

FROM THE DESK OF:

David Bardal,
CLU, CH.F.C, CFP
Senior Financial Planning Advisor

Juana Baldwin,
CFP, CHS, RRC
Financial Planning Advisor



Assante Financial Management Ltd.

FALL 2014

Where did the summer go? Is it Fall already??

We hope that you take time to enjoy the moments, a walk in the park just to see the changing colour of the leaves, sitting by a warm fire, curling up with a good book or movie, or by being surrounded by family and friends as you give thanks.

In those moments, you may also start to think about your financial well being. Is your plan up to date? Do you have questions about your cash flow, or need to revisit your estate plan? Do you need to top up your RRSPs for 2014?

Give our office a call if you have any questions or would like to book a planning or review meeting!

UPCOMING EVENTS

Be sure to check out our website for event updates!

September 18th, 2014:

Business Owners & Professionals Luncheon
Market Update & Tax Tips

November 22nd, 2014:

Client Education Event – Power of Attorney School

CPP Retirement Benefit: It's All in the Timing

Source: CLU Institute Comment 285 – 2014

The Canada Pension Plan (CPP) provides a number of benefits, the most significant of which is the retirement pension that forms an integral part of most Canadians' financial plans for retirement. The Quebec Pension Plan (QPP) provides parallel benefits for Quebec residents. Every contributor to these government-sponsored pension plans will eventually need to make important decisions about when to begin receiving these valuable benefits.

The standard age for beginning CPP retirement pension payments is the month following an individual's 65th birthday. The amount of CPP retirement pension payable is based on how much and how long the person has contributed to CPP.

Individuals can begin to receive a CPP retirement pension as early as the month following their 60th birthday. This is treated as an early pension, and the entitlement is based on a projected entitlement at the normal retirement date reduced by a factor. The reduction factor is being increased slowly from 0.5 to 0.6 per cent per month from 2012 to 2016. This means the annual pension will be reduced by 36 per cent (i.e., 60 months times 0.6 per cent per month) for pensions starting in 2016, so that the net pension payable would be 64 per cent of what would otherwise

have been receivable at age 65. The amount by which the normal pension is reduced is the cost of receiving the pension earlier, and needs to be weighed against the trade-off of receiving the CPP benefit for a longer period of time (up to 60 months longer).

When individuals elect to begin their CPP retirement pension before age 65 but continue to work, these individuals and their employers are required to make CPP contributions. Individuals who are self-employed must make both the employer and employee's mandatory contributions. The contributions are mandatory until the individual reaches age 65.

When individuals elect to begin their CPP retirement pension and continue to work beyond age 65, they can decide if they want to contribute to CPP. Employers are obligated to deduct the employee's CPP contribution and make the employer's contribution unless the employee elects not to contribute. In order to stop or re-start CPP contributions, an individual must file a special form — CPT30 – Election to Stop Contributing to the CPP, or Revocation of a Prior Election — with their employer(s) and the Canada Revenue Agency. The individual can change their contribution status only once each year.

CPP contributions made while individuals are receiving CPP retirement benefits will create a Post-Retirement Benefit (PRB). The amount of PRB will depend on earnings, amount of CPP contributions during the previous year, and age as of the effective date of the PRB. The maximum PRB for one year of contributions will be 1/40th of the maximum CPP retirement pension. The PRB will be automatically added to the CPP retirement benefit beginning in the following January, payable for life. This allows individuals to receive the regular CPP inflation adjustment plus a PRB amount each January.

Individuals can delay the receipt of their CPP retirement pension until age 70. Delaying a CPP retirement pension will increase the individual's pension entitlement. The delayed pension entitlement will be based on the individual's projected entitlement at the normal retirement date plus a factor of 0.7 per

cent for every month the pension is delayed. This means the increase factor could be as high as 42 per cent (i.e., 60 months times 0.7 per cent) if the pension is delayed until age 70.

Individuals who delay the start of their CPP retirement pension and continue to work after age 65 must continue contributing to CPP, and their employer is obligated to make the employer's contribution.

Individuals can share their CPP retirement pension with their spouse or common-law partner. To do so, they must be receiving their pension, or be eligible to receive it, and be living with their spouse or common-law partner. The portion of their pension that can be shared is based on the number of months they lived together during their joint contributory period. Each individual will be taxed on the amounts actually received, which may result in tax savings.

The Canada Pension Plan is an important aspect of many retirement plans, and it is important to understand the flexibility associated with the beginning of benefits. Both the Quebec government and the federal government maintain excellent websites that are designed to provide answers to typical questions about Canada/Quebec Pension Plans.

This article was written by Deborah Kraft and Jim Kraft and was published in the August 2014 issue of COMMENT. Posted with permission from the Financial Advisors Association of Canada (Advocis) and The Institute for Advanced Financial Education.



Will I be okay? What happens to my estate? Will my kids be okay? These are 3 of the many questions we hear regularly.

Through proper cash flow management and a well-structured financial plan that is updated regularly, we can help

work with you to ensure that you will “be okay”.

Ensuring your wills are current, that your executor clearly understands your wishes, and talking to your heirs about your estate plan will help give you some peace of mind and a better understanding of how your estate will settle.

So just as you plan for your well-being, having your kids start planning now will help them become good inheritors.

If your adult child would like to book a planning meeting, simply have them call our office and I would be happy to book a convenient time to meet with them.



I just returned from my annual family holiday in Florida (yes I know... Florida in August!!).

It is a time where I do spend considerable time reading and relaxing around the pool or on the beach. One of the books I

read this Summer was “Living the 80/20 way” by Richard Koch. It is a very interesting read and one that I would sincerely recommend. The basic premise of the book is summed up in the following quote: “The idea of focus: when it comes to getting the results we want, to help people and causes that are really important to us, only a very few things really matter. The rest are just a waste.”

The reason that I mention this book is that I believe there is a great applicability to many aspects of our lives in focusing our energies on the “vital few” items that matter. This is true in financial matters, relationships, retirement planning and estate planning among other topics.

Have a great Fall!

HOLIDAYS & BUSINESS TRAVEL

David Out-Of-Office:

- October 6th – 9th – Conference
- October 30th – November 2nd - Toronto

Juana Out-of-Office:

- October 6th – 10th – Conference
- October 17th
- December 9th -20th

Office Closed:

- October 13th – Thanksgiving
- November 11th – Remembrance Day
- December 25th & 26th
- January 1st, 2015 – New Years

This material is provided for general information and is subject to change without notice. Every effort has been made to compile this material from reliable sources however no warranty can be made as to its accuracy or completeness. Before acting on any of the above, please make sure to see me for individual financial advice based on your personal circumstances. Insurance products and services are provided through Assante Estate and Insurance Services Inc.