



Personal Insurance



Commercial Insurance



Personal Asset Management

Traditional values,
new energy

FamilyMatters

WINTER ISSUE 2007

NEWSLETTER

Scrivens
Family of Companies

The Scrivens Perspective

By Peter Scrivens, President



The first wave of ageing baby-boomers is finally upon us. With them comes a growing interest in all things to

do with retirement. In this edition of *Family Matters*, we look at the need for retirement planning at all stages of your working career.

Our main focus is on the advantages a Registered Retirement Income Fund (or RIF). At the Scrivens Family of Companies, we believe that a RIF is often the best choice for the retired and the not-quite-ready-yet-to-retire. That's because a RIF allows you to withdraw income while earning interest on any money that remains within your fund.

Of course, it's important that your RIF be managed effectively. We can help by working with you to determine your financial objectives in retirement, your investment time horizon and your risk tolerance. We also provide the latest information on RSPs, still the single most important retirement savings tool for Canadians.

For others, a life annuity may be best. We compare annuities and RIFs in the Asset Management column.

No matter what your choice, happy reading and a happy retirement – whenever it begins. ☺

Registered Retirement Income Fund

A Registered Retirement Income Fund (RIF) is designed to provide a steady income for your retirement. Like an RSP, you can hold a wide range of investments in your RIF. However, a minimum percentage of the plan's assets must be withdrawn each year as income. While you can convert your RSP into an RIF at any time, you are required to do so by the end of the year in which you turn 69.

Converting your RRSP into an RIF is one of three options. The other two are:

- You can purchase an annuity. If you roll your RRSP into an annuity, you will receive a fixed or indexed-to-inflation income. However, you'll be locking in your money at current interest rates.
- Cash in your RSP. Since the entire amount will be subject to taxation in the year you withdraw it, this is the most expensive and least desirable of the three options.

While an RIF definitely provides the flexibility to choose your own investments while continuing to enjoy tax-sheltered growth, at Scrivens we believe that your retirement income should be structured to reflect your individual requirements. This could very well include annuities. Although interest rates remain low, an annuity may be best to provide the income you absolutely count on in retirement.

If your RIF is not your primary source of income, you can select a withdrawal

schedule that provides the minimum income payment, thereby giving you the maximum tax deferral.

The following schedule outlines the minimum payment that you would be required to withdraw from your RIF. With five-year GIC rates currently around 4.1%, your capital would deplete right from the start.

Age	Payment Schedule	Age	Payment Schedule
69	4.76%	82	9.27%
70	5.00%	83	9.58%
71	7.38%	84	9.93%
72	7.48%	85	10.33%
73	7.59%	86	10.79%
74	7.71%	87	11.33%
75	7.85%	88	11.96%
76	7.99%	89	12.71%
77	8.15%	90	13.62%
78	8.33%	91	14.73%
79	8.53%	92	16.12%
80	8.75%	93	17.92%
81	8.99%	94+	20.00%

Source: Canada Revenue Agency

Example: If you are 69 and your balance on January 1 is \$100,000, take your plan balance and multiply it by the minimum withdrawal that matches your age in the schedule. In this case, \$100,000 x 4.76% = \$4,760. That's the minimum amount you would be required to withdraw. ☺

INSIDE matters

- Retirement options
- RRIF updates
- RESP benefits



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Everything you need to know about RSPs

An RRSP is an individual savings plan that enables you to make tax-deductible contributions over a number of years; the contributions are invested and earn tax-free income, providing you with savings to live on in retirement.

When is this year's contribution deadline?

The deadline for the 2006 tax year is March 1, 2007.

How do I know I can contribute to an RSP?

If you earned income in the previous year, or have unused contributions from previous years, you can contribute to an RSP.

How much can I contribute?

As a general rule, you can contribute up to 18% of your 2005 income up to a maximum of \$18,000. If you have a pension plan elsewhere, that amount will be lower. Your personal contribution limit appears on the Notice of Assessment you received from the Canada Revenue Agency after filing last year's income tax return.

What if I want to contribute more?

You can contribute a maximum of \$2,000 above your limit during your

lifetime. You can then deduct that over-contribution when you have the necessary contribution room. If you want to exceed the \$2,000 over-contribution amount, you'll be charged a penalty tax of 1% a month.

What if I missed contributing (or under-contributed) in previous years?

You can carry forward any unused contribution room beginning with your 1991 contribution limit. There's no deadline—you can carry forward the contribution room indefinitely or until you have reached your limit.

When can I withdraw cash from my RSP?

You can access the money in your RSP at any time. However, there are consequences if you choose to withdraw your money early. That's because when you withdraw money early, the Canada Revenue Agency considers it income and taxes it. There are some exceptions: for example, when you buy your first home you can make a tax-free withdrawal of up to \$20,000 for your down payment. You will be required to pay back the funds into your RSP within 15 years.

For more information about RSPs, please call your Scrivens advisor. ☎

Inside the Registered Education Savings Plan

Like an RSP, a Registered Education Savings Plan (RESP) is a type of savings account that grows tax free until a child is ready for post-secondary education. Unlike an RSP, there are no tax deductions for contributions made to an RESP. The annual maximum contribution limit for an RESP is \$4,000; the lifetime limit is \$42,000 per beneficiary.

In addition to putting away money for your child's (or grandchild's) education, you'll be eligible for a Canada Education Savings Grant. The amount of the grant is based on your family income and can change as your family's income changes. No matter what your net family income, you get at least 20 cents for every dollar on the first \$2,000 you put into an RESP.

If your child or grandchild decides not to pursue a post-secondary education, you may name a new beneficiary or transfer the earned income (up to a maximum of \$50,000) into your RSP. Of course, you can always withdraw the money and pay taxes on the withdrawal.

For more information about RESPs, please call your Scrivens representative. ☎

Consider a spousal RSP

A spousal RSP is ideal for families who want to build a retirement nest egg for the lower-income spouse. A spousal RSP differs from an individual RSP in one key respect: in an RSP, one spouse contributes to a plan in the other spouse's name. This enables the spouse to retire more comfortably while redistributing

the family income, better for tax purposes.

When taxed in the hands of one spouse, an annual income of \$70,000 would require your family to pay about \$25,000 in taxes. By splitting that income equally, the tax bill would be reduced to about \$20,500.

While you must wind up your RSP at age 69, you can continue to contribute to a spousal RSP if your spouse is younger and you are still earning income or have unused RSP contribution room from previous years.

For more information about spousal RSPs, please call your Scrivens advisor. ☎



PERSONAL insurance

Reducing energy use can keep rising costs in check



The cold weather is back. With it are the usual, and definitely unwelcome, higher energy costs. Here's how to keep those costs in check.

- Make sure your appliances and heating and cooling systems are properly maintained.
- Make sure the insulation in your exterior and basement walls, ceilings, attic, floors and crawl spaces is up to the task.

- Check for holes or cracks around your walls, ceilings, windows, doors, light and plumbing fixtures, switches and electrical outlets. Even tiny holes or cracks will allow air into or out of your home.
- When not using your fireplace, make sure the damper is closed.
- Replace incandescent bulbs and fixtures with compact fluorescent lamps or standard fluorescent lamps.

For more information, call Jennifer Falconer at 236-9101. ☎



PERSONAL ASSET management

Creating a pension without a pension plan



Today, fewer Canadians than ever belong to a pension plan. As a result, more Canadians have to finance their retirement through

savings, both registered and non-registered. So what do they do when the retirement income years arrive?

One option is to convert your accumulated RSP savings into a Retirement Income Fund (RIF). An RIF enables you to retain control of your invested assets. When you convert to an RIF, you are required to withdraw a minimum amount each year. For example, if you are 71 on January 1, 2008, you must withdraw 7.38% of the balance in your account either in one lump sum, semi-annually or monthly).

If your RIF is to be the primary source of your retirement income, this could create a problem: 7.38% is 3% higher than a 5-year GIC pays today. In such a situation, your RIF capital would deplete from the start.

Offered through life insurance companies, life annuities can be purchased with a single lump sum premium. In return, the life insurance company pays you a set income for as long as you live. Purchase a "joint life" annuity and this income can continue to a survivor, at the same or reduced amount. For an additional premium cost, you can also add indexation to the payment you receive.

To find out more about life annuities, contact your Scrivens advisor at 236-9101. ☎



RISK management COMMERCIAL insurance

Winter conditions require special attention



For business owners, a well-planned hazard identification and control system does more than simply reduce the possibility of "slip and

fall" incidents during the winter. If an accident should occur on your premises, and a lawsuit is possible, having a control system in place may result in a more favourable assessment of the level of your duty of care.

First of all, ensure that your walkways and parking lots are cleared and salted when required. Pay special attention to areas where ice and snow tend to accumulate, where a freeze/thaw cycle is likely, and along well-used walkways and parking lot access areas. When temporary hazards are unavoidable, consider the following:

- post a warning sign or pylons
- erect a barricade
- provide an alternate route
- provide extra lighting
- apply fluorescent paint to identified trip points or obstacles

If you contract out for snow removal or winter maintenance services, make sure that the responsibilities of each party are clearly outlined. For example, your contract should state when the contractor is to start clearing, salting, snow removal or other activities.

Any insurance or hold harmless clauses in the contract must be clear and fully understood by all parties. These should be reviewed by your insurance broker or legal counsel.

For more information, call Ole Jensen at 236-9101. ☎



OTHER MATTERS

Worth Reading



The Green Years
By A.J. Cronin

From Scrivens client Sylvia Cummins:

"I would like to suggest that the readers of your "Family Matters" newsletter would enjoy the novel *The Green Years* by A.J. Cronin. This book tells the story of four generations living in the same house. The author creates marvelous characters and devises a clever plot which results in a truly wonderful story. There is a most satisfying nemesis as well. I wish I could read it again for the first time!"

Read a good book lately? Let us know and we'll tell others about it in Worth Reading. ☺

Staff and Stuff

The Scrivens Family of Companies welcomes Jane Dunlop to our team. Married with one daughter, Jane has worked in the financial industry since 1986. As an Investment Agent with Scrivens, Jane will be helping our clients with their GIC and RSP needs. ☺



The Scrivens Kitchen

Devilishly-Hot Hot Chocolate

Hot Chocolate

- 4 bars (1.5 ounces each) Godiva Dark Chocolate, chopped
- 1 cup water
- 3 cups whole milk
- 8 whole cloves
- 4 cinnamon sticks
- Dash cayenne pepper
- 1/2 cup granulated sugar
- 1/2 cup heavy cream
- 1 teaspoon vanilla extract

Cayenne Whipped Cream

- 1/2 cup heavy cream
- 1 tablespoon confectioners' sugar
- 1/4 teaspoon vanilla extract
- Pinch cayenne pepper

Make the hot chocolate:

1. Place chocolate and water in microwave-safe bowl. Microwave on medium (50% power) 1 minute. Stir. Microwave 1 minute more or until chocolate softens. Stir until smooth. Let cool.

2. Combine milk, cloves, cinnamon sticks and cayenne pepper in saucepan. Warm milk mixture over medium heat until bubbles form around edge of pan.
3. Whisk chocolate mixture into milk. Add sugar and bring to boil. Reduce heat and simmer for 5 minutes. Strain mixture, reserving cinnamon sticks. Rinse cinnamon sticks, pat dry and set aside for garnish.
4. Return mixture to saucepan and stir in cream. Over low heat, heat to simmer. Stir in vanilla extract.

Make the cayenne whipped cream:

Combine all ingredients in bowl and whisk until stiff peaks form. Pour hot chocolate into four mugs. Serve immediately topped with Cayenne Whipped Cream and cinnamon stick.

Yield: 4 servings ☺

Scrivens thanks the following companies for their services and support.



Generic Disclaimer (mutual funds only)

Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please read the simplified prospectus before investing. Mutual funds are not guaranteed and are not covered by the Canada Deposit Insurance Corporation or by any other government deposit insurer. There can be no assurances that the fund will be able to maintain its net asset value per security at a constant amount or that the full amount of your investment in the fund will be returned to you. Fund values change frequently and past performance may not be repeated. Labour Sponsored Funds have tax credits that are subject to certain conditions and are generally subject to recapture, if shares are redeemed within eight years.

Personal Opinions & Recommendations Disclaimer

The foregoing is for general information purposes only and is the opinion of the writer. This information is not intended to provide specific personalized advice including, without limitation, investment, financial, legal, accounting or tax advice. However, please call Scrivens Family of Companies to discuss your particular circumstances.

We welcome comments or suggestions about *Family Matters*. You can reach us at triley@scrivens.ca
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