

Steps to financial independence

Financial success is a journey, not a destination. Are you taking the steps to get you on the road to financial independence and keep you there?

Check the items that you have provided for or are in the process of providing for.

___ I have set reasonable and achievable financial goals and check to ensure I'm on track.

___ I have eliminated outstanding loans and do not carry a balance on my credit cards.

___ I have established an emergency fund totalling three to six months of expenses.

___ If I were to die or become disabled today, my family would have sufficient resources to maintain my family home and care

for my children.

___ I have sufficient life insurance to cover all my outstanding debts, including mortgage and final expenses (burial costs and probate fees).

___ I fully understand all the options available under my employer or association plan.

___ I am maximizing my RRSP or spousal RRSP (if applicable) and have diversified my investments to reduce risk and investment vulnerability.

___ I consider borrowing money to invest in my RRSP if I can repay it within the year.

___ I am saving and will have adequate funds for my children's education.

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Courtesy of Joe Salib



Company-Owned Insurance

Corporate Ownership of Disability Insurance and Critical Illness Insurance Policies

From time to time business owners will inquire about having their company own and pay for disability insurance and critical illness insurance policies. If the policy is for personal use, and the business owner is the payee, the premiums are taxed in the shareholder's hands as a benefit

conferred on a shareholder. If the business is the payee, then it would receive the benefits directly and could then pay them out to the shareholder, but all such payments would be taxable to the shareholder. What if the policy is for business use? Perhaps the purpose of the insurance is to help fund a buyout on disability or serious illness, to reduce or pay off company debt, or to make changes to the business premises

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The biggest contribution to any RRSP is good advice.

Successful RRSP planning depends on making choices that match your long term goals

Let's talk

Newsletter

After 25 years of experience with small and medium size businesses on national and global levels my career led me into financial planning.

I bring in a strong business background and a pragmatic approach to assist people like you in making clear financial choices and smart business decisions. Let me help you meet your goals and dreams.

Helping You Achieve Your Goals

Savings and retirement solutions

- Registered retirement savings plans (RRSPs)
- Registered education savings plans (RESPs)
- Mutual Funds
- Segregated Funds
- Accumulation and payout annuities
- Guaranteed investment certificates (GICs)

Insurance for personal needs

- Health Insurance
- Mortgage Insurance
- Universal, permanent & term life Insurance

Other services for personal and group needs

- Disability Insurance
- Employee benefits and group insurance



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Company-Owned Insurance

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or equipment to accommodate the insured person's physical limitations, and the company would retain the proceeds for these purposes. Keep in mind that the premium costs for such insurance are not tax-deductible. And if the proceeds are to be used to finance a redemption or purchase of shares, no portion of the proceeds can be credited to the company's capital dividend account.

Consequently, if disability or critical illness insurance is used by a company to redeem a shareholder's shares in the event of illness or injury, the bulk of the proceeds of redemption will be taxable in the hands of the shareholder as a dividend. In addition, the proceeds are potentially vulnerable to the claims

of the company's creditors. If taxation and creditor concerns are important to the client, it may be advisable to have disability buyout insurance owned by the other shareholders (this may also permit the selling shareholder to apply the unused balance of his or her qualified small business capital gains exemption to reduce the tax payable on the sale of his/her shares). If a critical illness policy is intended to help finance structural changes to the company premises, or to purchase specialized equipment, it may still be preferable that the shareholder own the coverage personally and in the event of a qualifying illness, he or she could lend some or a portion of the proceeds to the corporation to help finance the modifications needed.

Each person's situation will differ, and it's important to take into ■

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___ I have a mortgage with an amortization schedule and payment frequency that will save interest and pay off the mortgage in the shortest possible time.

___ I have a current list of important papers and their location (for example, bank accounts, stocks, bonds, insurance policies, etc.).

___ I have credit cards in my own name so that I can maintain a good credit rating independent of my partner.

___ I have an up-to-date will that ensures that my beneficiaries will

receive their rightful inheritance.

___ I have appointed a power of attorney for managing my property as well as my personal care in the event that I am unable to do so myself.

___ I have personal coverage to supplement the group life and disability insurance I have through my employer or association.

___ I have a plan in place to cover future health care and nursing home costs for my parents.

How is your financial future shaping up? ■