher upon incorporation



Appendix 2: Incorporating your professional practice

Key advantages include:

- Reduced federal and provincial corporate tax rate on the first \$500,000 (the provincial amount may vary)
- Capital gains exemption on the sale of shares of a professional corporation
- Enhanced retirement benefits such as IPPs or RCAs (not available to sole proprietors or partnerships)
- Potential protection from business creditors



Retaining Employees

Dylan Harrison, RPA

Group Consultant, RBC Group Advantage



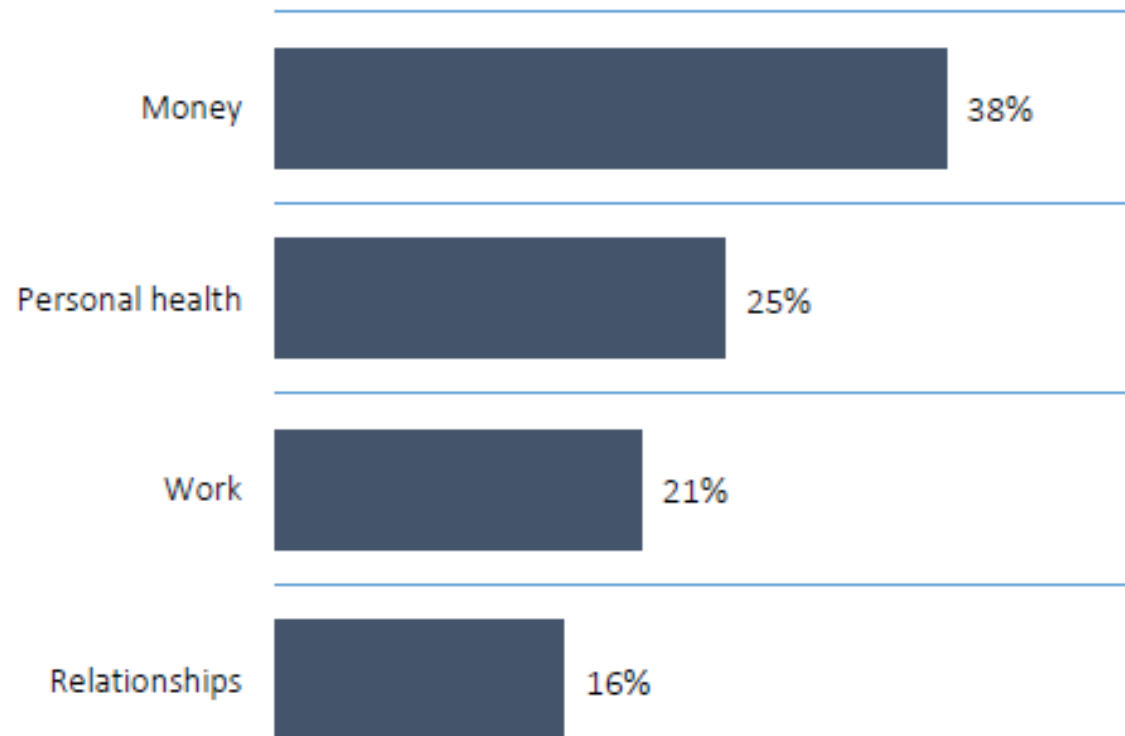
Common reasons for turnover

- **Competition**
- **CERB**
- **Lack of Mobility**
- **Compensation**
- **Benefits**
- **Health/Stress**



Money is the most common source of stress for Canadians

WHAT CAUSES THE MOST STRESS?
(TOP RANKS)



- Many Canadians don't feel in control of their financial situation.
- This feeling of lost control naturally leads to stress. Nearly 40% of Canadians rank money as the primary cause of stress in their lives.



Monetizing the Impact of Financial Stress in the Workplace

Based on a company with 100 employees, employee distraction due to financial stress could cost the business \$100,000 every year



Keep in mind this does not factor in other potential costs, such as the cost of absenteeism, turnover or employees not retiring when expected.

How Does this Affect the Employer?

Employees dealing with financial stress are:

- 4 times as likely to suffer from sleep problems, headaches and other illnesses
- Twice as likely to report poor overall health

Absenteeism: the average number of sick days or disability days per employee in a given time period.

Presenteeism: the phenomenon of being physically at work while not being productive or mentally present.




Rural Nova Scotia's Geography is Unique

Issues:

- Rural communities with little or no access to primary health care
- Access to family physician is not timely
- Time spent travelling for health care services
- Long wait times spent in emergency rooms for non emergency health issues

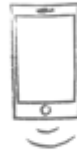


Virtual Healthcare - What does it look like?

 **In 20 minutes or less** - fast, flexible and secure support for specific health issues, **24/7/365** days a year, and the pursuit of greater wellbeing.



Video



Phone



Chat & messaging

Virtual healthcare lets people avoid unnecessary in-person visits to a medical clinic, helping them **save time and stress**, and reducing absenteeism for employers.



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Questions?

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Thank you

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