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Garry the guitar player



even when he's travelling

During the first months of 2017, Garry has been introducing his clients to Gary to make sure they are comfortable with the transition.

Once he's retired, Garry plans to fulfill his dream to be a musician, playing guitar with a Reggae band. "I might even hit the road again," he says. "I've been playing semi-professionally since I was 20 years old. Playing on stage is therapeutic for me. When I'm stressed and jump on stage, within a couple of songs, I'm totally relaxed."

Those who don't know Garry well might wonder about his eye patch. "This was my Mardi Gras 1998 souvenir from New Orleans," he says. "I slipped on Bourbon Street, landed hard on my right side, dislodging and tearing my retina. I had a couple of surgeries, but complications set in rendering the eye somewhat useless. The image that hits my brain from the eye looks like the reflection in a fun-house mirror. The patch is to stop the two images hitting my brain at the same time and making me seasick."

For somebody like Garry, who loves good food, nausea is not an option. "Oh my, oh my, mmmm, mmmm, this is the best, most wonderful," he's been heard to proclaim when devouring something particularly delicious. "Garry is always the quickest eater of the group," says Leslie Challis, a Nakamun partner in Winnipeg. "It's like he inhales his meals, finishing his plate before others have barely taken a bite, then looking around the table looking like a hungry puppy anxious for more." His love of desserts is legendary. "At a Nakamun group meeting in Vancouver, one by one, we all sent our creamy peach pudding over to Garry," remembers Leslie. "I think he ended up eating 32 of them."

Shauna Blackburn-Cook from Nakamun Group Employee Benefits in Edmonton recalls "another Nakamun dinner meeting where dessert was a tapioca pudding. Garry ate his plus everyone else's, and then it was a challenge. He ate 17."

"I've always loved how excited and animated Garry gets when talking about his passions, be it solving a complicated financial planning issue for a client, music, fine dining, or scotch," says Leslie.

"He has a passion for life through his work and music," says Shauna.

We know you'll take that passion with you wherever you go, whatever you do, Garry!

"We'll miss Garry," says Floyd Murphy of the Nakamun Group in Vancouver. "As a group, we always make sure we have a plan in place for when one of our partners retires or is unable to continue."



Garry and Norma enjoying retirement life

AN INFORMATION SERVICE OF THE NAKAMUN FINANCIAL GROUP

Nakamun ADVISOR

SPRING 2017

BUDGET 2017 BUSINESS AS USUAL... AND MORE RED INK

BY GARRY KEILLER, EDMONTON



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The cautious approach in the 2017 Federal Budget is warranted, in light of the uncertainties emanating from the United States. The Budget projects a deficit of \$23 billion for 2016 – 2017, falling to \$19 billion by 2021 – 2022. The total of these future deficits and the resulting impact on the national debt exceed those projected in last year's Budget.

On the tax front, a few items, including a speculated increase to the capital gains inclusion rate, were conspicuously absent. As well, corporate and personal income tax rates remained unchanged.

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Nakamun
Good Advice | Well Given

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IMPACTS TO PERSONAL TAXES

“Ineffective” Tax Measures Eliminated

The Budget proposes to eliminate tax measures that have shown to be ineffective and inefficient, and those being used on a limited basis and not achieving their intended purpose. These include the Public Transit Tax Credit, children’s fitness and arts credits, education and textbook credits for students, and deduction available for employee home relocation loans. The Budget also confirmed that the First-time Donor’s Super Credit for charitable donations will be discontinued in 2017.

Goodbye Canada Savings Bonds

The Canada Savings Bond program is no longer a cost-effective source of funds. Sales of new Canada Savings Bonds will end this year, but all outstanding bonds will be honoured.

“Sin” Taxes

The alcohol tax went up immediately and will continue to increase with inflation.

Caregiver Tax Credit

Those providing care-giving services to another may currently be eligible to claim three different tax credits. The Budget proposes simplifying the credit system for caregivers by replacing these credits with one new credit entitled the “Canada Caregiver Credit” that will be effective for the 2017 and subsequent taxation years.

Tuition Tax Credit

The 15 percent tuition tax credit has not been available for occupational skills courses that are not at the post-secondary level and yet offered by a university or college. The Budget proposes extending the eligibility for these credits to such skills courses taken after 2016. These could include numeracy or literacy courses taken to improve job skills.

Non-accountable Expense Allowances

Tax exemption for non-accountable expense allowances for elected members of provincial and territorial legislative assemblies and certain municipal office holders will be eliminated. For 2019 and subsequent taxation years, a non-accountable allowance paid to these officials will be included in income.

IMPACTS TO BUSINESS TAXES

Anti-avoidance Rules Extended to RESPs and RDSPs

Certain anti-avoidance rules that apply to registered plans such as Registered Retirement Savings Plans (RRSPs), Tax-Free Savings Accounts (TFSA), and Registered Retirement Income Funds (RRIFs) will be extended to Registered Education Savings Plans (RESPs) and Registered Disability Savings Plans (RDSPs). These rules prevent registered plans from offering tax advantages that are excessive or unrelated to the benefits they provide. Generally, the changes will apply as of Budget Day — March 22, 2017 — and will likely have little impact on RESPs and RDSPs that offer conventional investment choices.

Tax Treatment of Mutual Funds Organized as Corporations

The Budget proposes to ease the tax treatment of mutual funds organized as corporations, also called corporate class funds. The proposal is to allow these mutual funds to reorganize with one or more mutual fund trusts on a tax-deferred basis, as mutual fund trusts are currently permitted to do. The proposed change, effective March 22, 2017, would also apply to segregated funds.

Bill-based Accounting for Designated Professionals

The Budget proposes to eliminate the ability of professionals such as doctors, lawyers, dentists, and accountants to exclude the value of their “work in progress” when calculating income. The change will be phased in and will take effect the first tax year following March 22, 2017.

Oil and Gas Exploration

Companies had previously been able to deduct expenditures for discovering previously unknown petroleum or natural gas reservoirs in the first year. In the future, Ottawa will allow only 30 percent of costs to be deducted each year on a declining basis. That means companies will pay more tax upfront and get gradual deductions, only if their projects are successful.

Definition of Taxi Service Expanded

The definition of a taxi service will be changed so that ridesharing services such as Uber will be taxed in the same way that traditional taxi services are.

Gifts of Medicine

Currently, corporations that make a gift of medicine to a charity are eligible to claim an additional deduction for the donation. This will be eliminated on gifts of medicine made on or after March 22, 2017.



Tax Planning Strategies Involving Private Corporations

The Government is currently reviewing tax-planning strategies involving private corporations. These include:

- Reducing income taxes by shifting income from individuals in high personal tax brackets to family members in lower tax brackets
- Holding a passive investment portfolio inside a private corporation, which may be financially advantageous for owners of the company but not to similar investors

- Converting a private corporation’s regular income into capital gains to take advantage of lower tax rates compared to taxes on income

The Government is planning to issue a paper in the coming months outlining the perceived issues and responses in more detail.

Private Foundations

The Budget proposes prohibiting private foundations from receiving gifts of ecological property because of potential conflict of interest.

GARRY KEILLER ROCKING THE STAGE AFTER ALMOST A HALF CENTURY RIDING A DESK



Garry Keiller, formerly Nakamun Financial Group, Edmonton

For decades, Garry Keiller has helped Edmontonians plan and save for a better retirement. “This year marks my 48th in this industry and 30th with the Nakamun Financial Group. The years have flown by and I’ve met amazing people and made wonderful friends.”

Garry hadn’t planned to be in the financial services business. As an 18-year-old, he’d considered going to university to become a teacher, but instead, ended up in a management training program for a now-defunct life insurance company. After learning that end of the business, he switched to customer service with an independent insurance agency, and then seriously considered becoming a “starving musician”. His partner, Sharron Schon and a Manulife Financial branch manager encouraged him to open his own financial services company, focusing particularly on retirement planning. Not long after that, the Nakamun Financial Group approached Garry to provide retirement planning services and products to the group’s Edmonton clients. “I could not have found a better group to join,” Garry says.

In the past year or two, having reached an age when most of his contemporaries were already enjoying retirement, and facing health issues that caused him to question the wisdom of continuing to work at the pace he’d set for himself for almost thirty years, Garry started to look for somebody who would care for his clients the way he did. “If I was hit by a truck, what would happen to my clients?” he asked himself. While he’d been approached by a number of individuals offering to take over his practice, he rejected all of them, until he met with a long-time business competitor, Gary Koss. “I’ve known Gary for 20 years and after we both did our due diligence, I knew I’d found the right person to look after our clients.”

Gary’s company, LGK Wealth Management, associated with Stroud Agencies Ltd., is much larger than Garry’s Nakamun Financial Services, both are associated with Manulife Securities, and both their methodologies are virtually identical. “I am absolutely convinced I have made the right choice,” says Garry.

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