

Financial Literacy Series



CREED CAPITAL MANAGEMENT

Strategies to Build Long Term Wealth

Speaker:

Brad Armes, TEP CFP



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Benefits to you today

1. Opportunity to ask questions
2. Take control of your finances
3. Reduce risk for you and those you care about

Agenda

1. Take Advantage of Tax Shelters - RSP and TFSA
2. Control Tax where possible - Holding Companies and Non Registered Investment Accounts
3. Power of Attorney and Will - Estate Planning Pillars



Focus on Financial Literacy

TFSA

RRSP

RESP

Mutual Fund

Segregated

Fund



ETF

Robo-Advisor

High interest
Savings

Group RSP

Mattress!

Your most important financial asset?



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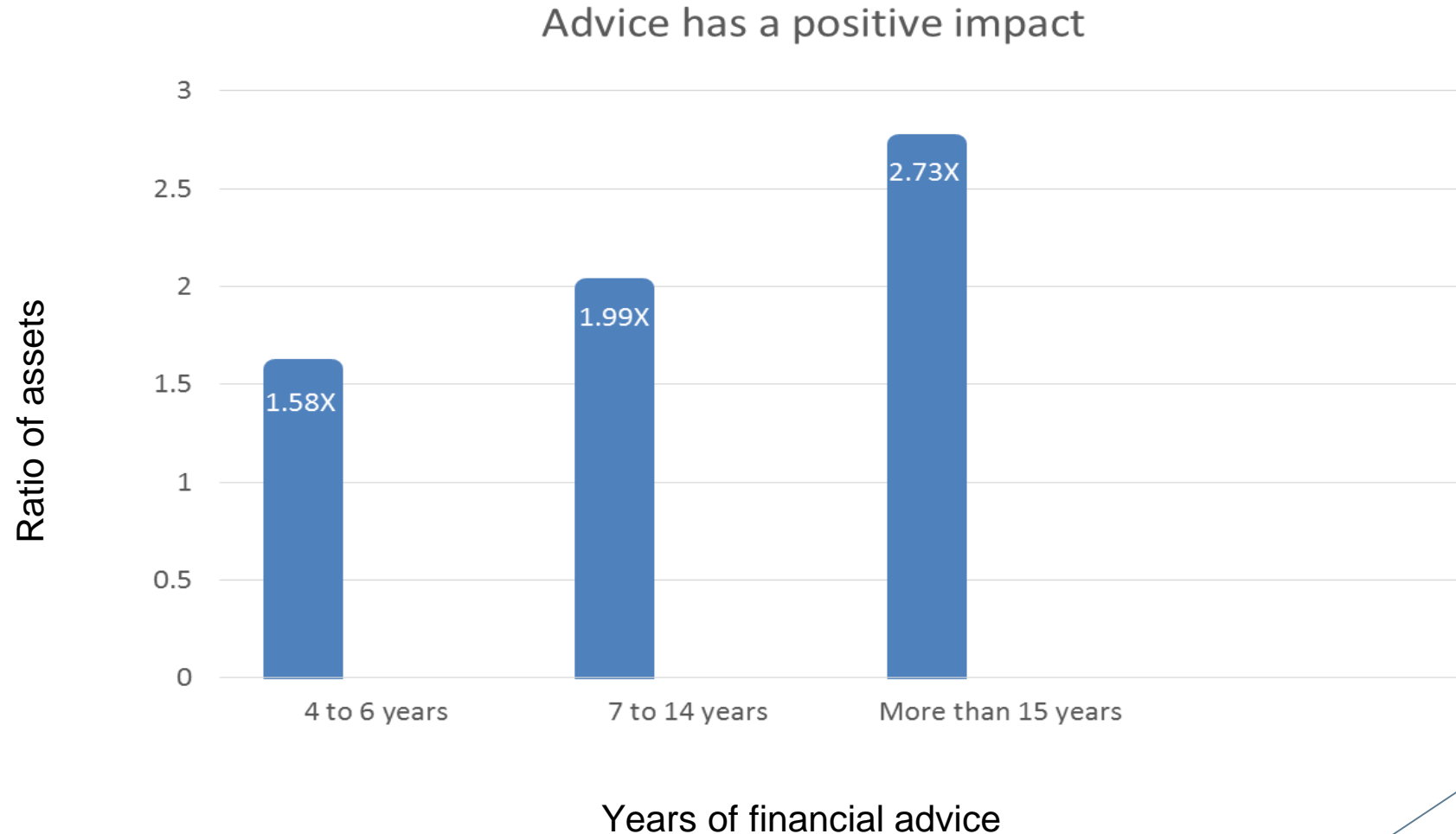


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Common Misconception: Advisors Value is Investment Return



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Benefits of a Team Approach



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Earn more on Investments



Save Time



Save Tax



Mortgage Strategies



Estate Planning Education



Credit Awareness



Insurance Strategies



Education

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TFSA v. RSP

Benefits

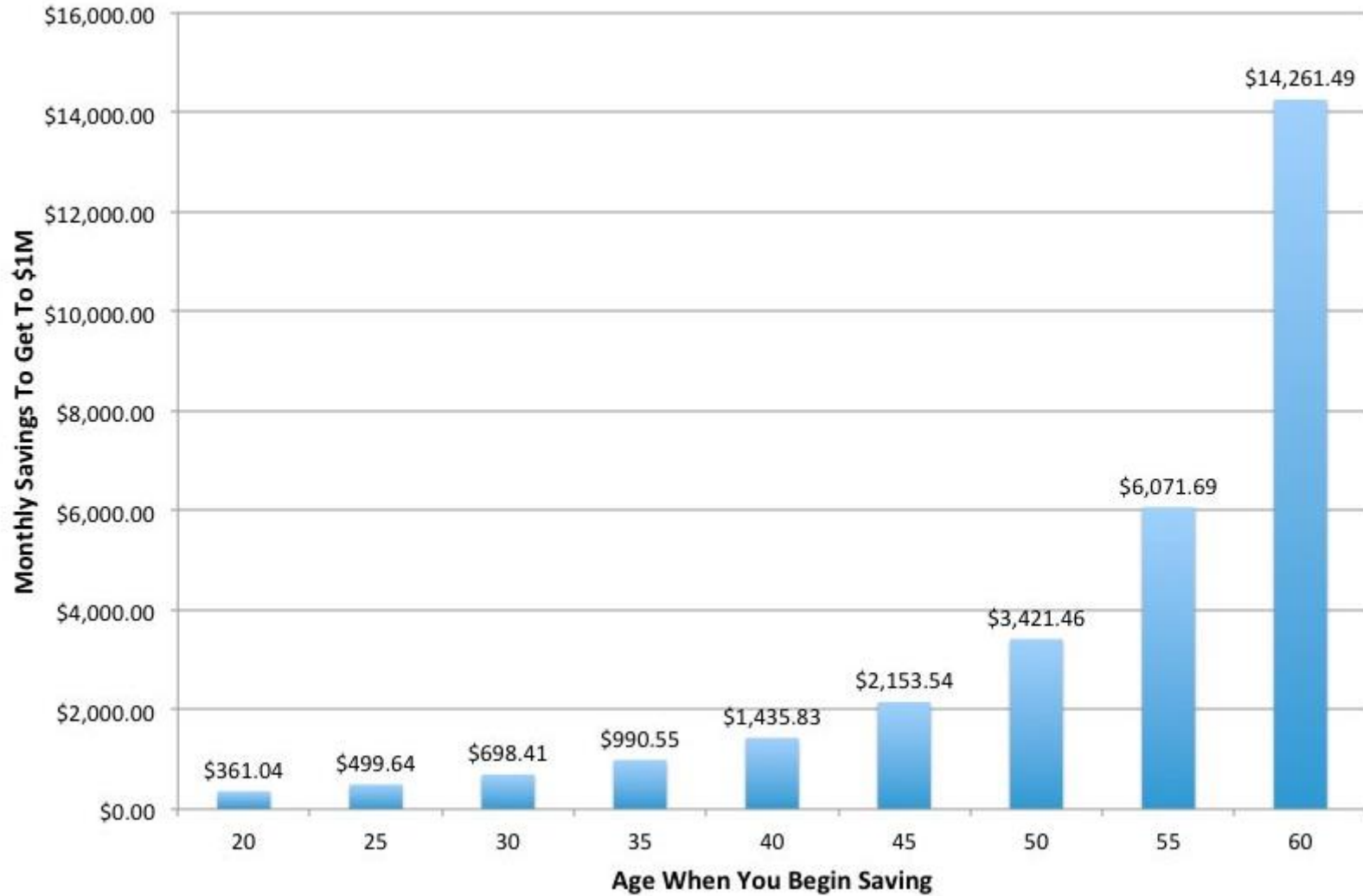
	TFSA	RSP
▶ Tax Free Growth	YES	YES
▶ Wide Investment Choices	YES	YES
▶ Tax Free Income	YES	NO
▶ Tax Free Access	YES	NO
▶ Tax Deduction for Contribution	NO	YES
▶ Maintain Retirement Government Pension Benefits	YES	???

Save and Invest Regularly

10%

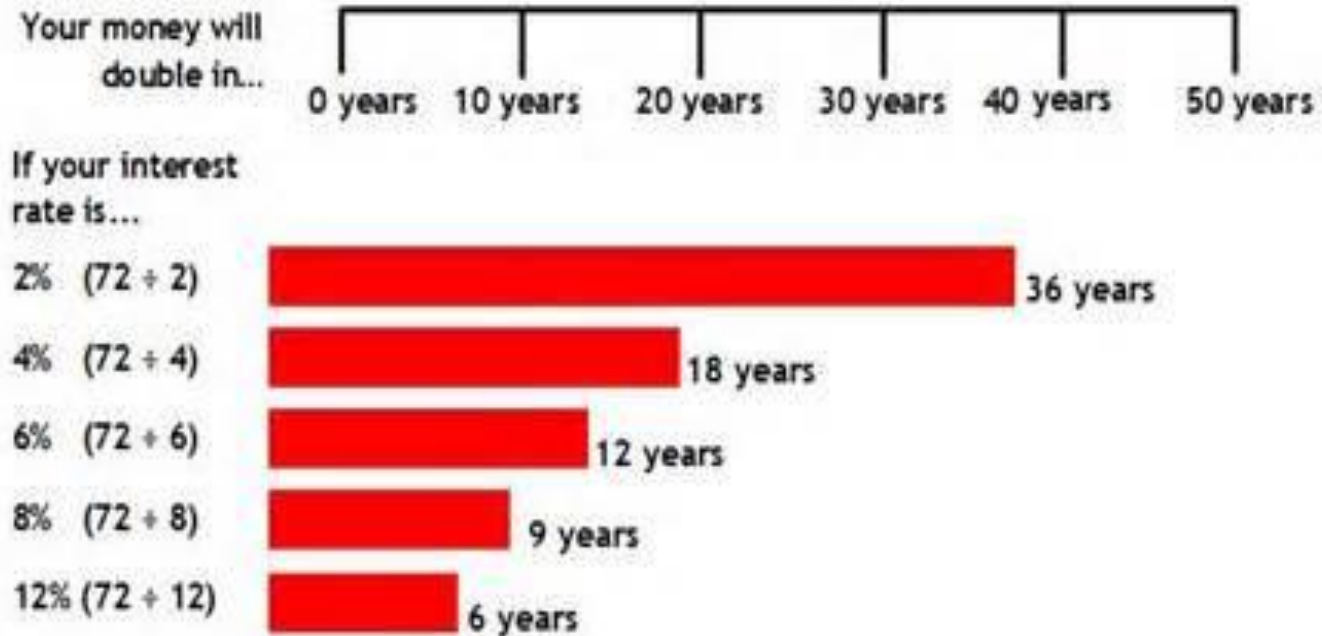
Rule of 72

How Much You Need To Save To Get To \$1M At Retirement (6% Return Rate)



Costs of a GIC

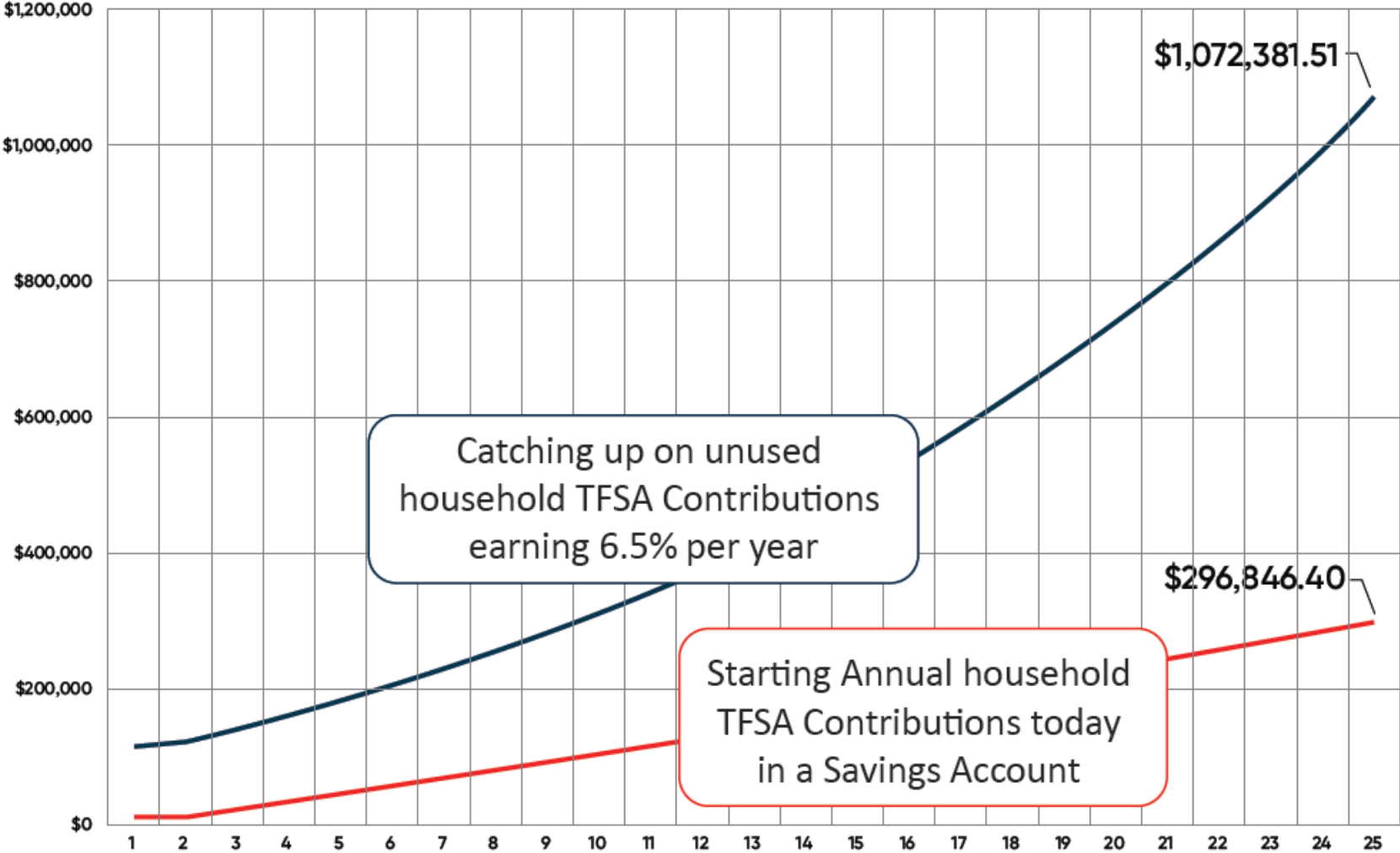
The **RULE** of **72** in **ACTION**



Tax Free Millionaire

HOW TO BE A MILLIONAIRE – TAX FREE

— Maximum Annual (1%) — Maximum Catchup (6.5%)



Immediate Actions

TFSA

- ▶ Start today
- ▶ Don't just save...Invest!

RSP

- ▶ Use when contribution is matched
- ▶ Plan for house down payment or future education
- ▶ Potential Income Splitting with spouse
- ▶ Maximize in higher income years

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Types of Taxable Accounts

- ▶ Non Registered Investment Accounts
- ▶ Holding Companies

KEEP MORE

Income Range		Other Income	Capital Gains	Eligible Dividends	Non-Eligible Dividends
From	To				
\$0	\$39,676	20.06%	10.03%	-6.84%	9.23%
\$39,677	\$46,605	22.70%	11.35%	-3.20%	12.30%
\$46,606	\$79,353	28.20%	14.10%	4.39%	18.68%
\$79,354	\$91,107	31.00%	15.50%	8.25%	21.93%
\$91,108	\$93,208	32.79%	16.40%	10.72%	24.00%
\$93,209	\$110,630	38.29%	19.15%	18.31%	30.38%
\$110,631	\$144,489	40.70%	20.35%	21.64%	33.18%
\$144,490	\$150,000	43.70%	21.85%	25.78%	36.66%
\$150,001	\$205,842	45.80%	22.90%	28.68%	39.09%
\$205,843	+	49.80%	24.90%	34.20%	43.73%

Federal Budget Updates

- ▶ \$50,000 Limit to Passive Income to qualify for Small Business Tax Credit - Holding Companies specifically
 - ▶ Reduction of \$5 for every \$1 earned between \$50,000 to \$150,000 in Passive Income
 - ▶ Excludes Capital Gains income
 - ▶ Identifies need to take put long term strategy in place today!!
- ▶ Dad's get 5 weeks of parental leave

Strategies to Manage Tax

Control the Type and Timing of the Tax

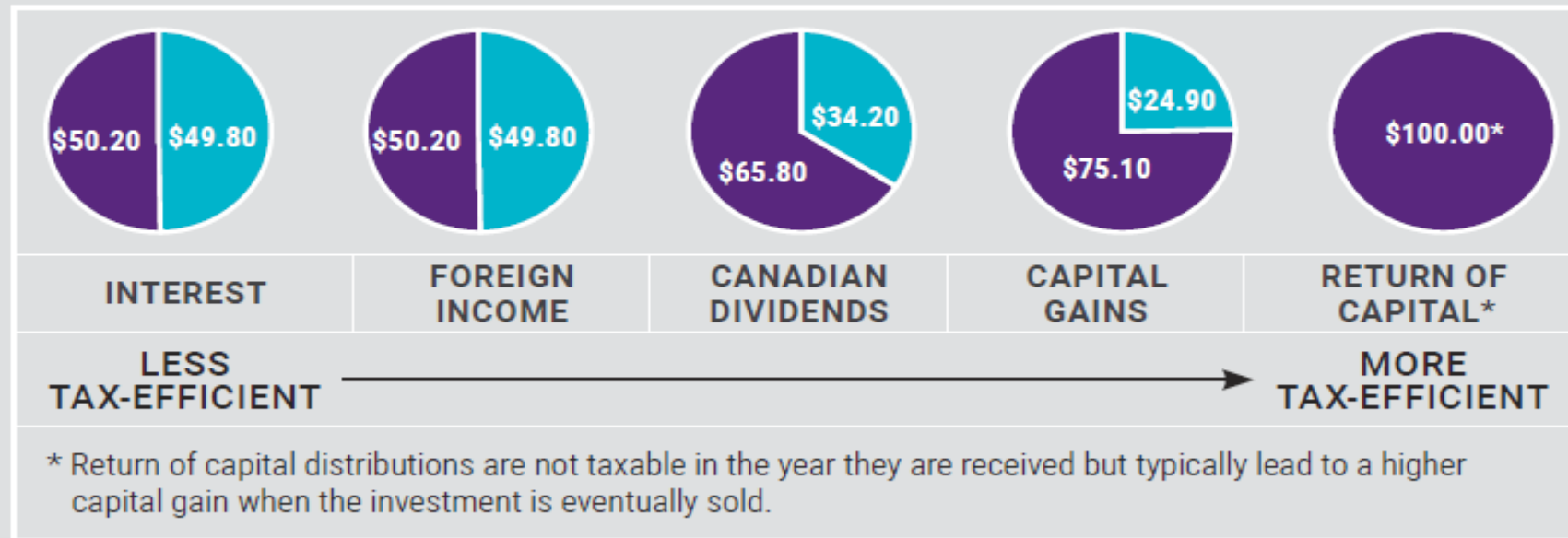
- ▶ Defer Income where possible - proven strategies
- ▶ Capital Gains and Dividends are preferable to Interest Income
- ▶ Pay tax in lower income years
- ▶ Take advantage of Spousal RSP Planning
- ▶ Identify ways to have tax preferred/tax free dividends paid to shareholders

Control the Taxation of your Cash Flow

Different types of distributions are taxed differently

After-tax cash flow based on distributions of \$100

■ Taxes Paid
■ After-Tax Cash Flow



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Pillar One: Power of Attorney



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True Cost of Sudden Incapacity

- ▶ Emotional difficulty
- ▶ **Potential Family disagreement**
- ▶ Court Application cost and process
- ▶ Public Guardian and Trustee(PGT)



One Very Important Word

- ▶ 2011 - “Power of Attorney Act” specifically references the term **“Enduring Power of Attorney”**
- ▶ “Enduring Power of Attorney” remains valid through incapacity
- ▶ Previous Power of Attorney would be sufficient for legal and financial transactions for “convenience” purposes



Complexities of Joint ownership



Acting as Power of Attorney

- 1) Act honestly and in good faith
- 2) Keep proper records for inspection and copying
- 3) Keep the adult's assets separate from the attorney's assets
- 4) **Cannot change the will or make any estate planning maneuvers**



Pillar 2: Will



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Common Misconception: It all goes to my spouse



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Where does it go?



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Intestacy Rules

Children with Same Spouse

- ▶ First \$300,000 to spouse
- ▶ 50/50 split with Children

Children with Previous Spouse

- ▶ First \$150,000 to spouse
- ▶ 50/50 split with Children
- ▶ Spousal or Child Support Obligations?

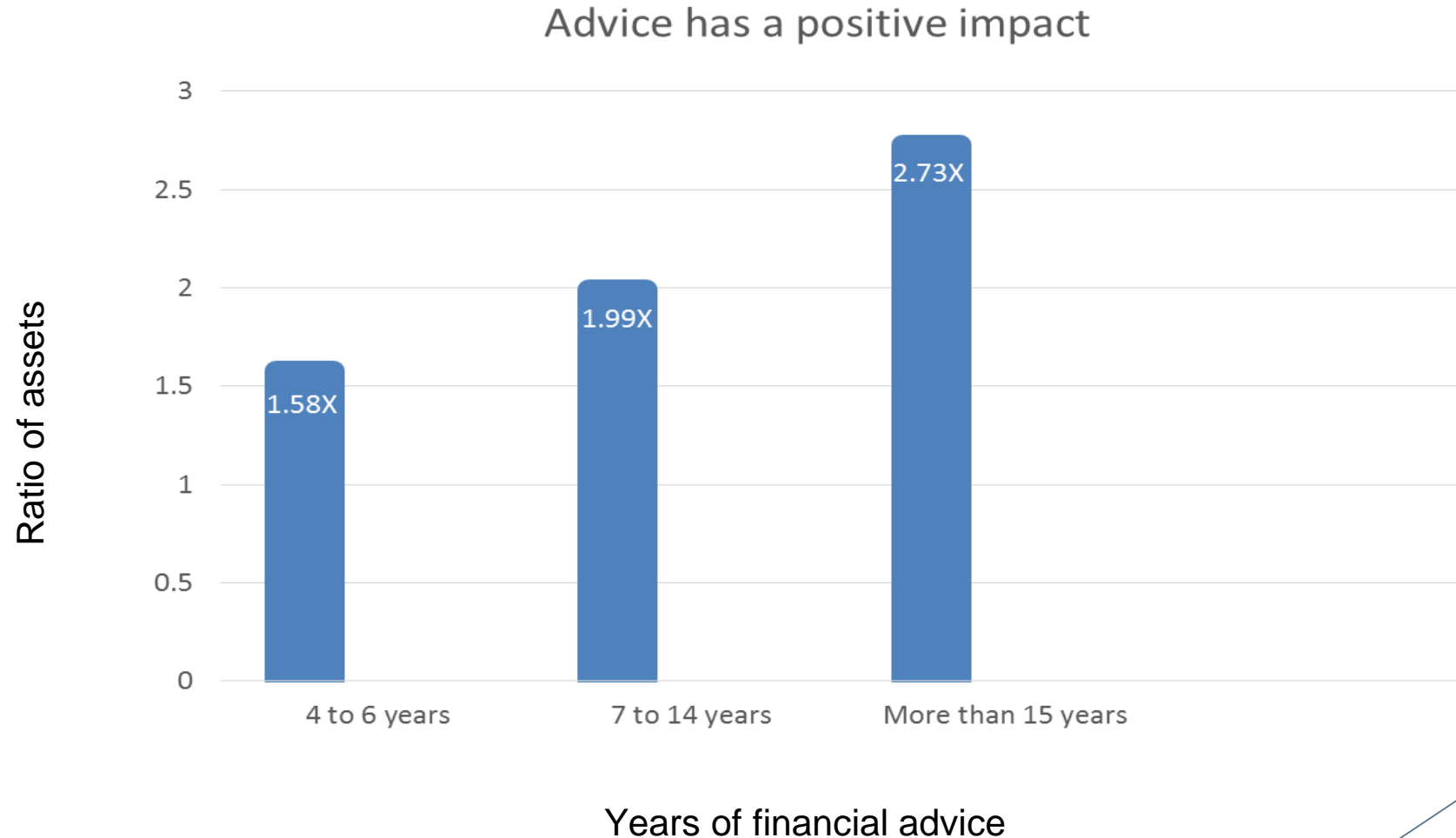


Acting as Executor

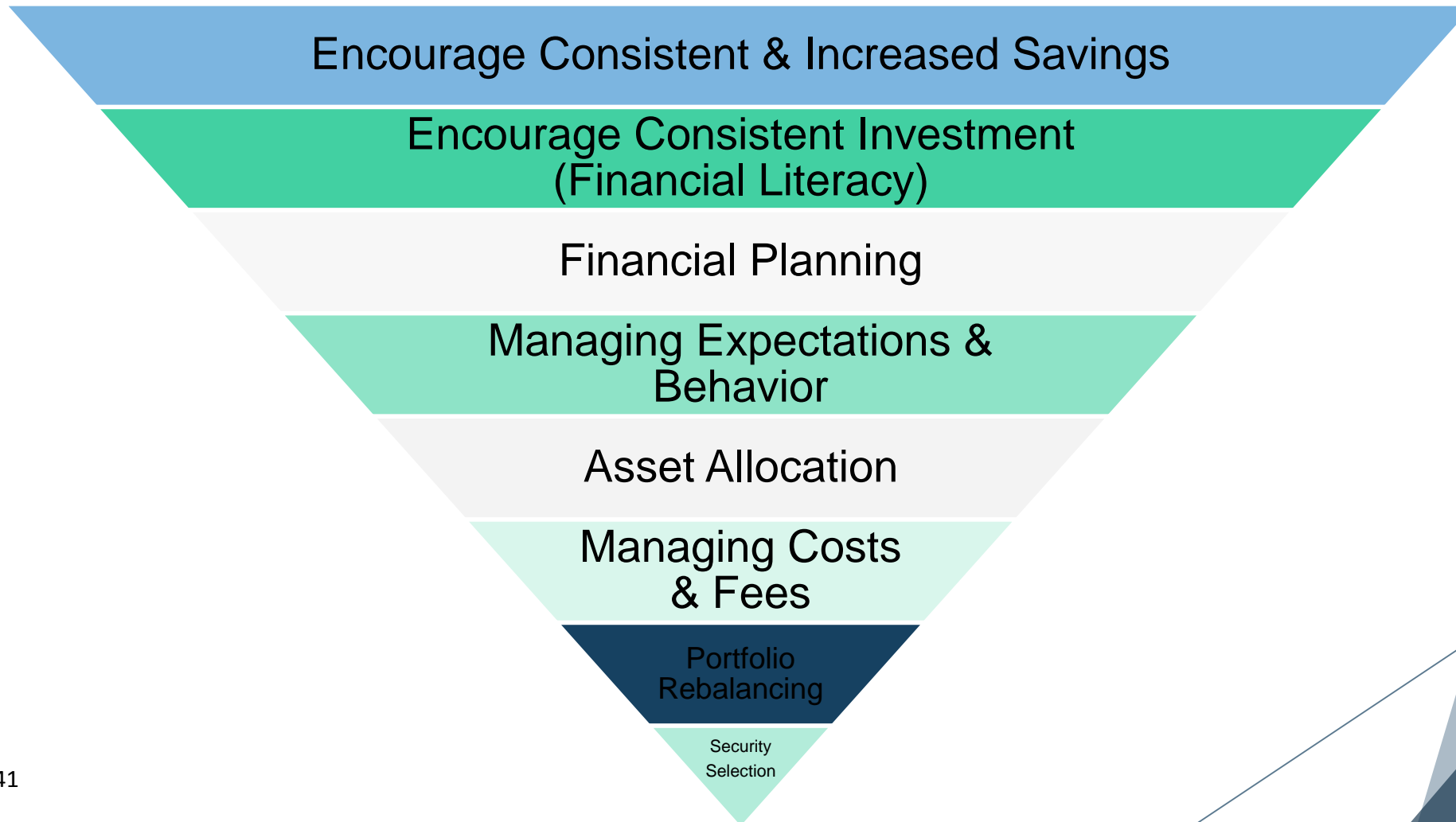
- 1) Locate Will
- 2) **Locate all assets**
- 3) **Deal with all questions from family members and beneficiaries about how the money is being handled**
- 4) File probate
- 5) File taxes
- 6) Pay Debts
- 7) Distribute Estate Assets
 - 1) Usually 1-2 years after starting



Common Misconception: Advisors Value is Investment Return



A HIERARCHY OF ADVISOR VALUE



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Additional Questions and Thank You!