

# A SOUND FINANCIAL PLAN

DECEMBER 2012

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## FINANCIAL SERVICES GROUP

Gary & Myrna Kwasnecha



### A Note from Gary:

Winter is a season to rest and hibernate, a little like many of Mother Nature's creatures. So...how are you doing?

We may have to shake off hibernation mode for a short time as the rush is on with only a few days left in 2012. We hope you'll take some time over the busy holiday season to:

1. Read our newsletter.
2. After you have read the newsletter, give us your feedback on the content of the newsletter. Those who do so will have the opportunity to win a one night stay at the beautiful Jasper Park Lodge. Please go to our website at [www.financialservicesgroup.net](http://www.financialservicesgroup.net) and follow the contest link; then enter to win. Your feedback will be entered in the draw to be made on January 30, 2013. The winner's name will be posted on our website February 1, 2013. Good luck to all.
3. Review your financial situation and goals, such as education, saving for a home or business, planning to retire or sell your business and thinking about your estate distribution PLAN.

As you know Financial Services Group is all about the PLAN. "Assisting people to accumulate and protect their wealth" is our ultimate goal.

On behalf of everyone at Financial Services Group, we take pleasure in this opportunity to say "thank-you" for your ongoing business and loyalty.

We look forward to 2013 and wish you all the best in the New Year.

Retirement planning today is primarily focused on the financial side of retirement; how much money will you need, what rate of return on your investments will you need, and what type of investments should you have in your portfolio. There are other important considerations.

What about your health care in retirement?

Will you need a health and dental plan?

Have you investigated what government plans are available to you?

Is there a possibility you might need long term care?

Many of our clients have an employer sponsored benefit plan at work. The plan premiums may be paid by the employer, or shared with the employees. These plans offer competitive premiums based on age, volume, and provide coverage for prescription drugs, health care supplies and services, vision and dental benefit. When you retire, this coverage will retire with you and you will have to decide how to manage your health care needs. In our marketplace today, there are many plan options available. Factors that will determine which plan is the best will depend on:

- ☐ Your Age- If you are over age 65 government coverage is available.
- ☐ Your Health- If you have preexisting medical conditions, individual health plans may exclude or limit coverage for these conditions.
- ☐ Your Employer- Some employers have a group plan for retired employees.

## What should you do today to Prepare?

1. If you are a member of a group health plan, determine what your premium is for the health and dental portion of your coverage. This information will be helpful when you evaluate individual health plans.
2. If you are a member of a group health plan, contact your Human Resources department to see if a retirement health plan is available for you, what it will cover, what it costs, and when and how you apply. Financial Services Group has reviewed many of these companies and offered retirement health plans for clients; in all cases, the employer sponsored retirement health plan was the best option.
3. Keep track of your medical and dental expenses a few years before you retire. Each person has different health care needs and priorities and this will help you to determine what type of coverage is important. If you are a member of a workplace group plan, your plan administrator should be able to get this information for you, as they keep a record of claims paid out.
4. Educate yourself about what kind of coverage your provincial government has available to you. For our clients who live in Alberta, contact information for government sponsored health plans is included in this newsletter.
5. Investigate the benefits of Long Term Care insurance. Will the government subsidized coverage be adequate for you should you end up in a nursing home?
6. Check with your accounting professional to determine if the premiums paid for an individual health insurance plan may be tax deductible, or eligible for a tax credit.
7. View your health as your greatest asset and make your personal health a priority. Be active, keep fit, and educate yourself about disease prevention and how to stay healthy.

Financial Services Group encourages you to check out the plan designs offered by each company and the premiums applicable. Please contact us for assistance.

# Individual Health Care Plans for Albertans under Age 65-Retired/Semi-Retired

Your Personal Situation	Your Company Retirement Health Plan	Individual Health Plans- Manulife, Sunlife, Great West Life, Blue Cross	Government Subsidized Blue Cross Non Group Coverage	Self Insured Quikcard and Others
Leaving a company group plan. No pre-existing medical conditions and drug therapy.	Best Option	✓	✓	N/A
Leaving a company group plan. You have pre-existing medical conditions and are using drug therapy.	Best Option	✓ <i>Must apply within 60 days of termination of work.</i>	✓	N/A
No current group insurance. No pre-existing medical conditions.	N/A	✓	✓	N/A
No current group insurance. Pre-existing medical conditions.	N/A	✓ Coverage limitations and exclusions may apply.	✓	N/A
Individual with an incorporated business or sole proprietor with or without pre-existing medical conditions. Premiums may be deductible.	N/A	✓	✓	✓

## Individual Government Health Care Plans

### The Government of Alberta Subsidized Seniors Plan

70% Drugs, 100% ambulance and home nursing  
Managed by Alberta Blue Cross

LINK: [www.seniors.alberta.ca](http://www.seniors.alberta.ca)  
PHONE: 1-877-644-9962

*Note:* On this website there is information on other Government of Alberta benefits for seniors, in addition to health care.

### Seniors Plus Plans

Additional expenses not covered under the above mentioned seniors plan such as dental, vision, physiotherapy, and chiropractor are available through Alberta Blue Cross.

LINK: [https://www.ab.bluecross.ca/ip\\_senior1.html](https://www.ab.bluecross.ca/ip_senior1.html)  
PHONE: 1-800-394-1965

### The Government of Alberta Subsidized Non-Group Coverage

- Available to all Albertans with or without employer group drug coverage
- 90 day waiting period from application / 70% Drugs / annual plan maximum of \$25,000 / premiums apply

LINK: <http://www.health.alberta.ca/services/drugs-non-group.html>  
PHONE: 780-498-5970 (Edmonton and area) or 1-888-498-5970 (toll free)

## Individual Plans Available Through Financial Services Group

- ALBERTA BLUE CROSS
- SUN LIFE FINANCIAL
- GREAT WEST LIFE - SONATA HEALTH PLANS
- MANULIFE FINANCIAL - FOLLOW ME AND FLEXCARE HEALTH PLANS
- QUIKCARD

Please visit our website for links and further information:

[www.financialservicesgroup.net](http://www.financialservicesgroup.net)

# Succession Planning for Business Owners

Will any or all of your children be involved in your business?

Whether all, none or some of your children are involved in the family business, things tend to become more complicated during the planning process than first anticipated. Give careful consideration to a PLAN for your estate distribution in case you die too soon or live too long. In many situations, life insurance can be an effective choice to achieve a Balanced and Fair versus Equal Estate distribution.

Consider the following strategies that will help build and protect your business:

- ❖ Corporate Owned Life Insurance
- ❖ Capital Dividend Account
- ❖ Buy-Sell Insurance
- ❖ Retirement Compensation Agreement
- ❖ Executive Benefit Plan
- ❖ Individual Pension Plan

**Financial uncertainty exists going into 2013. Risks for you, your business and your family include: Longevity, Market and Inflation.**

Financial Services Group feels strongly about assisting people to achieve their goals and financial success. In time of financial uncertainty how can you best:

Accumulating Assets and creating cash flow for daily living, retirement and the effective transfer of assets to your children, grandchildren and charitable contributions.

Addressing the known and unknown income tax liabilities charged against the estate you have spent many years to accumulate.

Determine insurance based strategies that protect your plan at the outset. Additionally, as you begin to grow your wealth, accumulation strategies should consider how best to mitigate risk, minimize tax, taking advantage of tax efficiencies.

Achieve fairness to all. Whether you choose to transfer your assets while living or at the time of death, fairness is a challenge as the right business decision is balanced against the emotion of family succession.

## Teaching Kids to Save with a Piggy Bank- Jim Yih

There are lots of different strategies to teach kids to save money but the classic icon for saving money is the pink piggy bank. I started to teach my kids about money and saving at the age of 2. Every child got a piggy bank and \$3.41 which is a toonie, loonie, quarter, dime, nickel and a penny.

If you think about it, the piggy bank is a great icon for savings because when you give a two year old a piggy bank and coins, what is their natural instinct? They immediately pick up the coins and put it into the slot at the top of the piggy bank. Once they are out of coins, do you know what their next natural instinct is? They try to figure out how to get the coins out which may be symbolic of spending. The cool thing about the piggy bank is you can't get the money out which may be symbolic of forced saving for the longer term.

Some people preach the use of money jars but the problem with jars is the easy access to money. I think jars are a better representation of saving to spend which is different than saving for the financial future. Both have a role.

Earlier this year, I received an amazing gift from my friends at Financial Services Group. Scott Kwasnecha sent each of my boys a personalized ceramic piggy bank with \$3.41 cents in each of the piggy banks. Needless to say, my boys were pretty excited and wanted to fill the piggy banks up as I have taught them. Piggy banks are a great tool to teach kids how to save. What was more interesting to me (and most parents) was the laminated sheet that came with the piggy banks that showed the future value of \$3.41 invested daily. Saving \$3.41 per day can really create some great opportunities for the future when it comes to funding education, buying a home or even for retirement. I think it is an amazing way to create awareness, not only for kids but according to Scott Kwasnecha, "The piggy banks seem to have a greater impact on the parents."



[www.RetireHappyBlog.ca](http://www.RetireHappyBlog.ca)

# What Our Clients Are Saying...

On Labour Day of this year I retired in my 63rd year. Prior to retirement I had concerns, questions and a need for direction with the following points:

- Have we accumulated enough wealth?
- What should our portfolio balance look like?
- How does the portfolio maintain the best return on investment?
- Where is the balance between energy, health and wealth?
- What are the regulations / functions of a LIF, RIF, annuity, etc?
- How does the retirement projected income flow work?
- What is the proper balance of RRSP V/S non registered savings?
- What is the proper balance of spousal RRSPs?
- What choice of money placement pool should be spent first?
- What money management is best for tax purposes?
- Will the survivor income be sufficient?
- How are the funds time coordinated for large expenditure as per gifting, new vehicle etc?



I contacted my company human resources department and my group pension provider and received poor responses to my questions, concerns and need for direction. My company human resources department served me well as a working employee but did not have a package in place to address my retirement concerns. My thought now is this oil company is in the business of profit and employee retention through a benefit plan but for retirement it is important to seek outside professional help. The group pension provider showed interest in retaining the pension fund as per an investment portfolio but offered less / no value as a retirement fund and to address my questions, concerns and need for direction. In all those years of contributions I never once received a phone call when investments matured; nor was I offered suggestions on better placement of funds. The only phone call I received was from a trouble shooter asking questions as to why we are transferring funds to FSG. The answers to his questions were very easy. FSG offered a personal, professional service with better rates of return. I expressed my disappointment regarding the fact that a large group pension fund offering much lower interest returns than a private fund. Why can FSG offer better service and rates than this big pension provider with a very large employee based group pension account?

## What has Financial Services Group Done for Us?

- Helped plan our retirement future offering comfort as per our life style needs.
- Suggested a conservative low risk investment vehicle to buckle up for the market crash for which we are very thankful to FSG.
- Called us, upon renewal of investments, suggesting the best placement and terms for better returns.
- Used their years of history to support our thoughts of balance between energy, health and wealth.
- Offered a professional understanding of the regulations and functions of the LIF, RIF annuities offering us direction to make a comfortable choice.
- Presented us with a conservative detailed indexed retirement income flow projection with time-coordinated large expense allotment.
- Offered us a balanced plan as per RRSP versus non-registered savings and spousal RRSP's.
- Suggested the best order in which to spend the money placement pool and management for best tax solutions.
- Proved to me the importance of choosing a retirement day. Setting a target resolved the frustration of procrastination.
- Demonstrated the value of a small business offering a personal, trusting and caring service.

Financial Services Group you are very good at what you do. Thank you for all your help making my retirement transition comfortable.

Ron and Debbie Laberge  
Rimbey, Alberta

**We look forward to our  
new office location in  
Leduc. FSG will move  
from this wonderful Can-  
Tran building to our new  
building in the spring of  
2013.**

## Year End Checklist

Do you have unused RSP or TFSA contributions you can catch up? If you have unused contribution room in your RSP or TFSA, you may want to top up these accounts as part of your year-end activities. Your deadline for RRSP contributions for the 2012 tax year is prior to **March 1, 2013**.

### 2012 maximum RRSP contribution limit: \$22,970

#### Travelling This Year?

Purchase your travel insurance through Financial Services Group with Manulife's CoverMe Travel Insurance.

Plans are available for:

- ❖ Canadian Travelers
- ❖ Travelers to Canada
- ❖ Travelling Students

Simply go to our website to get your quote today!

[www.financialservicesgroup.net](http://www.financialservicesgroup.net)

#### January 2nd

Tax Free Savings Purchases of \$5,500 can be made for 2013. Maximum deposit amount in TFSA is \$25,500 per person.

#### Are you planning to donate to charity?

Donate to your favourite charity by December 31<sup>st</sup> and reduce your tax bill for 2012.

#### Income Tax Mailing Information:

T4 slips on or before the last day of February  
T5 slips on or before the last day of February  
T3 slips on or before the last day of March

## The federal government has increased the annual TFSA contribution limit by \$500 for 2013.

Tax free savings accounts are available to all Canadians, 18 years and older. Starting in 2013, Canadians will be able to contribute a maximum of **\$5500 annually**.

- Money accrues inside the TFSA with no tax.
- TFSA contributions do not reduce taxable income but withdrawals are tax free.
- Unused TFSA contribution room can be carried forward and accumulate for future years.
- Withdrawals can be done at any time for any purpose.
- You can re-contribute withdrawn amounts in the same year only if you have unused TFSA contribution room, otherwise you have to wait until the following year.
- Income earned in a TFSA and withdrawals do not affect eligibility for federal income-tested benefits and credits such as OAS and GIS.
- Contributions to a spouse's or common-law partner's TFSA are allowed.

For our contact information visit our website!

[www.financialservicesgroup.net](http://www.financialservicesgroup.net)

#### Office Hours

Monday through Thursday, 8:30 am to 4:30 pm

Financial Services Group supports a healthy family lifestyle. This Holiday Season we will be taking the opportunity to enjoy time with our families between **December 24th, 2012 and January 1st, 2013**. Regular business hours will resume on **January 2nd, 2013**. We thank you for your continued business and appreciate your ongoing support.

Visit us on Facebook: [www.facebook.com/FinancialServicesGroup](http://www.facebook.com/FinancialServicesGroup)