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Introduction to Retirement Planning

&

Integrating Gift Planning into Your Story

Agenda

- What we do
- What is Retirement Planning?
- Retirement Issues
- Some thoughts on giving
- Case studies on integrating gift planning into your retirement plan
- Questions

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Don't blame us Blah. Blah blah ipso facto Blah. Blah blah ipso facto etc etc and on and on Blah. Blah blah ipso facto

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Blah. Blah blah ipso facto Get specific advice Blah. Blah blah ipso facto Blah. Blah blah ipso facto etc etc and on and on Blah. Blah blah ipso facto

You are on your own etc etc Blah. Blah blah ipso facto Blah. Blah blah ipso facto This may not work in your situation, etc etc and on and on Blah. Blah blah ipso facto etc etc and on and on Blah. Blah blah ipso facto etc etc and on and on Blah. Blah blah ipso facto

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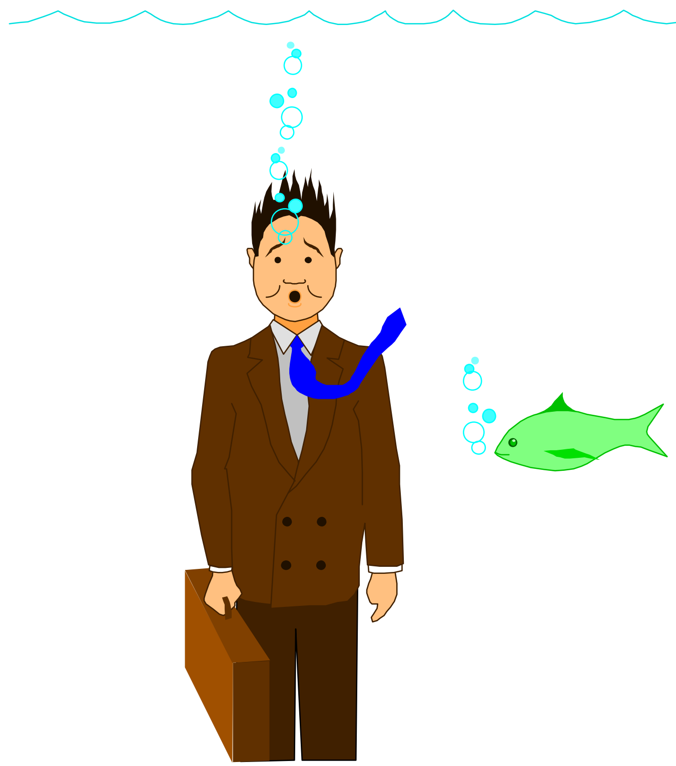
Introduction

If your outgo exceeds your income…



…your upkeep will be your downfall!

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First Principles

PEOPLE DON'T PLAN TO FAIL,
THEY FAIL TO PLAN.

A process, not an event!

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What we do

- Our planning begins from a different place
- Through a series of questions we undertake a process of discovery
- The discovery encourages you to envision long term goals that are anchored in your values
- We quantify your progress in reaching your goals, identify the gaps that exist, recommend solutions that bridge the gap and help implement the solutions

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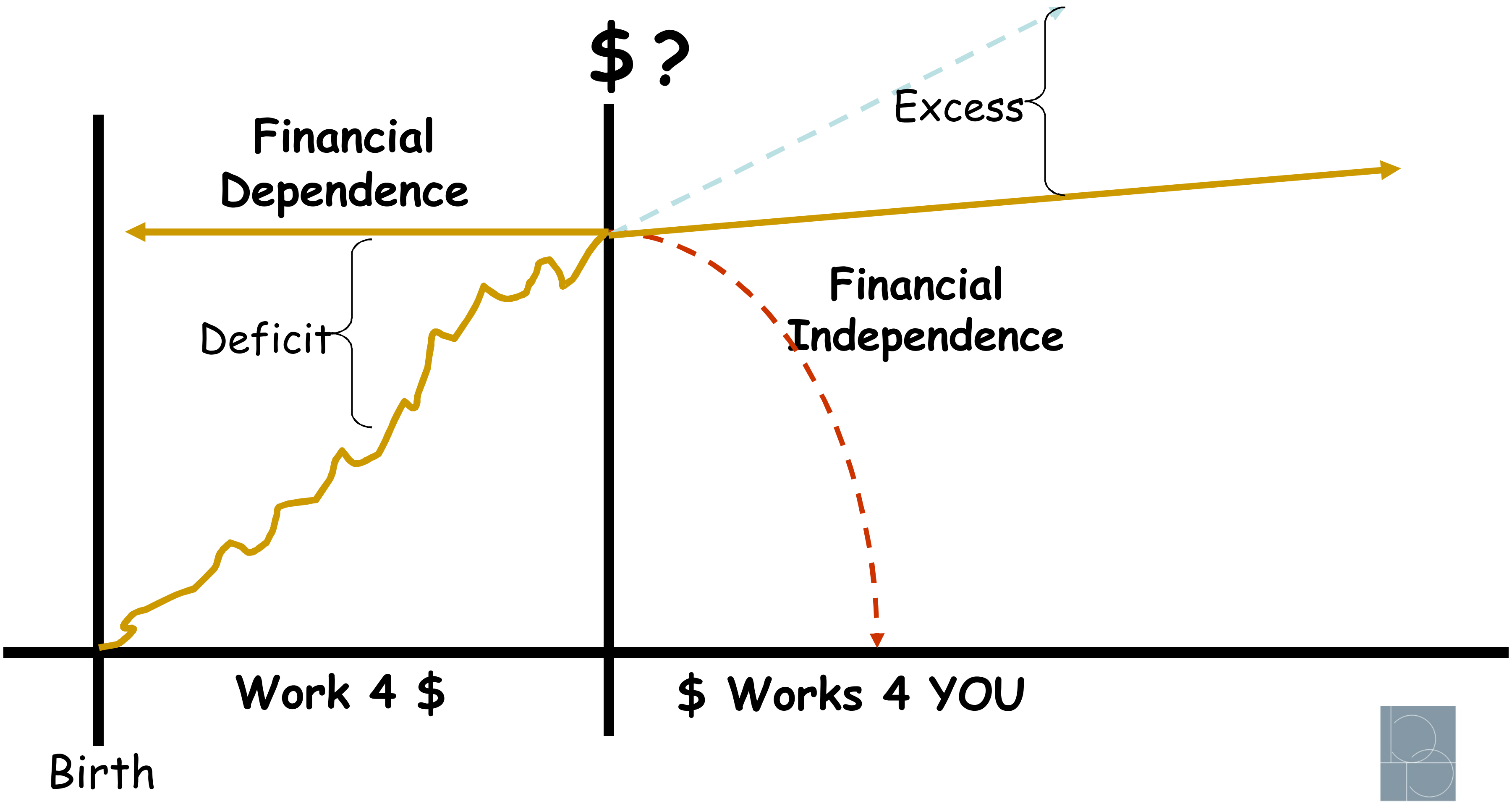
Life Stages



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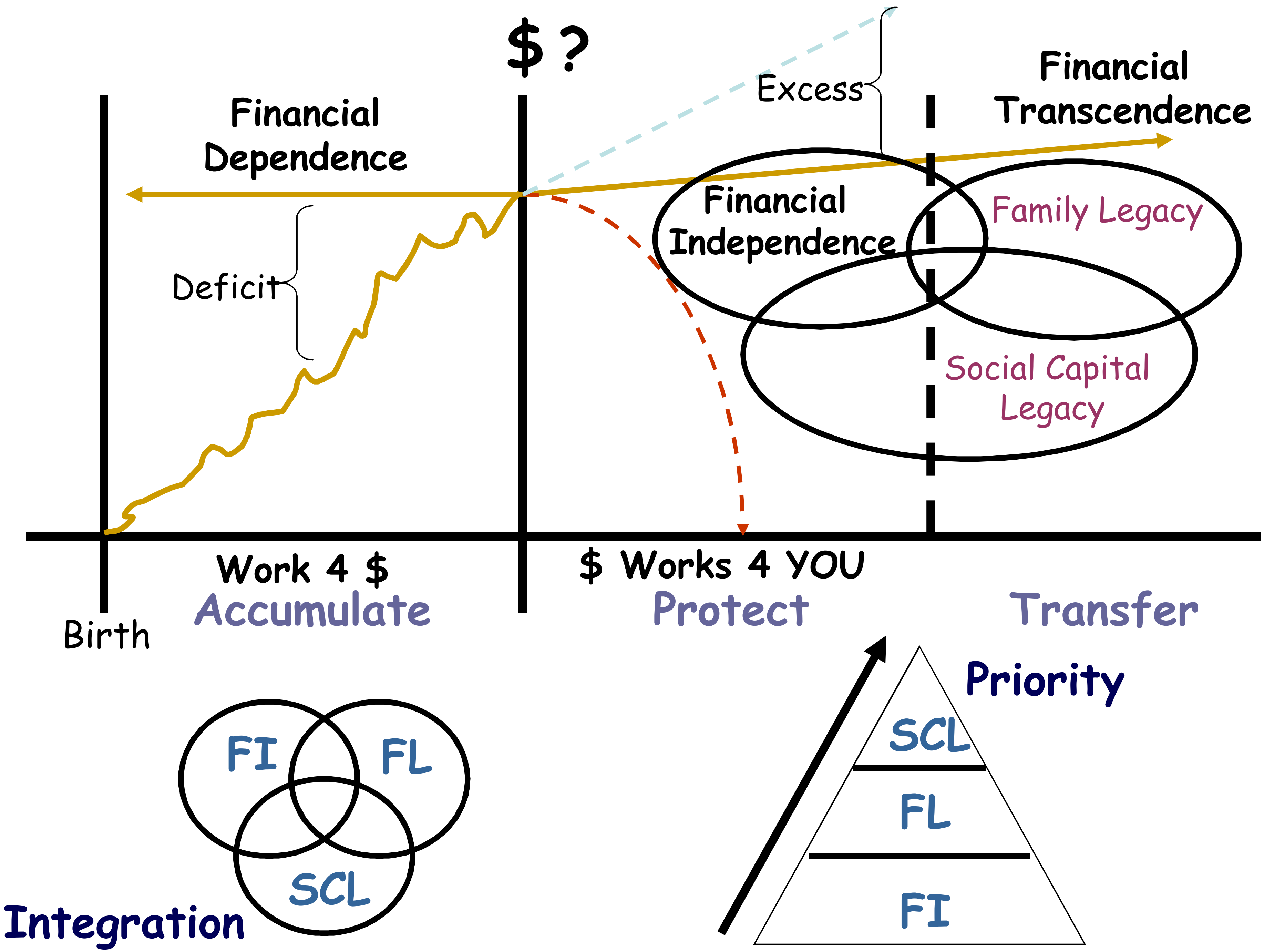
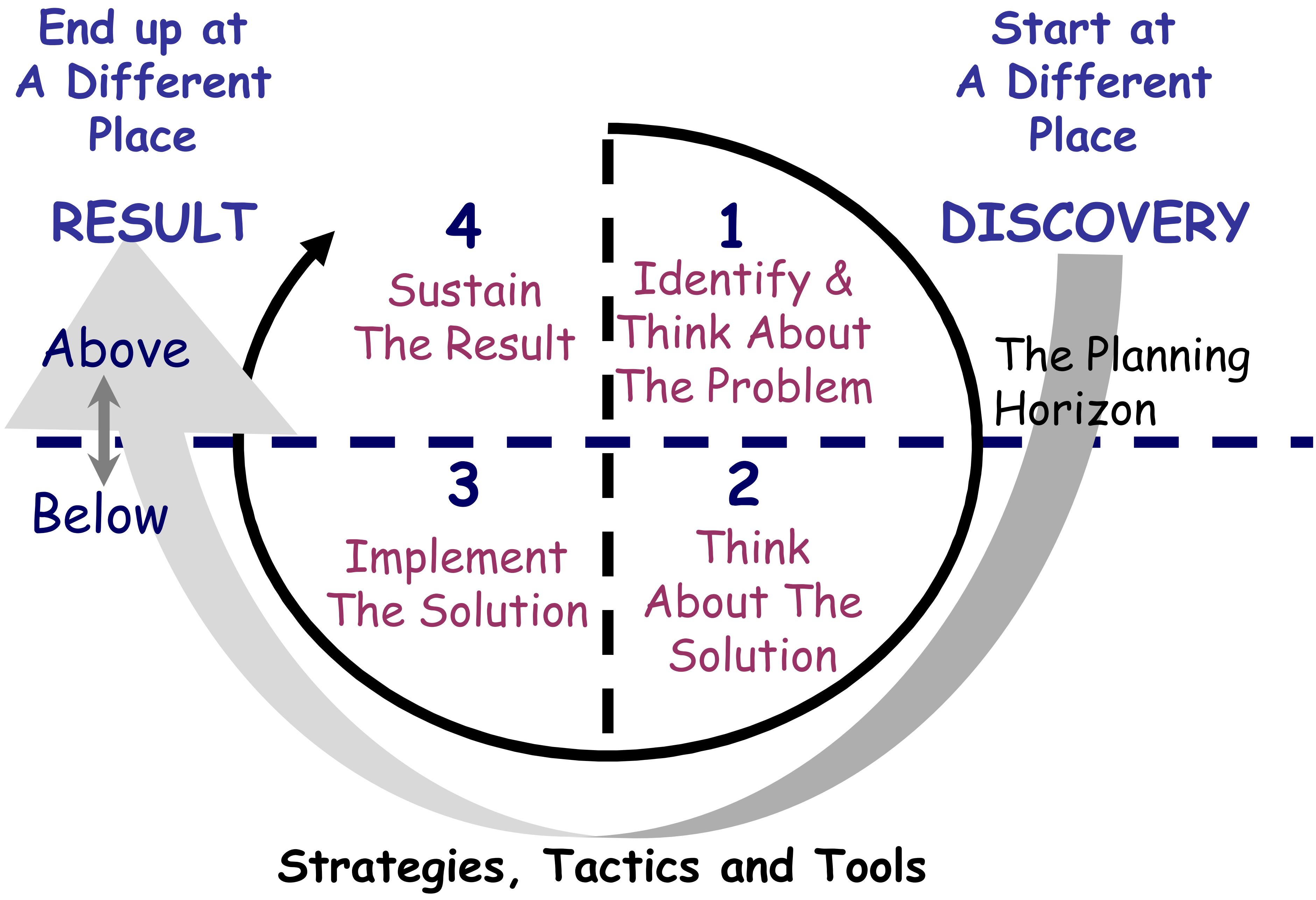

$?
Financial Dependence
Excess
Financial Transcendence
Deficit
Financial Independence
Family Legacy
Social Capital Legacy
Birth
Work 4 $
$ Works 4 YOU
Accumulate
Protect
Transfer
Priority
SCL
FL
FI
FI
FL
SCL
Integration

Mission, Vision, Values & Goals



What is Financial Planning?

- Objectives
  - Short, medium, long term goals
  - Budgeting
  - Measurable, achievable, realistic
- Resources
  - personal, family, employer, government
- Obstacles

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VISOR

- **V**ision
- **I**mportance
- **S**upporting Resources
- **O**bstacles
- **R**eadiness

First Principles

- Will , Power of Attorney
- Cash Reserve
- Debt elimination
- Objectives

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Three places your estate can go when you die

- Your heirs
- The government
- **Your favourite charity(ies)**

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Wills

- Gives direction
- Minimizes tax
- Names guardians, executors
- Establishes trusts
- **Makes provisions for charity**

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Will

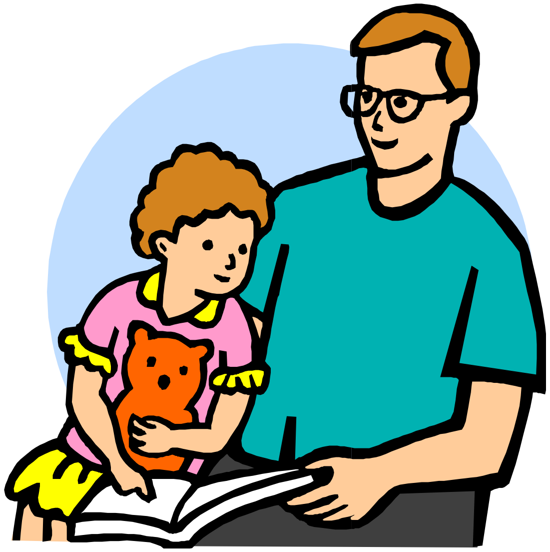
- Disaster clause. Name a charity
- Extra beneficiary
- Residual interest

Three Reasons to Die Without a Will

- The court can do a better job deciding how to disburse your estate than you can
- The court can choose a more caring guardian for your children than you can
- The government will use your estate tax dollars more efficiently than your family or charity

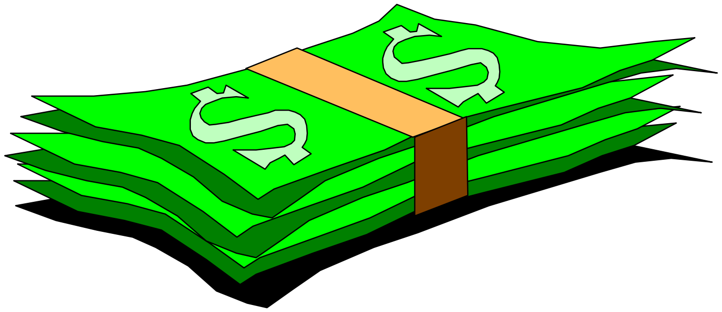
Wills

- Above all, it is…



- Your story
- Who's going to tell it?

The cornerstones of financial security



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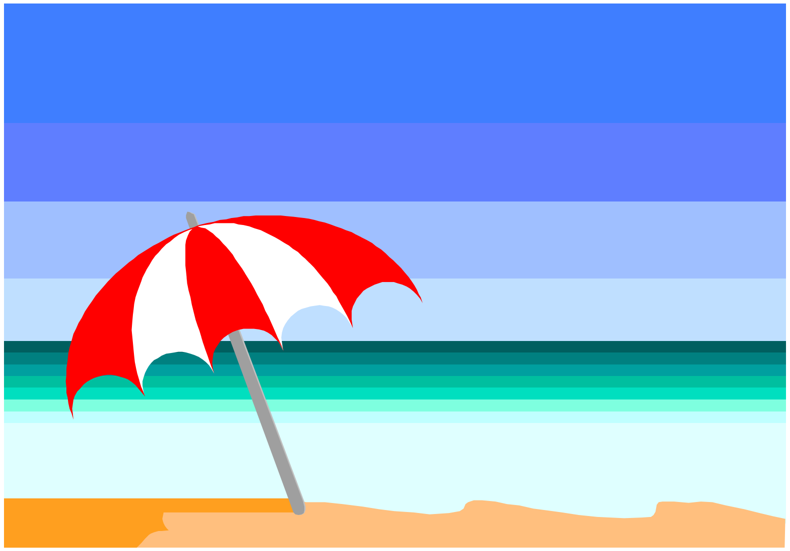
Retirement

- Lifestyle?
- How much money will you need?
- Impact of inflation?
- Freedom to retire or slow down early?
- Time and planning



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Retirement Issues

- Employee or self employed?
- RPP?
  - DC or DB
- Retirement Allowances
- Gov't benefits. Have I maximized them?
- Personal plans
- Debt
- Housing
- Care/Health

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Retirement Issues continued

- Insurance
- Survivor Income/marital status
- Adult Dependents
- When should I retire?
- Where should I retire to?
  - Transit
  - Health care
  - Interests
  - Family

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Life Insurance

- Buy a new policy
- Name charity as beneficiary (even 10%!)
- Estate replacement
- Name estate as beneficiary
  - Do it in the will
- Last to die

Registered Plans

- RRSP: name charity as (contingent) beneficiary
- TFSA: name charity as beneficiary (spouse is successor annuitant)
- RRIF: name charity as beneficiary (spouse is successor annuitant)
- RPP: name charity as beneficiary of residual interest

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Non-registered assets

- Probatable vs. non probatable
- GICs, bank deposits, stocks, bonds, mutual funds, capital property is….
- Insurance company GICs, segregated funds, registered plans may not be, if a beneficiary is named
- Beware of CRA
- Beware of joint accounts

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Building your Legacy

- How will you be remembered after you are gone?
- What impact will you have on this world?
- What legacy will you leave to your community?

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Giving is all about choices

- The choice to give
- The choice of who will receive your gift
- The choice of when to give
- The other choice – HOW TO GIVE.

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How to give – Two Fundamental Choices

- Immediate support
- Longer term support

Use your <u>Advisors</u> to help select the right giving solution for your goals!

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Immediate Support

- Cash Gift (cheque, credit card)
- Gift of Securities (stocks, bonds, mutual funds)
- Attending an event
- Volunteering

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Longer term Support

- Private Foundation
- Donor Advised Fund
  - Community Foundation
  - Commercial Program

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Private Foundation

- Registered charity with charitable status
- Separate legal entity
  - Independent Board of Directors
  - Independent filings
- Generally one person (or family) contributes at least 50% of the assets and/or controls at least 50% of the Board
- Recommended minimum: $1,000,000 (no legal minimum)

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Donor Advised Fund

- Can be held with a Community Foundation (Toronto CF) or Commercial Program (Banks, Mackenzie, Investors Group)
- Simplified account setup, recordkeeping and administration
- Not a separate legal entity – part of a larger public foundation
- Generally smaller minimums (as low as $10,000)
- “Feel” of a private foundation

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Donor Advised Fund Example

- Four Easy Steps

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How does it Work?

4 Easy Steps

1 Donate → 2 Set-up Account → 3 Review Annual Grant Amount → 4 Recommend Grants

Step 1:
Contribute To The Gift Fund

- Irrevocable donation –
  Kate Evans donates $100,000 to start up her Fund
- Receives tax receipt for $100,000
- Can donate cash or securities

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Step 2:
Set-up Account

- Name the account *("The Kate Evans Charitable Fund")*
- Recommend an investment

Step 3:
Review Annual Grant Amount

- Charities must disburse minimum of 3.5% of capital annually
- Donor may sometimes select a granting rate
- Let's assume that this year, Kate's Fund has $4,000 available to grant (granting rate of 4%)

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Step 4:
Recommend Grants

- Recommend grants to registered Canadian charities at any time during the year

- This year, Kate's grants are as follows:

Royal Conservatory of Music:	$1,500
Toronto Public Library Foundation:	$1,000
Hospital for Sick Children:	$ 500
Daily Bread Food Bank:	$1,000

- Grants come from the "Kate Evans Charitable Fund"

What Happens Next?

- Kate can add to her Fund each year (can also leave an estate gift to her Fund)
- If Kate dies or is unable to manage her Fund. She may:
    1. Name a Successor
    2. Standing Grant Recommendation
    3. Close Out Fund

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Why might you consider a Donor Advised Fund?

- Simplicity – consolidates all your charitable giving in one account
- Cost effective – receive many of the benefits of a private foundation without the administrative responsibilities and upfront costs
- Involve your advisor in your charitable planning – part of your overall financial plan
- Professional asset management, easy record keeping and tax reporting
- Support the charities you want – when you want
- Remain anonymous or be acknowledged
- Create a charitable legacy

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The Five Cs

- Conflict
- Control
- Confidence
- Clarity
- Complexity

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Key Questions

1. What does financial independence mean?
2. What is an appropriate legacy for my family?
3. What does my social capital legacy look like?

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Modified RRIF Meltdown

- Client
- Solution
- Result

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Annuity - $100,000 capital

- Client
- Issue
- GIC @ 2.5% OR
  Annuity to produce $2500/year
- Back to back estate replacement

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Reducing Tax Burden

- Client
- Issues
- Solution
- Result

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Enhancing Philanthropic Footprint

- Client
- Issues
- Process
- Result

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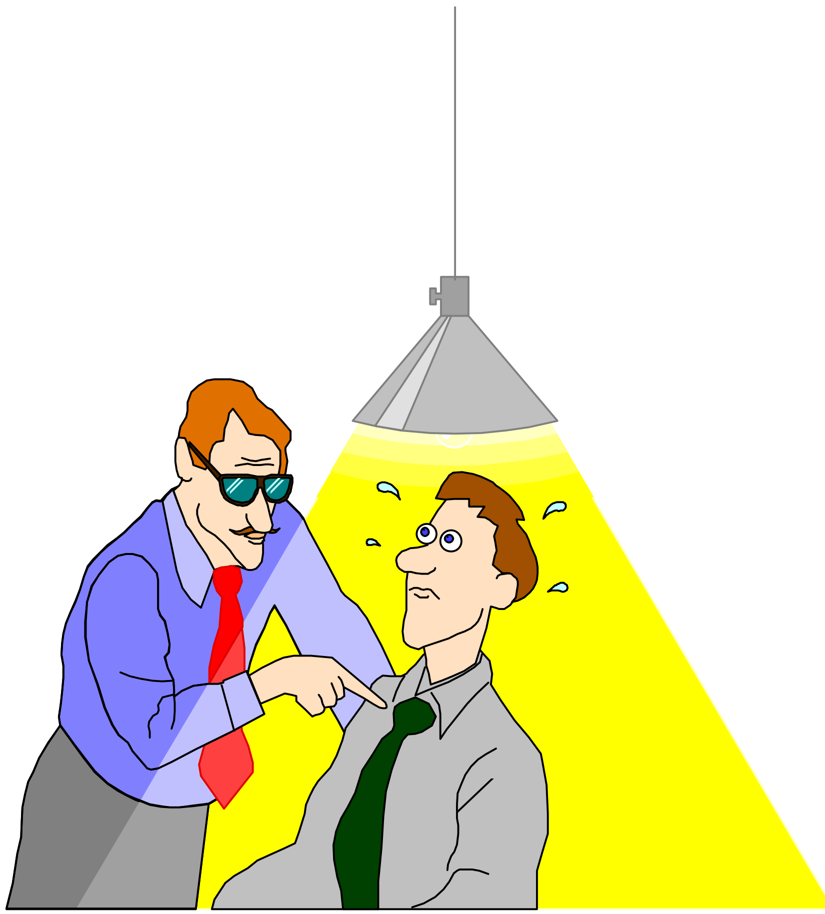
?? Questions??



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Need help?

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