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Assante Financial Management Ltd.

Summertime comes with a welcome change of routine, warmer weather and longer days. Many people enjoy happy times at a family retreat, such as a cottage by the lake, or at your family home in the country. We hope this Summer you are able to spend lots of time with your family and friends, whether it is at the lake, in the garden, at the baseball diamond, or in your backyard around the barbecue. It's here that memories are made!

THE BENEFITS OF AGING

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A great deal of attention in today's society is placed on the concept of aging particularly as Canada's baby-boom cohort (those born between 1946 and 1965) reach retirement age. In a 2013 study, Statistics Canada projected the proportion of seniors will exceed the proportion of children by 2017. Aging in Canada offers many benefits not otherwise available.

Upcoming Events:

**Business Owners Luncheon –
September 2016 & November 2016**

Client Education Event – Fall 2016

**Watch the website for details!
www.davidbardal.com**

Financial security is something everyone worries about at different stages in their life, but can become a greater concern particularly as one ages. The shift from employment to retirement means an individual's income tends to become fixed with less opportunity for regular increases during retirement years. As such, Canada's tax and social system are important components that help provide financial security for seniors. The following is an overview of a few federal financial resources that can help supplement income during retirement.



Old age security (OAS), is a federal government pension program targeted toward Canadians age 65 and older. OAS is funded out of general tax revenues and does not require individual contributions. The 2012 federal budget put a change in motion to adjust the start date to age 67. The phase-in of the start-date change was supposed to impact individuals born after April 1958;

however, the March 2016 federal budget proposes to retain the age 65 start-date.

The OAS benefit increases quarterly based on the all-items index, a subset of the consumer price index. A 15 per cent claw-back of the benefit amount begins when an individual's net income exceeds \$72,809 (2015). A deferral of the start-date is available up to age 70, resulting in an increased benefit amount of 0.6 per cent for every month the pension is delayed beyond age 65. Waiting the full 60 months to begin the benefit can result in a 36 per cent increase in the pension benefit.

Income Tax Benefits

The **age tax credit** becomes available in the year a taxpayer turns age 65. The 2015 federal tax credit is based on an amount of \$7,033, which can generate a maximum credit of \$1,054.95 (15% of \$7,033). The credit is a direct reduction to the income tax payable by an individual. A full credit is available to those whose net income is less than \$35,466. As an individual's income increases beyond the \$35,466 level, the credit is clawed back at the rate of 15 per cent until it is fully extinguished at an income level of \$82,353.



Pension income splitting provides a married or common-law couple the opportunity to jointly elect to split up to 50 per cent of eligible pension income. The value of this concept is the opportunity to shift income between individuals resulting in tax savings across the couple. In general terms, the definition of eligible pension income includes periodic income from a pension and, beginning at age 65, includes periodic income from a RRIF or registered annuity. To access this benefit, the couple jointly elect the split in their

respective annual income tax returns. This allows the couple to retrospectively assess their financial outcome for the past year and optimize the election.

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This commentary is published by The Institute in consultation with an editorial board comprised of recognized authorities in the fields of law, life insurance and estate administration.

The article is not intended to provide legal, accounting or other advice in individual circumstances. Seek professional assistance before acting upon information included in this publication.

HOLIDAYS & BUSINESS TRAVEL

Office Closed:

- Civic Holiday - August 1st, 2016
- Labour Day – September 5th, 2016

David Out of Office:

- Vacation – July 27th – September 4th

Juana Out of Office:

- Vacation – July 21st – August 5th



Summer is a great time to rejuvenate. It is also a good opportunity to “take stock” of your financial life. We are approximately half way through 2016. Are you on track with your goals for this year?

When did you last update your financial plan? Please contact us if you would like to do that, or if you have any questions regarding your portfolio or any other financial matters.



A question we hear all the time is should I pay down the mortgage or invest that extra income in an RRSP?

The answer to the question is dependent on many things including, the terms of your mortgage, what you expect to earn as a return on your RRSP, and your current and short term cash flow requirements. If you have a wage increase, an incoming surplus of cash, earn a bonus, an inheritance, or a lottery win (wouldn't that be nice!), be sure to get in touch so we can guide you to making the best decision in your own personal situation.

Both David and Juana are always happy to meet with new people and provide a second opinion on their current financial strategies. Do you know someone we can help? Have them give us a call!

Some ways we can help!

Financial Planning Issues:

- ◆ Will I have enough?
- ◆ Will I be able to retire when I want to?
- ◆ Will my money last as long as I do?
- ◆ What would happen to my plans if I got sick, lost my job or died?
- ◆ Will my spouse be okay?

Insurance Issues:

- ◆ Pension Maximization
- ◆ Tax Sheltered Investments
- ◆ Insurance Planning for Multiple Generations
- ◆ Estate Liquidity & Tax Planning

Healthcare Issues:

- ◆ Critical Illness
- ◆ Long Term Care
- ◆ Registered Disability Savings Plans

Tax & Estate Planning Issues:

- ◆ Overview of Wills & Powers of Attorneys
- ◆ Living Wills
- ◆ Charitable Gifting
- ◆ Testamentary Trusts
- ◆ Intergenerational Transfer of Wealth
- ◆ Tax Efficiency
- ◆ Income Splitting
- ◆

Retirement Planning Issues:

- ◆ Accumulation (RRSP, TFSA, Non-registered...)
- ◆ Prudent use of Leverage
- ◆ Retirement Income Vehicles..RRIF, LIF, PRIF, Annuities...
- ◆ Choosing Retirement Benefit Options

Education Savings Planning:

- ◆ Registered Education Savings Plans
- ◆ Education Grants
- ◆ In trust for Accounts
- ◆ Lifelong Learning Program

Budget & Debt Reduction Planning:

- ◆ Create Household Budget
- ◆ Plan for large expenditures (down-payment for a house, wedding etc.)
- ◆ Strategies for efficient debt reduction

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