



BAICORP FINANCIAL – QUARTERLY NEWSLETTER JANUARY 2004



DID YOU KNOW?

The amount you can contribute to an RRSP for 2004 has been increased to \$14,500

An Executor of a Will is liable for any unpaid or missed income tax payments – this is not a job to take lightly

You could become liable to support parents who are no longer capable of caring for themselves under a legal obligation known as “parental support”

RRSPs held by Banks or Mutual fund companies are not protected from creditors, while those with Insurance companies may be protected

The 7 members of Baicorp/Baitrak account for over 140 years of experience in the financial services industry

Many, many Buy-Sell Agreements under the Shareholder Agreement, do not reflect “fair market value” that could leave the deceased’s estate short changed

We offer “in-house” seminars on a number of financial planning topics, including Critical Illness Insurance, Investment Planning, Long Term Care Planning and Business Planning to protect the major shareholders and business owner

And finally, the only word in the English language that has 3 double letters in a row – Bookkeeper

ESTATE PRESERVATION

This is essentially the process of ensuring that the value of your estate, being defined as “*the aggregate of property or liability of all kinds that a person leaves for disposal at his/her death*”, is passed on with the least amount of erosion as possible.

The reduction or elimination of income taxes is one of the prime objectives in preserving one’s estate. This can be accomplished through the use of such planning techniques as: **Estate Freezes, Transfer of Ownership, Joint Ownership, Spousal and Family Trusts, Insured Charities and Annuities, and Life Insurance.** Life Insurance is probably the least expensive method of ensuring that the full value of one’s estate will be passed on to the beneficiaries so as to offset the erosion in value caused by taxes.

One must be careful and seek out the opinion and help of a professional financial planner when reviewing their estate plan, especially where the following situations are evident or may arise in the future: **where more than one residence is owned – where a cottage has been in the family for many years – where one holds shares in a private company – where one wishes to transfer ownership of property (real estate, investments, etc.) while living, to a family member for whatever reason – where one holds balances in RRSPs/RRIFs and it is likely that a good portion of the investment will be left to the next generation – and so on.**

RETIREMENT AND INVESTMENT PLANNING

There are many avenues to invest, but the wise investor looks for investments that are tax-deferred, meet their objectives in risk and return, are easy to dispose of and have some protection from creditor seizure.

Some examples of tax-deferred investments – RRSPs; stocks if held for any length of time (income taxes could be due on declared dividends); life insurance policies

Some examples of creditor protected investments – Investments held with insurance companies such as RRSPs and life insurance policies where certain requirements are met

There are still a number, although not as many as there used to be, of tax-sheltered plans. CCRA looks at these plans very carefully and one should use great caution and perform a due diligence before entering into such a plan to ensure they understand it and that it fits their investment strategy.

Please let the professionals at Baicorp assist you in your Estate Planning and Investment decisions. **LET US HELP! (RON CLARKE - ron@baicorp.ca)**