

Ferebee Wealth Management Fall / Winter 2018



Wealth Management
Dominion Securities

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Ferebee Wealth Management
RBC Dominion Securities Inc.

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What's new Fall 2018

From smoky skies to snow in some parts of BC – and people say this isn't global warming??

It was a crazy summer all over BC with fires burning everywhere I am glad that Fall is here and blue skies prevail even if that means cooler weather.

News from Our Team!

Stephanie's son Sutton turned 1 this year and is very very busy! Walking... I mean running everywhere.

Ruby is settling into life in the Okanagan – which is a little less hectic than Vancouver. Her daughter visited this summer, they did some wine tours and hung out at the beach.

Natalie is off to Europe for a very quick trip - A dear friend of mine who lives in Penticton but is from England is getting married in December in England. So I will jet off for her wedding on December 15th. It's a quick short trip but I have never been to Europe and I am excited to see it at Christmas time. I hear it is cold wet weather in December and possibly snow so a lot the same as Canada – although I am not looking forward to the long flight...

Would you like to receive email notification when you have a new statement?

RBC Dominion Securities can send you an email notification when you have a new message in your DS Online Message Centre from your advisor. Follow the easy steps below to set up notifications.

1. Sign in to DS Online and from the "My Home" tab, then click on "Edit Profile" and "Email Addresses and Preferences."
2. To opt in to notifications, or to update the email address where notifications will be sent, enter your email address in the "Email Address" field and click "Update Info." Please note: this email address will be used for your eDocuments and message centre notifications.

If you need help with online banking or have questions, call Stephanie 250-770-1204

Helpful Tax planning Tips

Capital Gain Loss Selling

Tax-loss selling (or tax-loss harvesting) occurs when you deliberately sell a security at a loss in order to offset capital gains. You can then use these losses to offset your taxable capital gains. In Canada, the last day in 2018 for tax-loss selling on the Toronto Stock Exchange is December 27, 2018. If you sell at a loss on or before that date, you could deduct your loss against your 2018 capital gains. However, you can also carry your loss back for the previous three years to offset capital gains in Canada, or carry it forward indefinitely, to offset past or future capital gains. Natalie will begin watching your account in October, to see if this is something you can take advantage of for the year.

RRSP Contribution

The RRSP deadline for the 2018 tax year is **March 1st, 2019**. Your deduction limit is 18% of your earned income to a maximum of **\$26,230 for 2018**. If you are turning 71 this year and are still earning RRSP contribution room or have unused room carried forward, consider making a final RRSP contribution (based on your earned income for 2018) by December 31st, 2018 before converting to a RRIF. Although you will be subject to a 1% over contribution penalty for the month of December, the benefit of the tax-deferral and compounding growth in the RRIF may outweigh the penalty.

RESP Deadline

The RESP contribution deadline is December 31st, 2018. There is no annual limit for contributions to RESP's, however the lifetime limit on the amounts that can be contributed to all RESP's for a beneficiary is \$50,000. To receive the full Basic CESG grant of \$500 you must contribute a total of \$2,500 per year per beneficiary. Missed a year? Not to worry you can catch up the previous year's grant by contributing \$5000 in 2018, you would then receive the grant for 2017 and 2018. If you skip a

year, the grant entitlement can be carried forward. The catch is you can only use one year's carry forward in any given year to qualify for the grant – the maximum annual grant amount is \$1000.

TFSA limits making your head spin?

You're not alone! Here is a quick break down of the contribution limit per year:

2009 -	\$5000
2010 -	\$5000
2011 -	\$5000
2012 -	\$5000
2013 -	\$5500
2014 -	\$5500
2015 -	\$10,000
2016 -	\$5500
2017 -	\$5500
2018 -	\$5500

Total \$57,500

Any money withdrawn can be replaced the following calendar year.

Pension income tax credit

You may be entitled to receive a federal non-refundable pension income tax credit on the first \$2000 of eligible pension income you receive in the year. Eligible pension income includes life annuity payments from a registered pension plan and, when you are 65 years or older also includes withdrawals from your RRIF and LIF accounts. OAS and QPP payments do not qualify as eligible pension income. You may also be eligible to claim corresponding provincial or territorial credit.

If you have any questions please contact Natalie 250-770-1204 or Natalie.Ferebee@rbc.com

Estate Planning – Family cottage

As a cottage owner, open dialogue with the next generation is critical for avoiding potential conflict for those you leave behind.

Cherished tradition is deeply steeped in every aspect of our family cottage, largely because my children are the fifth generation making the annual trek north. Up to this point, both our island and the original family cottage (now owned by cousins) have remained in the hands of descendants. But in many instances, rising ownership costs, geographic inconvenience, and general practicality mean not every family member can or wants to own property generation after generation.

Anyone who currently owns a cottage has undoubtedly given careful consideration to if, when and how to pass it on to the next generation. Ideally, conversations should begin early and be held frequently with both family members and professional advisors. But if you haven't started yet, here are some considerations to help with future conversations.

Managing family relationships

Cottages are often one of the most emotionally charged assets in any estate. While affordability can become a major point of stress, normal family dynamics and grievances can also become a factor in co-owner conflicts. In instances where all members of the next generation want to continue as owners, governance should be put in place to ensure a common agreement around things like allocation of expenses, shared versus exclusive use, and avoiding sale of an interest to someone outside of the family.

Several structures can be used to establish governance with co-ownership agreements, trusts and corporations being the most common. But even with best efforts to ensure equality and governance around ownership, things can go awry. I recently heard a story about a fifth-generation group of family cottage owners who had thoughtfully structured a corporate entity with share ownership, a board of directors that met regularly, and carefully defined share ownership rights. Even with all of the vigilant planning and careful consideration, family conflicts ended with them cross-examining each other in court and the legacy land being put up for sale.

Ensuring affordability

If you've considered passing your cottage on, then you've likely thought not only of who wants it, but also of who can afford it. The truth is that property values continue to skyrocket, impacting carrying and tax/capital gains costs for you and your spouse, and for your estate after you pass away. Future expenses, such as major capital repairs (a new roof or dock, for example) and escalating property taxes and utility bills, make cottage ownership a financial stretch for many.

One way to help ease this burden is to establish an estate-funded maintenance trust, or other fund, from your estate, assuming it is sufficiently large for this purpose. There may also be planning opportunities, such as use of the Principle Residence Exemption, setting up a structure that gifts any future growth in the value of the property to the next generation or changing the ownership of the cottage generally. But, note, there are complex rules associated with this kind of tax and probate planning that require the knowledge and advice of a competent legal and tax professional.

The consequences of doing nothing

If you do absolutely nothing with respect to your cottage in your estate planning, then it falls into the general assets of your estate and may leave your executor with more discretion to deal with it than you intend. It may become the executor's job to have the conversations about which beneficiaries want or can afford to keep the cottage, or to make the decision to sell – which may place your executor in an awkward position.

You should also think about your future plans should you lose mental capacity (due to age-related dementia, as an example). Without proper planning, your named power of attorney (or court-appointed decision maker) may be in a position of having to sell your family's beloved cottage in order to fund your long-term care needs. These considerations should also be part of your broader planning conversations with your professionals.

No matter your circumstances, as a cottage owner, open dialogue with your next generation is critical, otherwise, it may be a recipe for conflict for those you leave behind. As a colleague recently advised me, despite the best of intentions, "be careful because you may end up having to choose between the cottage and your family relationships."

This article was written by Leanne Kaufman – Head of Estate & Trust Services President and CEO of Royal Trust

Camembert Hedgehog Bread

So simple to make and tastes delicious!



Prep 15 mins ♦ Cook 20 mins ♦ Total 35 mins

Serves 4

INGREDIENTS

1 large, whole camembert for baking, all packaging removed
 1 large sourdough loaf (or any other large loaf of bread)
 2 tbsp finely chopped rosemary, plus a few small sprigs
 3 garlic cloves, finely chopped, plus a few slivers
 6 tbsp olive oil
 Sea salt flakes

INSTRUCTIONS

1. Preheat the oven to 350°.
2. Using the bottom of your camembert box as a stencil, cut a hole in the middle of the loaf. Tear away the bread to make the hole as deep as the camembert.
3. Working around this central cavity, carefully cut your loaf in both directions almost all the way down to the bottom of the loaf (it's important not to cut through the bottom crust). You want to have 1-inch (2.5-cm) squared individual segments (the perfect size for dunking).
4. Score one side of the camembert and cut away the rind. Pop the cheese, cut-side up, in the bread hole.
5. Mix the chopped rosemary and chopped garlic into the olive oil and spoon all over the loaf, encouraging the flavored oil into all the slits. Cover the loaf liberally with sea salt flakes. Pop a few mini sprigs of rosemary and a few garlic slivers in the middle of the cheese, along with a little drizzle of olive oil.
6. Bake in the preheated oven for 20 minutes.

Natalie's Upcoming Schedule

Terrace: November 19th and 20th
 Smithers: November 21st, 22nd and 23rd
 Natalie Holidays: February 25 – March 8th 2019



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