



CONFIDENT TIMES

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Generosity Takes Sound Planning

There are so many worthy causes to which we want to contribute that it's easy to lose track of our donations. Here are some tips for maintaining control over your charitable giving.



- Decide which causes are dearest to you.
- Set a budget for your donations.
- Instead of a cash donation, consider using life insurance in order to give more while also paying less out of pocket.
- Another alternative to cash donations is the transfer of assets such as shares.
- Volunteering is another excellent option for contributing to your preferred cause.

Planning your donations gives you greater control over your cash resources while also providing the gratification that comes from supporting your favourite charities.

Reminder

March 1, 2010, is the deadline for contributing to an RRSP for the 2009 tax year.

Should I invest in an RRSP or pay down my mortgage?

That's a good question. On the one hand, it's wise to start retirement debt free. On the other, it's important to provide for income sources during retirement.

One popular strategy suggests contributing to an RRSP and then applying the tax savings to your mortgage. This approach may work well for many people, but before deciding which strategy is best for you, consider factors such as how many years you have left before retirement, your mortgage balance and interest rate and how you plan to generate income during retirement, among others.

The risk comes from creating a situation where you have paid down your mortgage but not left enough savings to generate adequate retirement income. The reverse situation can be just as problematic, since mortgage payments during retirement leave you with less income to put toward enjoying life.

The strategy you choose should be based on your financial objectives. Your financial advisor may be able to help you clarify these objectives and decide on the strategy that's best for you.



Segregated Funds vs. Mutual Funds

As they tend to do every RRSP season, investors wonder how to make the most of the capital they allocate to financing their retirement. But it's not for lack of investment funds.

Besides the mutual funds offered by banking institutions, investors can also choose the segregated funds offered by insurance companies, which help you to protect your capital.

What distinguishes a segregated fund from a mutual fund?

First, let's look at what they have in common: both invest in stocks, bonds, and money market funds; both have good growth potential; both provide investment diversity; and both can be purchased under the auspices of either an RRSP or a non-registered investment.

However, segregated funds offer six undeniable advantages **not available** through mutual funds:

1. **Guarantee at maturity:** Money invested in a segregated fund has a guaranteed payout of 75% upon maturity.
2. **Guarantee upon death:** At your death, the amounts invested in your segregated fund contract are guaranteed at 100%.*
3. **Potentially creditor protected:** Designation of one or more beneficiaries within the class of beneficiaries as prescribed by the applicable insurance legislation potentially protects your funds from seizure by creditors.
4. **Simplified estate settlement:** Upon your death, all funds payable are distributed directly to your designated beneficiaries and do not become part of your estate, avoiding estate fees.
5. **Insurance protection:** If your life insurance company becomes bankrupt, Assuris, a not for profit organization that protects Canadian policyholders, guarantees that you will retain 85% of the guarantee upon maturity amount or \$60,000, whichever is higher.*
6. **Beneficiary designation for non-registered contracts:** Estate planning and intergenerational wealth transfer can be facilitated through direct beneficiary designations.

Therefore, segregated funds offer good potential for both diversification and growth. Given the nature of their guaranteed payouts at death or maturity, they merit serious consideration by investors nearing retirement or seeking to secure their investments.

* subject to certain conditions