



People who care, Plans that perform

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Arca is a founding member of



"Creating the right path"

*You are cordially invited to join us for our  
Grand Opening Event*

**Location:** Arca Financial Group  
237 Labrador Drive, Waterloo

**Date:** Friday, January 28<sup>th</sup>

**Time:** Open House between  
4:00 p.m. and 7:00 p.m.

Please drop by at your convenience to visit our new location.  
We would love to see you and show you around our new home!

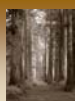
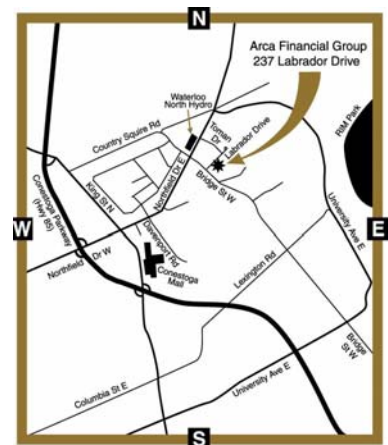
**Featuring:**

- Live Jazz Music
- Hors d'oeuvres and refreshments
- Fantastic Door Prizes
- 6:00p.m. - Ceremonial Ribbon Cutting

It would help us a great deal if you would kindly RSVP if you are able  
to stop by. Please contact Rose at: (519) 745-8500  
or e-mail: rfrim@arcafinancial.com

**Announcement!**

Arca Financial Group is excited to announce the addition of a new division to our financial planning team! At the end of January 2005, Paul Struck and his associate, Irene Fast, will be joining Arca at our Labrador Drive location. Paul specializes in Group Benefits, particularly Group Life and Health and Group Pensions. Paul's career in the Group Benefits market has spanned twenty-two years and we are delighted that Paul and Irene are joining the Arca team. To find out how you and your company can benefit from Paul's services, please contact your Arca advisor or email us at [inquiries@arcafinancial.com](mailto:inquiries@arcafinancial.com).



Arca Financial Group is one of the largest independent financial planning firms in the Waterloo Region. For more information visit our website at [www.arcafinancial.com](http://www.arcafinancial.com).

## Registered Retirement Savings Plans (RRSPs)\*

RRSPs allow taxpayers to minimize their tax burden by making tax-deductible contributions toward their retirement while they are in their higher taxed, income-producing years. They can defer the tax on the growth while they build their nest egg inside the plan and withdraw the funds when they reach retirement and their taxes are reduced.

Contributions to RRSPs are generally allowed up to and including the year an individual turns age 69 subject to the individual's RRSP deduction limit. An individual's RRSP deduction limit is based on 18% of their previous year's earned income less the individual's pension adjustment, up to an annual limit. The annual limit had been frozen at \$13,500 for the period 1996 through 2002, but was increased to \$14,500 for tax year 2003. The limit is currently set at \$15,500 for 2004, \$16,500 for 2005 and \$18,000 for 2006. After 2006, the government will index the limit annually.

Unused contribution room is carried forward indefinitely. Contributions made in the current year or in the first 60 days of the following year can be deducted against the current year's income. However, all contributions made after the first 60 days of the current year or the first 60 days of the following year must be reported on the current year's tax return. For example, any RRSP contributions made in February 2005 must be reported on the 2004 tax return, even if they are not claimed until 2005 or later. The taxpayer can choose to carry forward all or part of the contributions indefinitely to be deducted against income in a future year. Schedule 7 of the Personal Income Tax and Benefit Return tracks undeducted contributions.

## Individual Pension Plans (IPPs): An Alternative to RRSPs\*\*

An IPP is a unique retirement strategy that can provide significant tax relief and maximum retirement savings for owner-managers or other key senior executives. One of the major benefits of an IPP is that the Canada Revenue Agency permits a one-time past service benefit contribution upon creation. This past benefit contribution is calculated on the basis of the owner-manager's annual T4 income from the corporation dating back to January 1, 1991. For the owner of a long-term business or an executive with long-standing service, this can often amount to hundreds of thousands of dollars.

This amount can be contributed by the corporation or via a combination of a corporate contribution and a rollover of the individual's existing RRSPs. The corporation must then make regular annual contributions to the IPP on behalf of the owner-manager. The initial contribution, the administrative costs required to create the IPP, the interest owing on funds borrowed by the corporation to fund the IPP and the ongoing annual cost are all tax deductible to the corporation. The corporation is required to make regular annual contributions to it on behalf of the owner-manager, and there are limits on the amounts that can be contributed to an IPP each year, however, the net result is that an individual will be able to contribute far more per year to an IPP than he or she would have been permitted to contribute to a traditional RRSP.

IPPs are not appropriate for everyone. However, an IPP may be an effective retirement strategy for entrepreneurs, business owners and key executives whose incomes support a more sizeable tax deferral program.

To ensure you are taking maximum advantage of the retirement savings options available to you, contact your Arca advisor or email us at [inquiries@arcafinancial.com](mailto:inquiries@arcafinancial.com) today!

**The RRSP contribution deadline for 2004 is March 1, 2005.**

*\*article courtesy of AIM Trimark*

Knowing Pays.™



AIM TRIMARK™

*\*\*article courtesy of John Lunz and Paco Sanchez of Arca Financial Group*



Barrington Wealth Partners is a national financial services firm that specializes in providing high net worth clients with a combination of risk management and objective product analysis and implementation.

Barrington is an Advisory Group founded in May 2000 by a number of like-minded top professionals specializing in various areas of financial planning and life insurance planning in particular. Combining both the knowledge and buying power of the group ensures that the client receives the best of class products and services, each and every time.

To learn more about Barrington Wealth Partners, visit our website at [www.bwpartners.com](http://www.bwpartners.com)

**\*\*if you prefer to receive this newsletter by email, please send us a note at [inquiries@arcafinancial.com](mailto:inquiries@arcafinancial.com)\*\***