

QUARTERLY NEWSLETTER

DID YOU KNOW?

(1) Max RRSP contribution for 2005 is the lesser of \$16,500 and 18% of the previous year's earned income 18% less any P.A. from your employer plus unused contribution room. The limit for 2006 contributions is similar to the above but with a maximum of \$18,000.

2) Waheda Alli has joined Baicorp Financial as Director, Pension Sales & Client Services. Waheda has some 20 years experience in the business and we are pleased to welcome her to our Team.

3) Approximately 30% of people suffer from sleep deprivation that could lead to psychological stress, higher rates of absenteeism, higher rates of accidents and reduced quality of life. An Employee Assistance Program noted in our October Newsletter would be a beneficial add-on to any Group Plan.

4) If you suffer from seasonal affective disorder (SAD), research has shown that the best treatment is exposure to 10,000 lux in the early morning for 30 minutes.

5) Research shows that out of 1000 people, at some point in their life, 5 will have a house fire, 70 will have an auto accident but 600 will need Long-Term Care assistance (see Living Benefits).

HEALTH & WELFARE TRUST

A Health & Welfare Trust (HWT) represents a tax efficient vehicle permitting employers to provide group benefits for selected employees using individual policies. Such Trusts are often used to augment group benefits for selected employees and are taxed the same as group plans. That is, the employer can deduct contributions made to the HWT while the employee(s) are not taxed in the form of a taxable benefit.

Key Concepts: Can be used to provide benefits to key employees and need not cover all employees * Must be insured benefits * Must be an employer-employee relationship * Minimum of 2 employees * Sole proprietor may not participate; partners may contribute but be in a separate HWT from employees; shareholders may participate if they are also employees

A good example of a HWT would be providing key employees with a Critical Illness Plan for such protection against Heart Attack, Cancer, Stroke, etc.

Advantages: Attracts, retains and rewards Key Employees * Contributions are tax deductible to employer and not taxable to employee * Critical Illness benefits provide a tax-free benefit and are portable (goes with employee should they leave the company) * Unique benefit seldom included in most group plans

For further information, please contact your Consultant directly or Ron Clarke CFP, CLU at ron@baicorp.ca

LIVING BENEFIT OPTIONS

We are living longer but is the quality of life better in those later years? Janet Freedman, co-author of *Hit By An Iceberg: Coping With Disability in Mid-Career* states that "Medicare only covers a certain level of care. It is basically designed to cover emergency situations and major illnesses. It's designed to get you functional and out the door again. It's not interested in giving you quality of life. If you want quality of life, you are going to have to pay for it."

What Options Do You Have?

Rely less on Government and Social Programs and more on **Yourself** wherever and whenever possible and practical. What are some of these living benefit options?

* **Critical Illness Insurance** – provides a lump sum, tax-free benefit in you contracted one of 23 or so life-altering illnesses

* **Disability Insurance** – provides a reduced monthly income if you are unable to do the important duties of your job

* **Long-Term Care Insurance** – provides for home care or nursing home care where one is no longer able to perform one or more of the basic functions of caring for oneself

* **Nursing Home Insurance** – provides for the cost at a nursing home due to advanced age where it is difficult to look after one's self.

* **Life Insurance** – most think this only provides for a death benefit, but life insurance provides the following living benefits: money to augment retirement, special needs or allows one the ability to spend more in retirement without fear of running out of funds.

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