Finance for Life™

Achieving Financial Success™

Finance for Life. Wealth for Living.™

CANFIN FINANCIAL GROUP
A qualified approach to wealth solutions

Services we can provide through our Group of Companies

Investment Planning	Tax Planning
Insurance Planning	Financial Planning
Mortgage Planning	Estate Planning

Canfin Financial Group,
Client Services Dept.

2829 Sherwood Heights Dr., Suite 102,
Oakville, ON L6J 7R7

For immediate service, contact your Canfin Advisor or,
Tel. 1-877-4-CANFIN
Fax. 905-829-0052
email: clientservices@canfin.com
web: www.canfin.com

Please do not hesitate to contact your advisor for a Confidential Financial Review.

Reasons to Consult a Lawyer
TO UPDATE YOUR WILL

Keeping your will up-to-date is as important as having a will. Consider updating your will for the following reasons.

- **Marriage.** Your will is revoked upon marriage, unless it specifically states it was created in contemplation of marriage.
- **Birth of children and grandchildren.** Ensure they are provided for.
- **Divorce.** If your will names your spouse as executor, this appointment is nullified upon divorce.
- **Separation.** If you die before your divorce becomes final, your spouse may retain access to your estate assets.

Note: Legislation may vary in some provinces.

- **Change in wealth.** If you inherit money, or your assets decline, consider altering your bequests.
- **Change in laws.** The validity of your will may be affected by changes to laws.
- **Change in health.** If you anticipate requiring costly long-term health care, you may want to alter the specific bequests in your will to reflect this new reality.
- **Death of executor or beneficiary.** Appoint a new executor or review your beneficiary designations.
- **Sale of business.** If your assets become more liquid upon the sale of a business, pass that benefit along to beneficiaries or charities.
- **Purchase of major asset.** If you buy a new asset (e.g., a cottage) not dealt with in your existing will.

Magical Capital:
CREATING LARGE TAX-FREE CAPITAL GUARANTEES

Life insurance has provided families with basic financial security for well over 100 years. For example, a healthy 40-year-old male, non-smoker, can purchase up to $500,000 worth of insurance for as little as $50 per month. That life insurance policy would pay out a tax-free death benefit equivalent to 10,000 times the amount of one monthly premium payment!

Continued on page 2...

Continued from page 1...

In this case, the guaranteed cheque for $500,000 would provide necessities such as groceries, shelter and home repairs, transportation for dependents, and perhaps a higher education for children. In this sense, life insurance is tangible. When we look at the assets and services such a large benefit can purchase, and for whom the security is assured, we realize how small the premium really is. Even if a death occurs one day after the initial premium payment, the full benefit is payable tax-free, thus instantly creating new capital, far exceeding what the insured individual may have acquired in net worth. Most accountants and financial advisors agree: even before investing, life insurance is the foundation upon which families with dependents build their financial security.

Life insurance, in addition to your current capital saved, is designed to make up the difference, in order to provide the total capital necessary to create ongoing investment income from which dependents can live securely after income taxes and other liabilities are paid. Many people who may not have perfect health are surprised to find that they can also purchase life insurance to insure their financial security.

Note: Life insurance premiums vary according to the policy type, and in some cases paying a little more premium offers enhanced benefits and some offer tax deferral strategies.

Securing the financial future of an owner-operated
FAMILY BUSINESS

It is estimated that small family businesses employ over 5 million people in Canada. Our economy depends on their future well-being. A successful business owner has an optimistic outlook and enjoys a challenge. Yet if family businesses are to remain successful in our fast-paced economy, they must address the following issues:

• Continued success may depend on the leadership of the founding owner. If the owner desires to retire in 10 or 15 years, succession planning may be necessary today. Have you made plans to sell, or to pass the company on to the children or another successor?

• Talk to your CA or tax lawyer to assess possible capital gains tax liabilities. If these liabilities exist, life insurance policies may be able to solve the problem in advance. Life insurance could be purchased individually or jointly on the lives of the owner and/or the spouse while in reasonably good health.

• If the owner of the company will depend on the company's resources for retirement income, it should be budgeted as an ongoing disbursement, in terms of salary or dividend payments.

• An immediate (as well as long-term) successor should be groomed to take over the company, just in case the owner suffers a disability. Owners need to ask, "What would happen if I was laid up and incapable of giving directives? Would that force a fire sale of my company?"

• To prepare for the event of either disability or death, owners should make sure they are covered with both disability insurance to replace income, and life insurance to meet capital needs and cover liabilities such as company debt. Acquiring loans may be harder for unknown successors and servicing debt could get costly if interest rates go up. Life insurance can relive company debt entirely upon an owner's death, spouse's death, or after both have died (using a joint-last-to-die policy).

• Owners need to ensure that key family members actively working in the company (including active owners), and important employees, are covered with key-person insurance. If a key-person is afflicted with a disability or dies, the business may need money to acquire replacement help.

• Buy-sell agreements are essential for partnerships and many corporations. Often family members in joint ventures will overlook this planning device as they feel they can solve business issues when one dies or is disabled. Without proper planning, businesses could get bogged down in conflicts, and may not have enough capital to buy out the interest of a partner. Back up the agreement with life insurance and disability insurance to solve these potential problems.