

# Nakamun ADVISOR

FALL 2017

## INFORMATION PROFUSION

FLOYD MURPHY, CFP, CLU, CHFC, THE NAKAMUN GROUP, VANCOUVER



Electronic access to information is fast, easy, and convenient, not just for us, but also for regulatory authorities such as Canada Revenue Agency (CRA). CRA has more readily available information about us than ever before, and they are willing to share with us.

However, be aware that CRA's information is only as accurate as the sources providing the data to them. Generally, the information about you is correct and useful, but verifying and crosschecking is incumbent upon you.



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*Independent Advisors in Retirement,  
Financial and Estate Planning, Employee  
Benefits and Corporate Insurance.*

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## TAX SLIP INFORMATION

The information on tax slips you receive has always been sent to CRA as well, but now, whatever they have about you is accessible to you on CRA's website if you have a registered online personal account. If you prepare your own tax returns and use software certified for the Netfile program, in some cases, the forms will automatically be filled in with information CRA already has. While this is convenient for you, there are two potential problems:

1. If you file too early, you and CRA might not have all the required information to complete your tax return. If additional information is received after you've filed, you must file an amendment before the tax return deadline, especially if you owe more money. If you don't meet the deadline, you could face significant penalties and interest, particularly if your failure to report income occurs with any frequency
2. The information you download from CRA could be incorrect. While mistakes are rare, they do happen, so double-check CRA's information. If something looks wrong to you and you have information that you believe is correct, override the downloaded data and manually input your own numbers. If you need help to determine where an error occurred, contact your accountant or your Nakamun Advisor



## The New T5008

The 2016 tax year was the first time T5008s were issued for securities transactions in non-registered accounts, whether the result was a gain or loss on an actual or deemed sale. In the past, these transactions would appear on your year-end statements, but would not necessarily result in a T-slip being issued. Again, you are responsible for reporting any income from the sale of securities, and the T5008 should simplify that for you.

## Principal Residence Sales

If you sell your principal residence, you now have to report that on your income tax return. There are specific rules that can jeopardize your principal residence status. For example, structurally modifying your residence to create a rental suite could make a difference. Be sure to seek professional advice before making changes or if you are planning to sell a property that has been modified.

## Canada/US Information Sharing

More and more information is being shared between Canada and the United States. If you are a US citizen or hold a valid US green card, you must file a US tax return. If one or both of your parents were born in the US, even if you were born in Canada and have never lived in the US, you could still be considered a US citizen.

Knowing which country or countries require you to file an income tax return is important, so if you aren't certain, consult an expert.

## Information Overload

Availability and access to electronic information are not always advantageous and beneficial. Where involvement with CRA, or any other regulatory authority is concerned, easier access to information is perhaps more convenient for everyone, but fact checking becomes more onerous for you, albeit no more or less important than it's ever been. As always, your Nakamun Advisor maintains accurate and detailed data relevant to the services we provide to you, so please call if we can help you reconcile information you see online with whatever our dealings are with you.

# ONE IS BETTER THAN MANY

BY R.A. (BOB) CHALLIS, CFP, RHU, TEP, THE NAKAMUN GROUP, WINNIPEG

Having one registered retirement income fund (RRIF) managed by one financial advisor is by far the most effective and beneficial approach to managing your retirement income. Scattering your RRIFs at multiple financial institutions might be perceived as diversification, but that perception is incorrect. Diversification is achieved within one portfolio, and a single financial advisor, who understands your retirement plans and goals, is best positioned to help you create a strategy, and then consolidate and structure your investments to reach those goals.

Once you and your advisor have developed a financial plan, having all your investments in one place, managed by one individual, makes your

life simpler — one consolidated statement gives you a complete picture of your holdings; a single consultation with a professional you trust, who knows you and your situation, can react quickly and appropriately to changes you need or want; and if suddenly something happens to you, your family has a single source of comprehensive information about your financial affairs.

If you haven't already consolidated your RRIFs or other registered investments, consider doing so. Your Nakamun Advisor is well positioned to help you.



# REPLACING EMPLOYER-PROVIDED BENEFITS PLANS

BY SHAUNA BLACKBURN-COOK, BCOM, THE NAKAMUN GROUP, EDMONTON

When you retire or leave an employer for any other reason, or reach the maximum age limit of your employer-sponsored benefits plan, you face important decisions regarding the replacement of your benefits. You may have the option to convert your health and dental benefits to a personal plan, however, if your group plan has an age limit, once you reach that age, conversion is not an option.

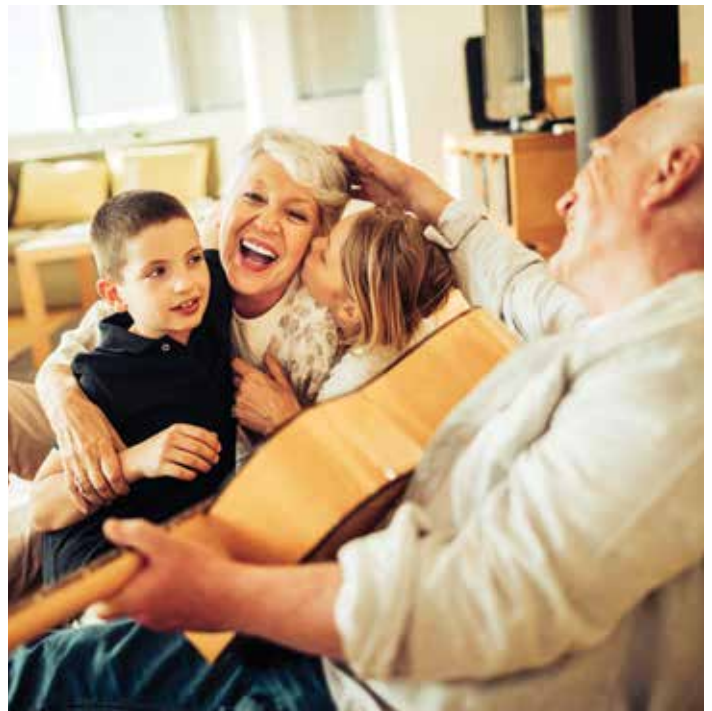
In the past, conversion options were limited, but now, with more options available, the decisions become more complex. If you are able to convert to a personal plan without having to reapply and provide health and medical information — a significant advantage if you or a dependent has a health condition — you typically must do so within 30 days from the date your group benefits cease. These personal plans generally have low coverage levels, but in most cases, you can increase the coverage, add other features, or choose another insurance provider. If you change the personal plan that is offered for conversion, you may or may not have to provide health and medical information. The premium costs will depend on the coverage and features you choose.

## Coordination with Provincial Coverage

Conversion plans are coordinated with the health and drug plans of the province where you reside, and premiums are priced accordingly.

## Health and Dental Care Benefits

The health and dental care benefits you choose will be determined by an analysis of your needs or anticipated needs, and the cost-benefits of the type of insurance that would be required to provide the coverage you desire. For example, if you need chiropractic, physiotherapy, or dental care, those costs are, to some extent, predictable. The cost to insure could be similar to the cost of the benefits received.



## Life Insurance Conversions

When your employee benefits cease, if life insurance is a component, you may be able to convert that to an individual policy, as well. The options will be determined by your group plan, and they might not be appropriate for you. When you retire, your life insurance needs change. For example, you might want life insurance as part of your estate planning strategy to cover capital gains taxes or for charitable giving. Insurance companies offer various types of coverage, some which might be more suitable for you than others, and some offer lower premiums, if you can provide proof of good health.

## Contact Your Nakamun Advisor

If you are about to become ineligible for your employer-provided benefits plan, please contact your Nakamun Advisor to discuss options for replacing your group insurance coverage with individual coverage that meets your needs now and in the future.

# CREATING RESILIENCY

BY R.A. (BOB) CHALLIS, CFP, RHU, TEP, THE NAKAMUN GROUP, WINNIPEG

*Resiliency — the capability to cope and function in the face of significant adversity*

We wake up each day, and at some point, plan our tasks and activities. We presume we'll be healthy enough to complete all that we planned. But what if, suddenly, that reality changed? A sudden serious illness, or diagnosis of one, invariably knocks your spouse and other family members for a loop. Would you or your family members know what to do if you became ill or incapacitated? Who would handle your affairs, and how would that person access your important documents? Could there be problems?

This is a difficult issue to even think about, but not doing so can and does result in serious financial and practical challenges. Having a contingency plan in place is the only way to ease the stresses faced by your love ones.

If you had just three months' advance notice of a serious event, how would you prepare? Here are some ideas to help you get started.

## Plan and Organize

Your spouse, adult children, and any others who will handle your financial affairs, should know the locations of all important documents, contracts, policies, and any other information they will need. They should also know the name and contact information of the people to call for assistance, such as your lawyer, financial advisor, primary doctor, and dentist. Last but not never least, identify issues unique to your situation.

## Document Everything of Importance

Create detailed lists of everything you own, control, or are responsible for. Remember to itemize computer application credentials and passwords. Update regularly.

## Assemble Tax Records

Keep your tax records in one place, along with supporting documents such as prior-year tax returns; bank and credit card statements; cancelled cheques; deduction receipts; details on income from employment, pension, interest, dividends; the cost of any investments; and a historical summary of capital gains and losses claimed.

## Legalize Documents

You must have a valid, written Power of Attorney that authorizes one person to act on your behalf regarding financial matters. Requirements differ from province to province, so seek legal advice.

## Call Your Nakamun Advisor

Effective contingency planning makes a significant difference in the outcome of unexpected situations and in the lives of those you will depend on. Your Nakamun Advisor can help you with your planning and implementation.

## Your Personal Checklist of Important Documents

- Insurance policies and contact information
- Bank accounts and contact information
- Debt obligations, due dates, and contact information
- Family's passports
- Doctors and contact information
- Medications, prescription numbers, and contact information of all pharmacies you use
- Power of Attorney, living will, healthcare proxies for you and all for whom you are attorney-in-fact or healthcare surrogate
- Your will(s) and all those of the people for whom you are the executor
- Safety deposit box keys and location of the box
- Investment, retirement, and bank accounts, with all contact information



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Good Advice | Well Given