PROGRESS
CAPITAL MANAGEMENT

The Personal Prosperity Program™

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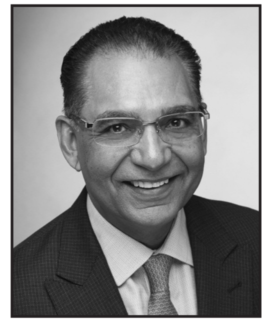

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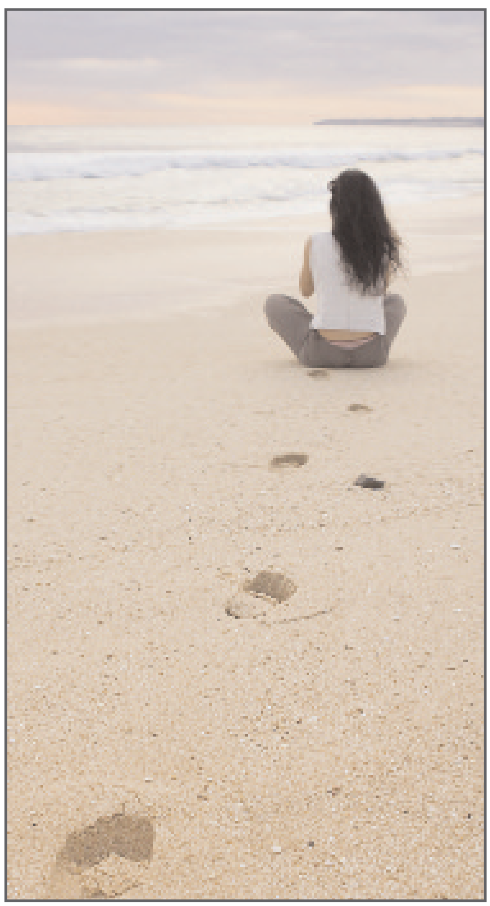
Why widows need a financial plan

The widow population over the age of 65 is one of the fastest growing demographics facing poverty! Senior widows outnumber widowers four to one and represent about 45% of all women aged 65 and over. The baby boomers make a large part of this populace. Many widows are facing living in an impoverished retirement because their family finances needed to be better managed.

> "Senior widows saw their median income decline continuously in the five years following the loss of the spouse. On the other hand, widowers' median income was higher five years after the wife's death when compared to the year before that event." *Statistics Canada*



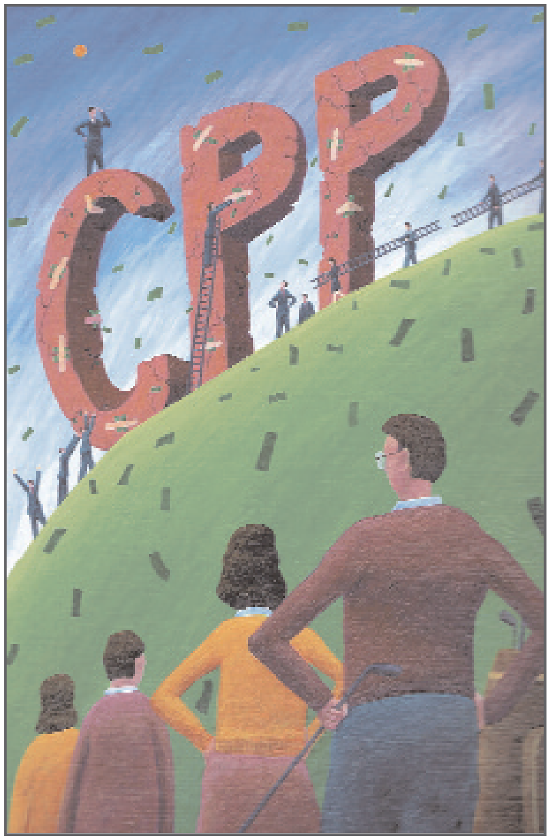
It is wise to engage in financial planning and become financially educated early on in life jointly with your partner. Otherwise, one may begin to ask the following questions or find out the facts too late after a partner dies.

Is there any life insurance on my partner?

Don't assume that a company group plan provides for life insurance. If it does, it may be a paltry amount — not enough to meet your needs, especially if you still have dependent children. A group plan's life insurance can end once a person retires and no longer works at a company where there earlier was life insurance.

What about the policy we bought when we were younger?

Many personally owned life insurance plans are set up as term insurance renewing every five or ten years which increase fees dramatically over time. Thus, people might opt out of these plans or convert to a much smaller lifetime benefit. Or the life insurance may not carry on after age 65 or may never have been renewed or was replaced by a company insurance benefit when your partner began a new job.



When the children no longer need to be supported, life insurance purchased for the family can be reduced. However, the face amount of the necessary death benefit needs to be reviewed so as not to trim the coverage so far that it no longer covers the spouse's current capital needs.

If your partner owned a business

Life insurance is often bought for business partnership needs. The company partners are generally the beneficiaries of any buy-sell agreement in order to purchase the deceased shares. If the spouse was a partner of a company it will pay to have a lawyer examine any existing life insurance contract and the buy-sell agreement. Key-man insurance gives surviving company partners beneficiary status by agreement.

A bank or lender is generally the beneficiary of business debt insurance assigned to the financial institution.

Is there a balance on the Home Mortgage?

Often the spouse does not consider that if her partner dies, she may have remaining mortgage payments and an ongoing need for income into retirement not yet saved in the traditional way of using Registered Retirement Savings Plan (RRSP) or Tax-Free Savings account (TFSA).

There may be a balance on the mortgage and a very large Home Equity Line of Credit (HELOC) debt which has drastically reduced the home equity. Home additions, a dream vacation or spending home equity for monthly expenses paid by HELOC debt can spell financial trouble later. The lending institutions do not make it a practice of educating clients on the dangers of HELOC debt. That can be explained by a financial advisor.

Who was my partner's advisor?

Many realise too late, the need to get involved with their partner to plan their future together. Often there is secrecy around financial planning. Some may not know who advised their partner or whether a financial advisor, banker, lawyer or accountant has any information for them anywhere! A widow may not even be able to find any paperwork or an existent life insurance policy once the partner dies.

Note: What affects the widow population can also affect the widower or any common-law partner in a relationship, and may or may not depend on only one partner's relationship to financial planning responsibilities.

Does the Canada Pension Plan (CPP) offer a death benefit?

The CPP may offer a small death benefit but is generally not designed for providing a retirement income, or looking after a surviving spouse as he or she ages.

Your spouse or common-law partner may be eligible to receive the CPP survivor's pension, and your dependent children may be eligible to receive the CPP children's benefit. However, there may be certain restrictions with regard to CPP provisions so beware that you should talk to an advisor.

CPP and Business Owners

Business income and any other income such as business investments, rental income, etc., may affect CPP payments. It is important for business owners to pay as much as possible into their CPP while working as this can make a big difference later in their CPP pension income. Small business owners earning a low income, may have a reduced CPP benefit during retirement. Small business persons who try to maximize their RRSP, may undiscernibly leave little net-income to enable a good CPP contribution.

What is the CPP's Child-Rearing Provision?

If you stopped working or received lower earnings to raise your children, you may be able to use the "child-rearing provision" to increase your CPP benefits.

Caring for young children can mean leaving the workforce or working fewer hours. If your earnings stopped or were lower because you were the primary caregiver raising your children under the age of seven, you can request the child-rearing provision.

If you are deemed eligible, the child-rearing period will be excluded from the contributory period when calculating your CPP benefit amount, ensuring that you get the highest possible payment.

Primary caregiver For the CPP, the primary caregiver is the person who was most responsible for the day-to-day needs of the children for the specified periods.

Am I eligible? The child-rearing provision may apply to you if:

• you have children born after December 31, 1958;
• your earnings were lower because you either stopped working, worked fewer hours or took a lesser paying job to be the primary caregiver of a dependent child under the age of seven; and
• you or your spouse or common-law partner received Family Allowance payments or were eligible for the Canada Child Tax Benefit (even if you did not receive the benefit).

Either spouse or common-law partner can request the child-rearing provision, but it cannot be used by both parents for the same period of child-rearing.

Why should I request the child-rearing provision? You should request the child-rearing provision because it may increase the amount of your CPP benefit.

The child-rearing provision could also help you meet the eligibility requirements for a CPP Disability Benefit, should you need it. In the event of your death, it could help you meet the contributory requirements to provide benefits to your estate and survivors.

How can I request the child-rearing provision? You should request the child-rearing provision when you apply for any CPP benefit with a special application form.

If you are already receiving a CPP benefit, you can still request this provision.

What documents do I need to provide? You must provide one of the following for each child:

• the child's name, date of birth, and Social Insurance Number; or
• the child's birth certificate (the original or a certified true copy)

You may also be required to provide proof of the date of entry into Canada for children born outside Canada.

Source: CRA, Canada.ca

The RRSP Review 2017-18

What is your RRSP/PRPP deduction limit?

Your Registered Retirement Savings Plan (RRSP) and Pooled Registered Pension Plan (PRPP) deduction limit, often called your “contribution room” is:

• the amount that you can contribute to your RRSP, PRPP, or SPP (specified pension plan)
• the amount that you can contribute to your spouse or common-law partner’s RRSP or SPP
• the amount your employer can contribute to your PRPP
• the maximum you can deduct on your tax return, reducing your tax obligation for that year

What RRSP, PRPP, or SPP contributions can you deduct on your tax return?

You can claim a deduction for:

• contributions you made to your RRSP, PRPP or SPP

• contributions you made to your spouse's or common-law partner's RRSP or SPP
• your unused RRSP, PRPP or SPP contributions from a previous year

You cannot claim a deduction for:

• amounts you pay for administration services for an RRSP
• brokerage fees charged to buy and sell within a trusteed RRSP
• the interest you paid on money you borrowed to contribute to an RRSP, PRPP, or SPP
• any capital losses within your RRSP
• employer contributions to your PRPP

What is the deadline to contribute?

Contributions made to your RRSP, PRPP or SPP or to your spouse's RRSP or SPP can be contributed up to March 1, 2018.

Can contributions be made on behalf of a deceased individual?

No one can contribute to a deceased individual's RRSP, PRPP or SPP after the date of death. But, the deceased individual's legal representative can make contributions to the surviving spouses or common-law partner's RRSP and SPP. The contribution must be made within the year of death or during the first 60 days after the end of that year. Contributions made to a spouse's or common-law partner's RRSP or SPP can be claimed on the deceased individual's tax return, up to that individual's RRSP/PRPP deduction limit, for the year of death.

What is not considered an RRSP, PRPP, or SPP contribution?

The following are not considered to be an RRSP, PRPP, or SPP contribution for the purpose of claiming a deduction on your tax return. Find out the special rules that apply if you:

• repay funds that you withdrew under the Home Buyer's Plan
• repay funds that you withdrew under the Lifelong Learning Plan

How is your RRSP/PRPP deduction limit determined?

The 2017 annual Maximum RRSP limit is $26,230 (see RRSP limit Table).

MAXIMUM ALLOWED CONTRIBUTION	
Tax Year	**Contribution**
2018	$26,230
2017	$26,010
Source: CRA	

The Canada Revenue Agency generally calculates your RRSP/PRPP deduction limit as follows:

The lesser of
• 18% of your earned income in the previous year, and
• the annual RRSP limit

Minus
• your pension adjustments (PA)
• your past service pension adjustments (PSPA)

Plus
• your pension adjustment reversals (PAR), and
• your unused RRSP, PRPP, or SPP contributions at the end of the previous year

Source: CRA