Specialty Wealth & Financial's

Solutions Newsletter:

Financial Planning, Insurance, and Investment Solutions

From the Ordinary to the Extraordinary

Specialty Wealth & Financial Solutions Newsletter **February 2014**

www.SpecialtyWealth.com

Life Insurance

Do you have access to the cash value in your life insurance policy?

The primary reason for buying a life insurance policy is to have the funds available to pay final expenses, take care of immediate liquidity needs, and help to ensure your family's financial future, if you die while covered by the policy. However, many permanent life insurance plans have the additional benefit of accumulating cash values within the policy. If the accumulation stays within prescribed limits, the cash value that builds in the policy is only subject to income tax when it's withdrawn.

For financial security planning purposes, the cash value of these policies can provide liquid savings. These funds can be accessed in different ways: A partial surrender and a policy loan are two common ways of gaining access to cash value. With a policy loan, the insurer advances a loan secured against the cash value of the policy instead of permanently removing cash, and the policy continues to grow uninterrupted. Partial surrender of cash value involves the permanent surrender of some of the cash value, reducing the cash value left within the policy, affects future growth of cash value, and may reduce the death benefit payable. To determine if accessing the cash value in your policy is right for you, talk to your financial security advisor.

Investing

RRSP or TFSA? Which one should I consider first?

RRSP or TFSA or both? It all depends on your needs, and on your future and current tax bracket. If you are or may be in a lower tax bracket after retirement, you may want to consider investing in your RRSP first. However, if you will be in a higher tax bracket after retirement, you may consider investing in the TFSA first. The TFSA is a type of account, just as the RRSP or the RESP are. There is no tax deduction for amounts contributed to a TFSA, and no tax on the investment income (including capital gains) earned in the account, and no tax payable on withdrawals from it. You can use the withdrawals for any purpose. The maximum contribution amount to a TFSA is $5500 in 2014. However, if you want to catch up, you can contribute up to $31,000 to your TFSA as a total lifetime contribution. If you are planning on making a large purchase, taking funds from your TFSA will not generate any tax implications, and would be the best choice to save for the future purchase.

Ideally, contributing to both your RRSP and TFSA is the best scenario. However, it may be beneficial to consider using your TFSA in years where your income is lower. In years where your income is higher, the best strategy may be your RRSP, and benefit from tax deferred compounding interest, and eventually pay taxes on that money when income is lower.

QUADRUS
Quadrus Investment Services Ltd.

Having trouble applying this to your personal situation? Talk to your financial security advisor.

Ron King, Investment Representative,
Quadrus Investment Services Ltd.

Insurance products, including segregated fund policies are offered through Specialty Wealth & Financial Inc., and Ron King offers mutual funds through Quadrus Investment Services Ltd.

Interested in learning more about a career in Financial Services? **Contact us today at info@specialtywealth.com**

For Business

Making the business the Beneficiary on Life Insurance policies

Protecting the long-term financial security of your business could involve establishing a life insurance strategy.
Did you know…
When your business buys life insurance, it makes sense to appoint a beneficiary that allows for the life insurance to be credited as a business expense. If the life insurance policy has appointed the business as the beneficiary, it could be considered a 'business expense'.
If the business buys life insurance, and appoints a person as beneficiary, the cost of insurance is included as personal income, and you pay taxes, CPP, WSIB and EI on that amount. If the beneficiary is the corporation, the death benefit less the adjusted cost base can be taken out in a tax free manner, just the same as if the policy was personally owned. To explore how life insurance strategies can work for your business, contact us today.

Financial Planning

Estate Planning: Making your legacy last with a gradual inheritance arrangement

When planning your estate, amongst all the important decisions you will have to make is how to effectively distribute funds to your heirs. Your legacy can be protected, and last longer, by setting up a gradual inheritance arrangement that gives you a simple and flexible way to share your estate with loved ones.
Dispersing a death benefit to your multiple beneficiaries over time provides them with a gradual income payment rather than a lump sum. By doing so, you can control the manner and timing in which your legacy is received, and may eliminate the need to set up a formal trust.
For example:
Consider the case of a retired couple who have accumulated substantial assets over the years. They want to ensure their grandchildren receive a share of the inheritance, but are concerned about their ability to manage a large one-time lump sum payment. Preferring that their grandchildren's gifts are paid out over time, they select a gradual inheritance arrangement that guarantees monthly payments over 20 years to help ensure their inheritance will last.
To review your insurance policies, and discuss a gradual inheritance for your beneficiaries and make your legacy last, talk to your financial security advisor.

In the Community:

RRSP deadline, Monday, March 3rd 2014

Have you planned your RRSP contribution yet this year? As the March 3rd deadline approaches, call the office for your appointment and annual RRSP review.

We can arrange time to meet in our office, in your home, or in a convenient location, at times that work for your schedule. Not planning a contribution this year? We can review your entire retirement savings plan and offer realistic solutions to save enough for the future. Do you know how much you will need to retire and maintain the lifestyle you want? How much can you set aside each month? Talk to us today about your retirement plan.

Contact Us

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