



Creating certainty for
your future:
The importance of a
well-structured retirement & estate plan

Agenda

In today's seminar, we'll discuss the benefits of a well-structured retirement & estate plan, along with critical tax considerations and other key planning decisions you'll need to make.

We'll cover:

- Our team and IG Wealth Management
- Optimal retirement portfolio and income planning
- Estate planning 101: An overview of the basics
- Estate planning 201: Minimizing the impact of tax
- How insurance can help
- Your next steps



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When you partner with our team, you also partner with IG Wealth Management, an industry leader that Canadian families have trusted for generations.

- Canadian owned and operated since 1926
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- Committed to 100% of Consultant practices achieving the CFP® or F. Pl. designation
- **IG Living Plan™** – a sophisticated, interactive financial planning experience
- **\$130 B¹** in assets under administration
- Access to **world-leading asset management expertise** and exclusive managed investment solutions



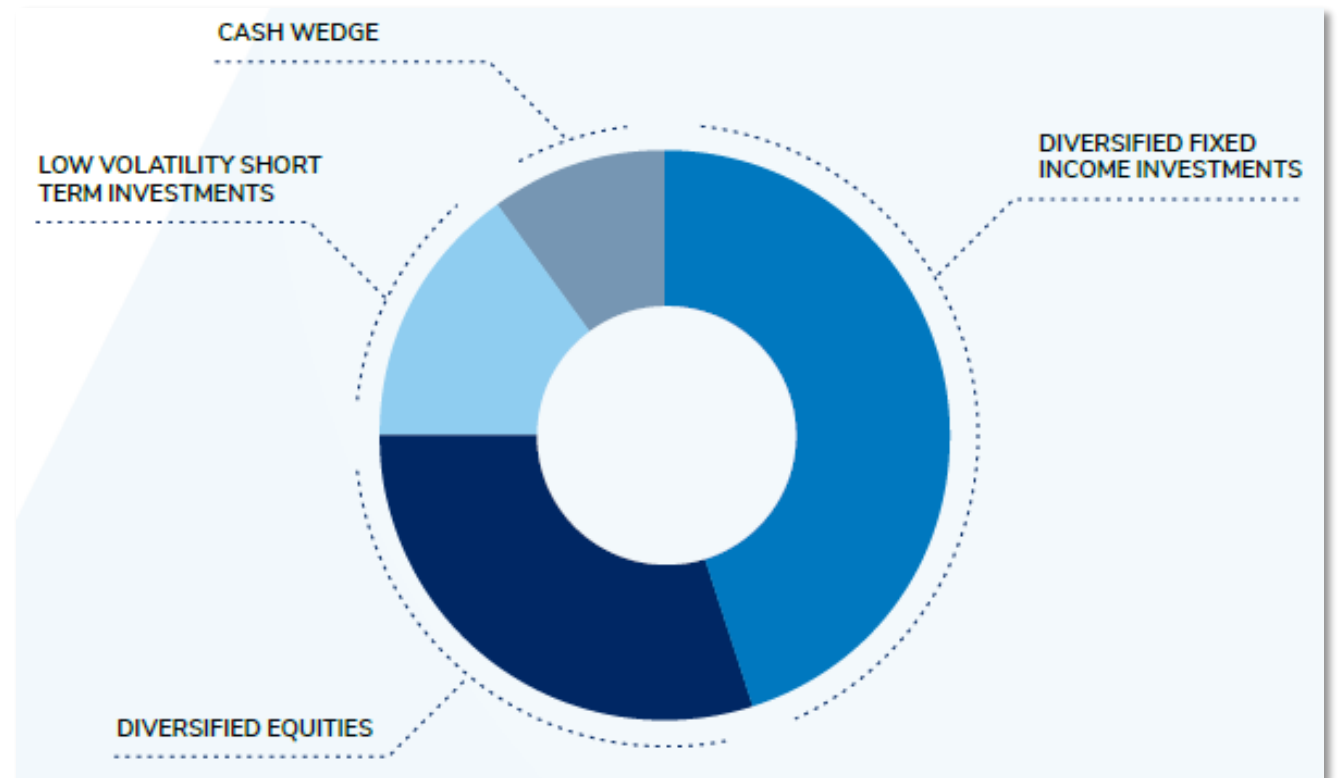
¹As of December 31, 2022

Retirement Planning

Portfolio considerations in retirement

Key Considerations:

1. **Cash wedge** – Do you have 12-24 months of income needs set aside in a safe solution?
2. **Diversified portfolio** – How conservative should your retirement portfolio be?
3. **Tax-Free Savings Accounts** – Should you be more aggressive in these accounts vs RRSPs?
4. **Planning for the unexpected** – Do you have enough set aside?



Size	YTD Return	6 Month Return	1 Year Return	3 Year Return	5 Year Return	10 Year Return	Total Cost
\$500,000.00	-0.81%	6.63%	20.55%	9.14%	10.77%	N/A	0.45%

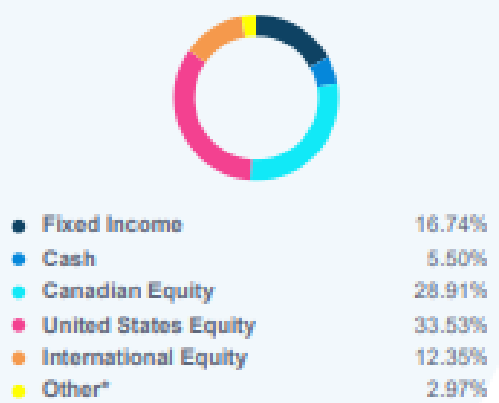
RISK METRICS (1 Year)

Risk Rating	Beta	Standard Deviation	Sharpe Ratio	Maximum Drawdown	R-Squared	Correlation Coefficient	Upside / Downside
N/A	0.99	6.05	2.90	-1.66	0.91	0.96	↑ 88.9% ↓ 69.0%

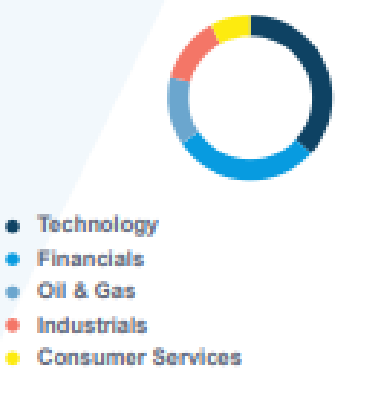
CALENDAR YEAR (5 Yr (5 Years))



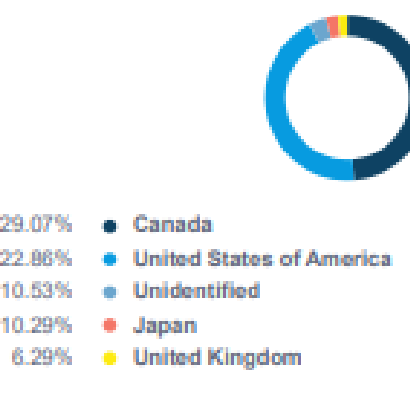
Asset Allocation



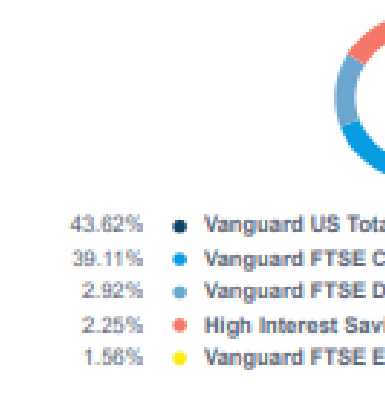
Top 5 Equity Industry Holdings



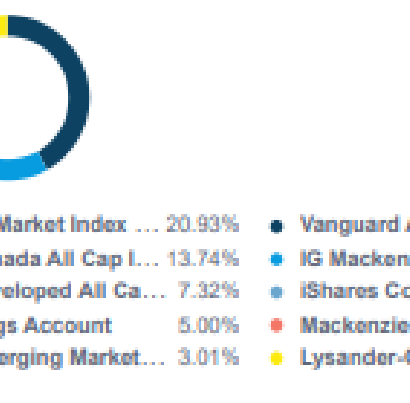
Top 5 Country Allocations



Top 5 Holdings



Top 5 Funds



Maximizing retirement income

Key Considerations:

1. Are you drawing funds from the right accounts to manage taxable income?
 - Drawing down LIFs before RRIFs?
 - Should you wait until 71 to take RRIFs or start earlier?
 - Preserve TFSAs or use TFSA to manage income?
2. Avoid Old Age Security Clawback through proper planning (Starts at \$90,997 in 2025)
3. Splitting pension income – this can include Canada Pension Plan, RRIF/LIF Income, or employment pensions

Review all your income sources in retirement

and compare this to your needs in any given year.

We can identify all sources of income and discuss the most efficient way to withdraw your retirement income.



Estate Planning

Estate Planning 101: An overview of the basics



Estate Planning – How it can provide comfort

- A plan for you and your family's future
- Allows you to decide how your assets are distributed
- Provides control and clarity



Children: Distributing the estate fairly



- Try not to get too specific about who will receive what – it’s impossible to know what you might actually own at the date of death and the value of each asset
- Will there be disagreements if one child gets the car and the other gets jewelry?

Solution

- Instead, simply divide your estate in equal parts
- Children can choose which assets they want to notionally “buy” from the estate using their portion of the inheritance

Case study: Vacation properties

Three children:

One of them is very attached to your cottage, which is worth \$600,000 today

1. Understand what the after-tax value of your estate may be
2. Ensure net value of estate will be worth a minimum of \$1,800,000 (i.e. 3 x \$600,000, or potentially more to account for inflation)
3. Consider insurance to fund the gap

- Goal is to ensure that each child will receive an inheritance of at least \$600,000
- If one of your children still wants the cottage after you die, they can notionally "buy" the property from the estate using their portion of the inheritance



Estate planning 201: Minimizing the impact of tax



The two types of tax that can impact the value of your estate

1. Income Tax

2. Probate/ Estate administration tax

Income Tax





What income tax might be due on my estate:

Income to the date of death

- Includes pensions, interest, dividends

“Deemed disposition” of capital assets

- Fair market value
- 50% of capital gains included in the final tax return

De-registration of registered assets (unless roll-overs possible)

- 100% of all RRSPs, RRIFs, etc. included in final tax return

Example: Tax implications

Regular income

Date of death is Sept 30th

Annual income is \$80,000

Earned amount to-date of death (9 months of income) \$ 60,000

Deemed dispositions of capital property (investment portfolio)

Fair market value at death \$ 500,000

Cost base \$ 300,000

Capital gain \$ 200,000

Taxable income (\$200,000 x 50%) \$ 100,000

RRSP & RRIF Values

Fair market value of an RRSP or RRIF at death \$ 300,000

Total taxable income \$ 460,000

*\$460,000 x 50% tax = **\$230,000 of taxes owed by the estate***

Probate/estate administration tax



What about Probate / estate administration tax



- “Probate fees” or an “estate administration tax”
 - Varies from province to province – 1.4% in BC
- Usually calculated on fair market value of assets
- Anything not in joint ownership or left directly to beneficiaries will form part of the estate
- Required for executors to be able to transfer assets to beneficiaries

Strategies to Minimize Final Taxes

Using direct beneficiary designations

- A strategy to avoid probate is to designate a **direct beneficiary**
- Naming direct beneficiaries speeds up the process of distributing funds
- Name secondary (back-up) beneficiaries in the event of a primary beneficiary pre-deceases you
- Ensure beneficiaries are set up the right way to ensure equal distribution after taxes and probate



Case study: Income Tax & Probate – Current Scenario

A widower has two children whom he wants to treat equally

\$200,000
RRSPs
One child as
direct beneficiary
to “save tax”

\$200,000
Non-registered
investments
Other child as
sole beneficiary

Result

\$200,000
RRSPs
Child who is
direct beneficiary

\$125,000
Remaining in
estate for other
child after income
tax paid

→
Estate must pay tax liability on \$200,000 RRSPs before remaining assets can be distributed (assume \$75,000)

Case study: Solution

A widower has two children whom he wants to treat equally

\$200,000
RRSPs
Name children as
beneficiaries split
50/50

\$200,000
Non-registered
investments
Leave to children
in the will

Result

\$200,000
RRSPs
\$100,000 to each
child

\$125,000
Split 50/50
between children

Both children receive \$162,500

Income tax deferral and minimization opportunities

- Roll assets over to:
 - a spouse or common-law partner, or
 - a trust established for a spouse or common-law partner
- Principal residence exemption
- Charitable giving
- Permanent Life Insurance



Reducing income tax by making charitable donations

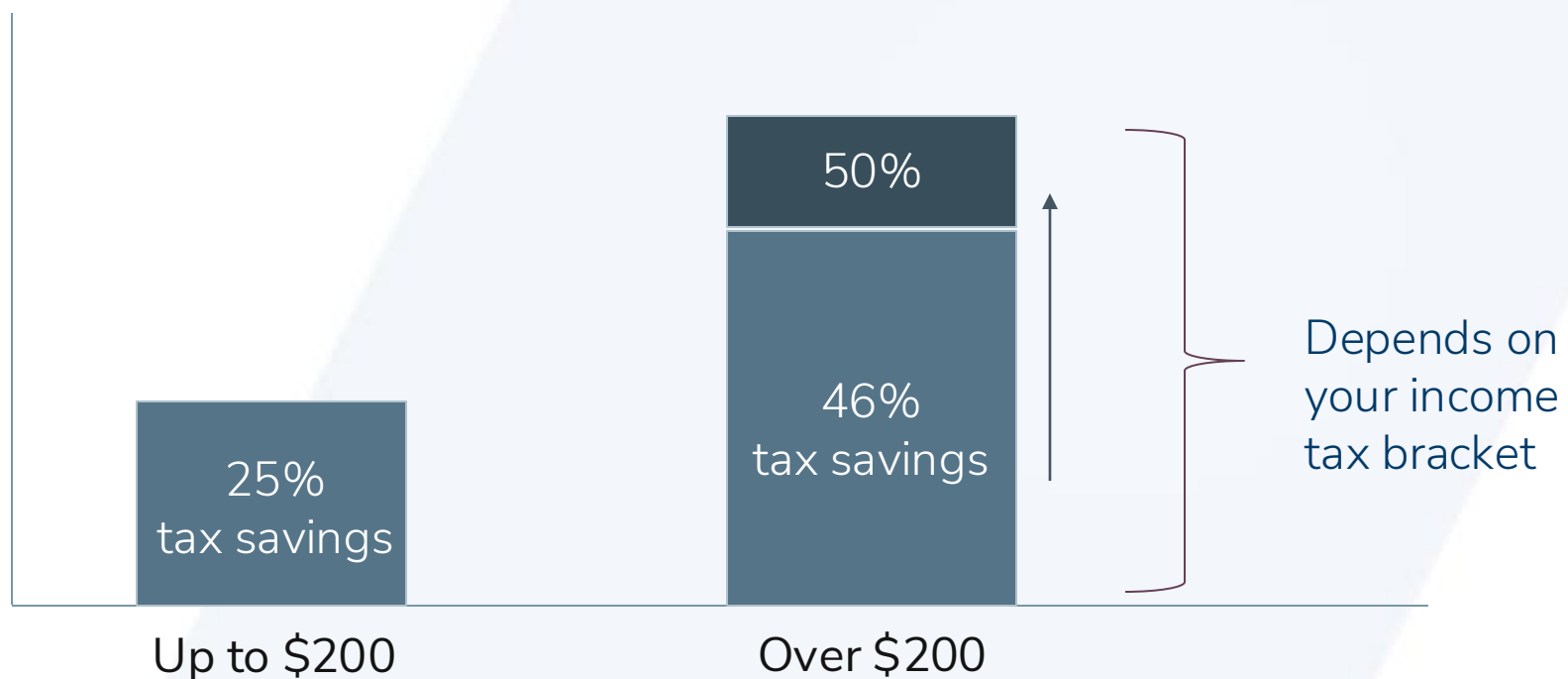
- Eligible for federal and provincial non-refundable tax credits
- Flexibility in how and what you can give
 - Donate publicly traded securities “in kind”
 - More tax-efficient than donating money directly – no tax on any resulting capital gain
 - Naming a charity as a beneficiary of your estate
 - Charitable Giving Account
 - Manage your own charitable foundation – i.e. IG Strategic Giving Account



How the taxes work



Plan to maximize donations in high income year



*Illustration only. Specific tax rates will vary by province.

Your charitable gift planning options



1. Charitable bequest
2. Donate publicly traded stocks or securities
3. Donate a life insurance policy
4. Gifts of registered plans
5. Establish a private foundation

Benefit of donating in-kind vs. cash

Charitable donation:
\$25,000 cash



\$11,500 taxes saved

Charitable donation:
\$25,000 of securities

- \$5,000 initial cost
- \$25,000 value
- No capital gains tax

\$15,500 taxes saved

Wendy



- 65 year-old widow
- Gives \$15,000 per year to charity
- Income \$160,000
- One stock in her portfolio that has grown from \$50,000 to \$300,000
 - her advisor is suggesting that she has too much in one stock

Wendy: Current situation vs improved situation

- Donate \$15,000 per year for 20 years, totaling \$300,000
 - Donations save \$6,900 each year in tax
 - Over 20 years there is a total of \$138,000 in tax savings
 - Advisor recommends rebalancing stock, triggered \$62,500 in capital gains,
 - Net tax savings \$75,000



- Donate \$300,000 of stock in kind
 - Donations save \$138,000 which can be spread over 5 years
 - By donating in kind, Wendy avoids \$62,500 in capital gains
 - Net tax savings \$200,000

*Assumed 46% combined federal and provincial donation tax credits and 50% marginal tax rate in year of rebalance. Illustration only. Specific rates will vary by province.

How insurance can help: Protecting your family and strengthening your plan



Insurance can play a multi-faceted role in your estate plan:

- Create or enlarge a financial legacy, to meet financial needs over time
- Preserve the value of your estate – important for assets like vacation properties, which beneficiaries may not want to sell (to pay estate debt such as income tax)
- Equalize inheritances
- Debt repayment

Our financial planning approach

From info to action: Your estate planning roadmap

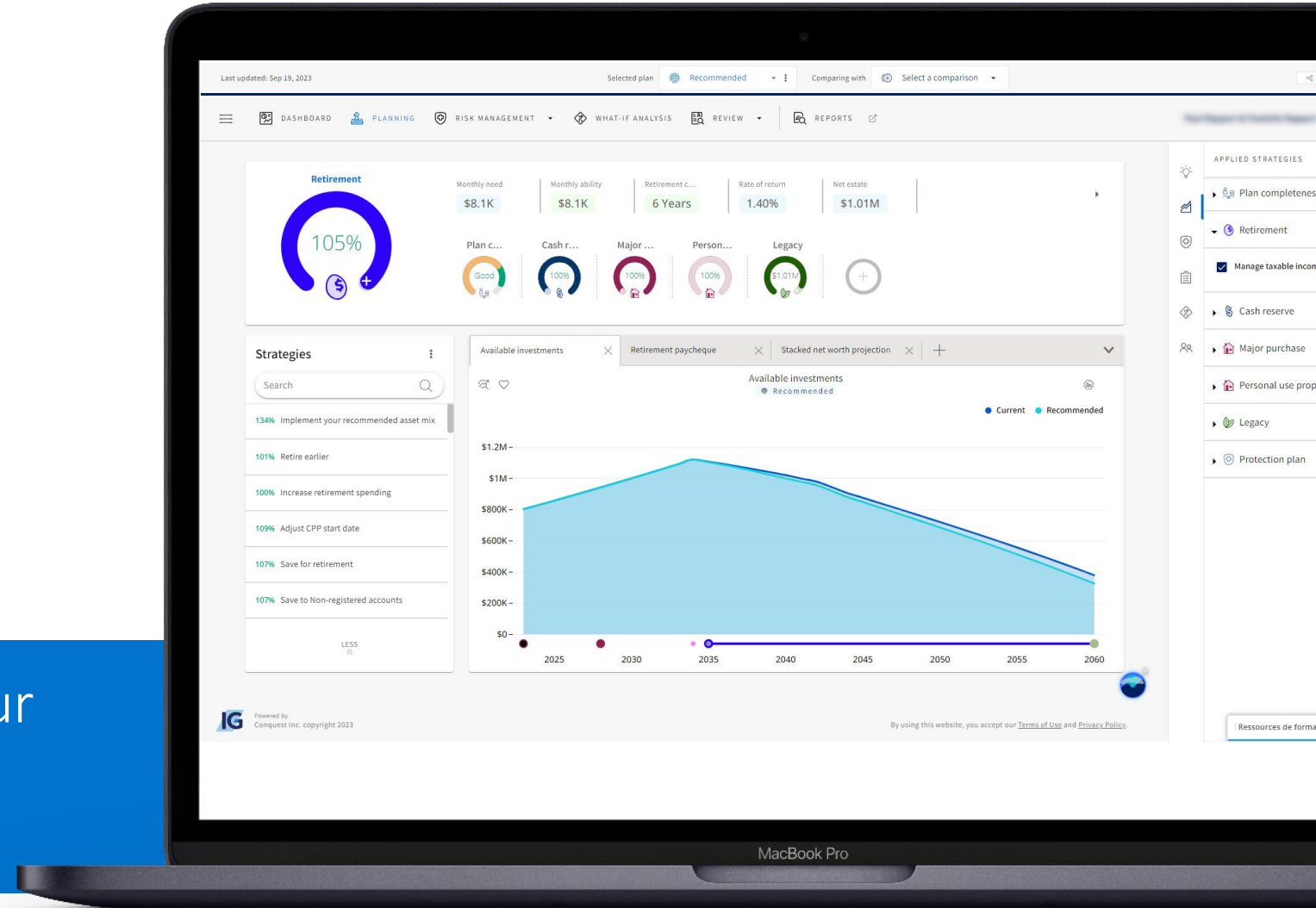


- 1. Identify your beneficiaries:** Who would you like to benefit from your estate? Ensure they are set up the right way
- 2. Speak to your financial planner** to determine any estate planning gaps
- 3. Insure the gap:** Make sure your estate can meet your intended financial legacy goals
- 4. Update your legal documents** with an estate lawyer or notary; and update your beneficiary designations where necessary
- 5. Discuss how charitable giving** can fit into your estate goals

Your IG Living Plan

your complete financial picture...in one place.

Bespoke approach, based on your circumstances and potential sources of income.



Why a synchronized, holistic financial plan has never been more important



Retirement



Monthly need \$8.77K

Monthly ability \$7.77K

Retirement shortfalls 6 years

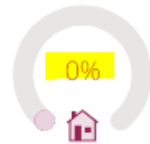
Investments at retirement \$1.61M

Net worth at retirement \$5.64M

Plan completeness



Europe Trip



Legacy



Net estate \$7.41M

Final taxes \$319K

Strategies

- 88% ↑ Save \$2,125 monthly
- 88% ↑ Increase savings to Spousal RRSP
- 87% ↑ Increase savings to Non-registered
- 87% ↑ Save \$7,973 monthly after your Mortgage is paid off
- 86% ↑ Delay receiving OAS to Age 70

MORE

Available investments

Income summary projection

Retirement value of advice

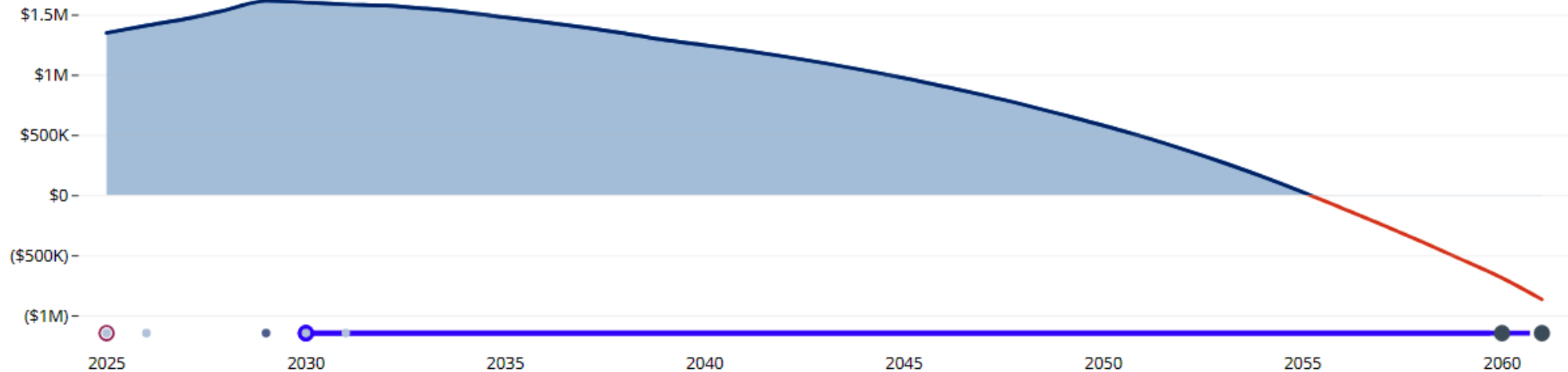
Needs breakdown

Retirement paycheque

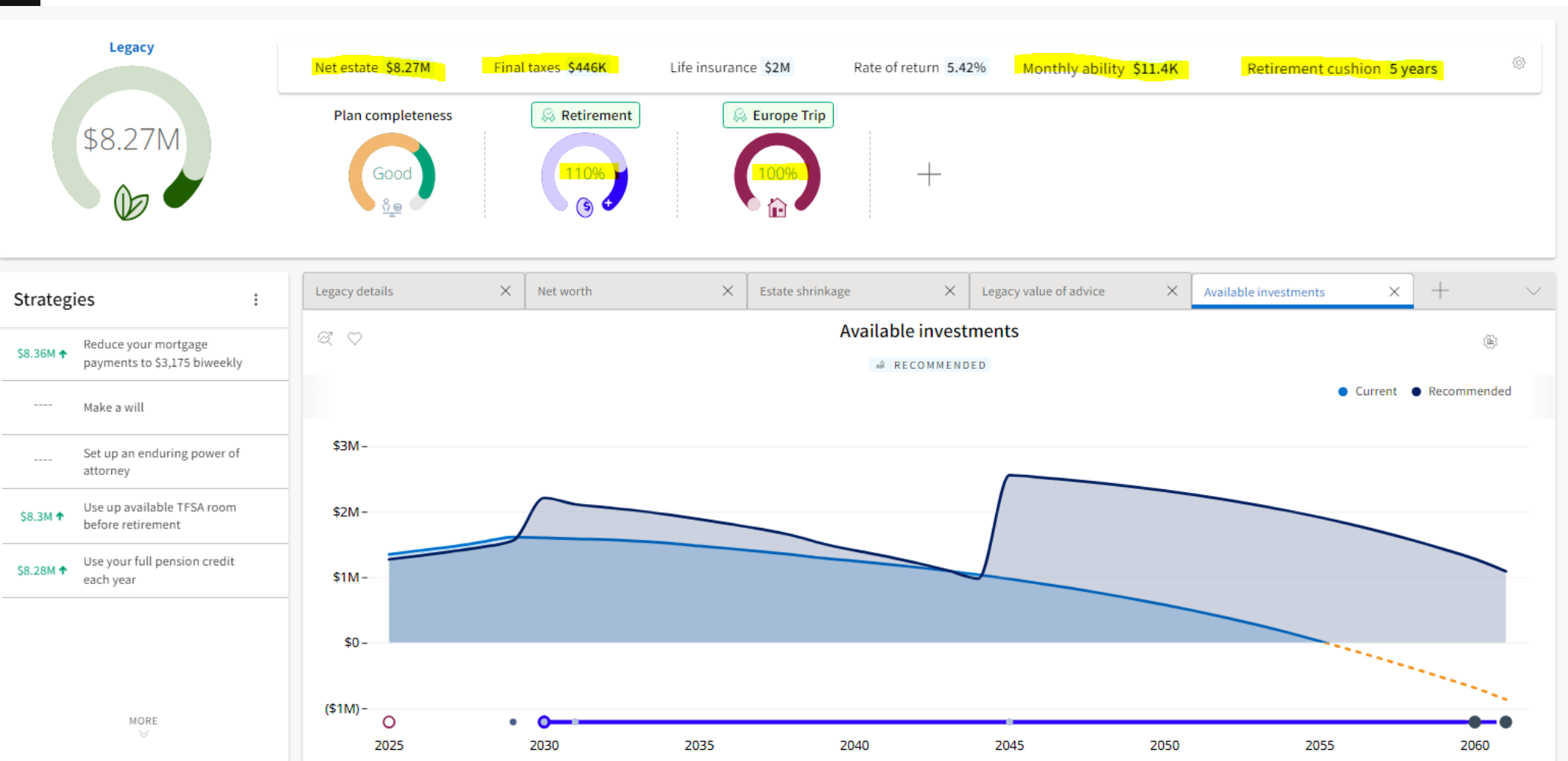
Available investments

RECOMMENDED

● Current ● Recommended

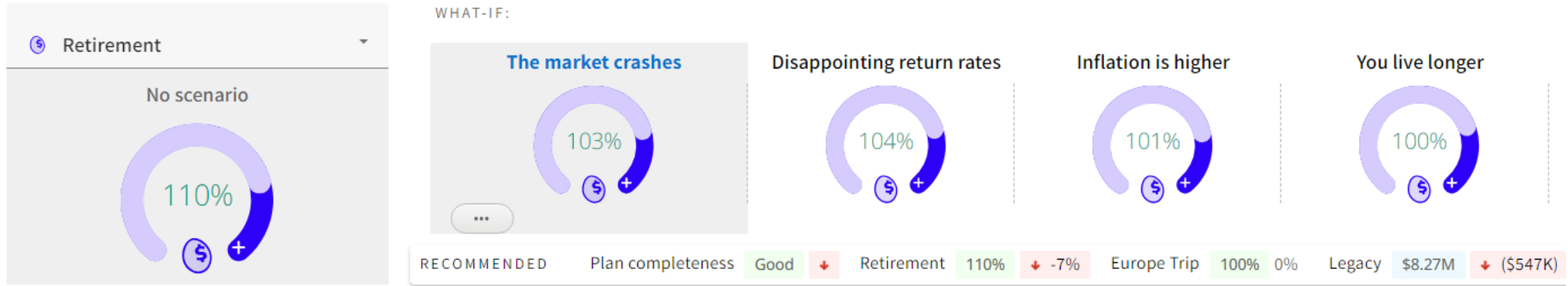


- Increased net estate by \$750,000
- Increased retirement income by \$3,700 per month
- Built in a 5-year retirement cushion versus 6-year retirement shortfall



- Sell the Rental Property
 - ↑ \$528K ✕
- Increase savings to RRSP
 - ↑ \$355K
- Delay receiving CPP to Age 65
 - ↑ \$565K
- Increase retirement expenses by 20%
 - ↓ (\$2.09M)
- Save your entire tax refund each year
 - ↑ \$65.6K
- Implement the Moderate Aggressive investor portfolio
 - ↑ \$317K
- Downsize to a less expensive home
 - ↓ (\$12K)
- ▶ **Europe Trip** 1
- ▼ **Legacy** 1
 - Buy a \$1M permanent life insurance policy
 - ↑ \$674K

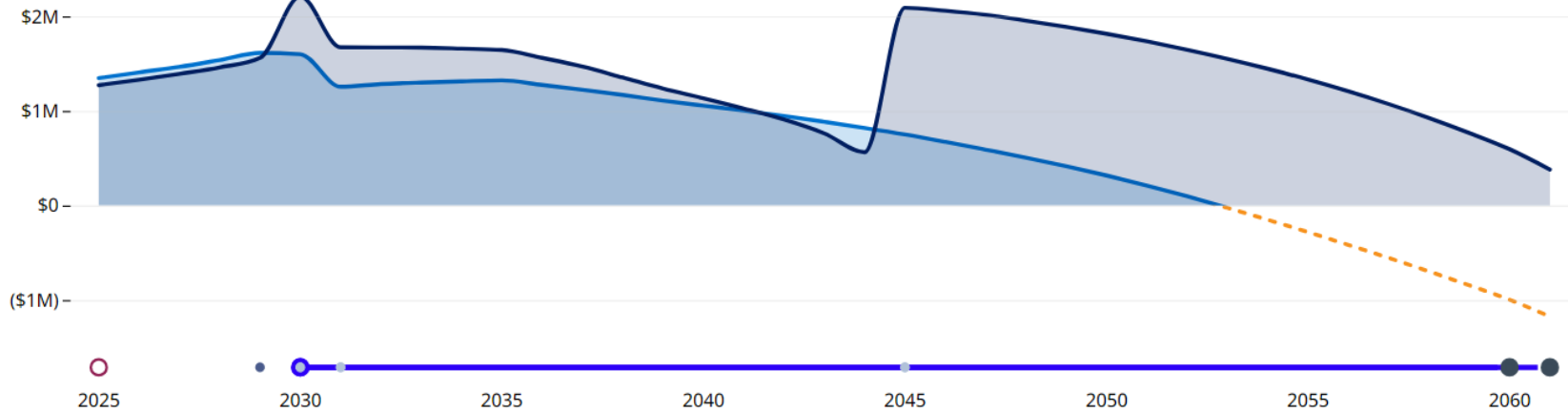
Stress Test: What if scenarios



Available investments

RECOMMENDED - THE MARKET CRASHES

● Current ● Recommended



Thank you

Any questions?



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