



People who care, Plans that perform

Perspective



Year End Tax Planning Tips

It's hard to believe that we're approaching the end of the year already. Here are some tax planning tips to keep in mind when thinking about your To-Do List.

Contribute to Your Registered Retirement Savings Plan (RRSP)

If you haven't contributed to your RRSP yet this year, don't wait until next March. The earlier you contribute, the more your savings can grow tax sheltered. To find out how much contribution room you have, refer to your 2009 Notice of Assessment. Also, contributing to a spousal RRSP this year, rather than next year, means that amounts can be withdrawn without attribution back to the contributor one year earlier than would otherwise be the case.

Use Your RRSP Contribution Room

While unused contribution room carries forward, lost investment returns are simply gone. If you make timely maximum RRSP contributions, even modest investment returns will compound over the years to make a significant difference in the amount of capital available when you retire.

After you make your RRSP contribution, consider when to claim the deduction so as to maximize the tax savings. For example, if you have much lower than normal earnings this year, it may make sense to make your RRSP contribution now, but delay claiming the deduction until a future year when you expect to be taxed at a higher marginal rate.

Are You Turning 71 this Year?

If you will be 71 by the end of this year, you must terminate your RRSP no later than December 31st. There are many options available, such as: transferring your RRSP to a Registered Retirement Income Fund (RRIF), purchasing an annuity, receiving a lump sum or a combination of these options. The last date that you can make an

RRSP contribution to your RRSP is December 31st of the year in which you turn 71.

However, if you still have qualifying earned income or unused RRSP contribution room, you can contribute to a spousal RRSP up until December 31st of the year your spouse turns 71. This strategy is particularly attractive if you anticipate your spouse's retirement income will be lower than yours.

First-Time Homebuyers

If you are thinking about buying your first home and are planning to take advantage of the Home Buyers' Plan (HBP), you may wish to delay your RRSP withdrawal until January. Under the plan, you may take up to \$25,000 from your RRSP without penalty provided you repay the funds over a 15-year period. These repayments must begin two years after the initial withdrawal. Since the repayment schedule is calculated according to the calendar year, if you wait and make your withdrawal in January instead of December, you can delay your first repayment for one more year.

Don't Forget about Registered Education Savings Plans (RESPs) and Tax-Free Savings Accounts (TFSA's)

If you have children or grandchildren consider opening up an RESP. If you have already started an RESP, try to make your contributions by year end to maximize the benefits. While contributions themselves are not tax deductible, RESP's are still a tax deferred investment vehicle that benefits from time and compound investment returns. In addition, your annual contributions are enhanced by the Canadian Education Savings Grant (CESG), which matches 20% of your contribution, providing up to \$500 annually for each child in the plan.

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Year End Tax Planning Tips *(continued)*

TFSAs also offer tax-free investment growth and tax-free withdrawals. Any amounts you withdraw will be added back to your available room the following year so you are able to save for short term needs, such as home renovations, as well as long term goals, such as saving for retirement.

Medical Expenses and Charitable Donations

Medical expenses and charitable donations can be claimed by either spouse. It is generally more tax effective to combine the family's qualifying medical expenses and deduct them on the lower income spouse's return (provided that he/she is in a taxable position).

Likewise, the spouses' charitable donations can be combined and deducted on either return and undeducted donations can be carried forward for up to five years.

Is Your Loan Interest Deductible?

If you have any non-deductible interest such as mortgage or car loan interest, this is a great time to review your situation. Interest on loans used to earn income from business or property is generally tax deductible, so it may be worthwhile to reorganize your investments to make the interest deductible.

Use Your Capital Losses

Stock market volatility causes many investors to worry about their investments and consider reorganizing their portfolios. The Income Tax Act requires capital losses to be first applied against capital gains realized in the current year. If there is a balance remaining, it can be used to reduce taxable capital gains in any of the three preceding years or in any future year.

The best strategy is to carry the losses back to the earliest year in which you have capital gains before they fall out of the 3 year window. Keep the superficial loss rules in mind, which limit your ability to claim a capital loss. Your loss may be denied if the same asset is acquired within the 30 days before and after the sale and is still held 30 days after the sale by you, your spouse or a corporation controlled by you.

For more information on any of these ideas, please contact your Arca advisor.

*Contributor: Christine Black B.Math, CA, CFP, TEP
Arca's Tax and Estate Planning Consultant
Article sourced from Manulife's Tax & Retirement Services Investment
Insight publication*

Arca Family Announcements

We are happy to announce a new addition to our staff. Kelly Anne Klinck joins us as John Lunz's Insurance Associate. Welcome aboard Kelly Anne!

Marshall Muldoon who has been working with the Lunz team as Insurance Associate, is now transitioning into an advisor role. Good Luck Marshall!

Welcome back Mirka! Mirka Petro has returned from her maternity leave and continues her duties as an Insurance Associate. Glad to have you back Mirka!

Congratulations to Paul & Jo Ann Struck, who became very proud first-time grandparents to a baby girl! Their daughter and son-in-law, Kendra and Sean Daniel welcomed Sierra into the world on May 21st in Victoria, BC. Happy grand parenting Paul & Jo Ann!

Group Benefits Fundamentals

Importance of Correctly Reporting Salaries

Death benefit payments and short and long-term disability benefit payments are typically based on plan members' salaries. It is important that correct information is reported accurately on a regular basis for your employees, otherwise their potential benefit payments could be improperly paid.

It is the Plan Administrator's responsibility to maintain and report accurate and current information for your plan members. Generally, this information can be emailed directly to the carrier or entered electronically on their websites. Always make certain that you receive a confirmation of the changes and make sure that the amounts are correct on your next billing statement.

Insurance carriers will only pay benefits based on the salary for which premiums were paid. Adjustments of salaries and corresponding benefits at the time of claim in exchange for the payment of back-premiums are not permitted.

Administrators that neglect to maintain and report accurate salary information, and thus do not pay premiums based on their plan members' current salaries, could create potential liabilities for their employers.

Should you have any questions or concerns regarding this matter, please do not hesitate to contact us.

*Contributor: Irene Fast RHU
Group Benefits Consultant*



Inside Arca

On **September 7th** we return to our regular office hours: **8:30am - 5:00pm** Monday - Friday.

Arca Holiday Gala

Please mark your calendars for our annual Holiday Gala on **Thursday, December 16, 2010**. We hope you will be able to join us! More details to follow.

Please note our office will be closed on:

- Monday, October 11th – Thanksgiving Day
- Friday, December 24th – Christmas Eve – closing at noon
- Monday, December 27th – Closed in lieu of Christmas Day
- Tuesday, December 28th – Closed in lieu of Boxing Day
- Friday, December 31st – New Year’s Eve – closing at noon
- Monday, January 3rd – Closed in lieu of New Year’s Day

Don't forget to 'fall back' and change your clocks back to Standard Time on Sunday, November 7, 2010 at 2:00am.

Community Business Profile



Naturopathic Doctors, Jennifer Forristal and Aaron Samanta graduated from the Canadian College of Naturopathic Medicine, a 4-year program after their respective BSc degrees. They opened the Roberts Centre of Integrative Medicine, a multidisciplinary health clinic in 2005. At their serene country location near Conestoga, patients are able to enjoy the property and unwind in the eco-friendly clinic.

The company name acknowledges the support of Jennifer's grandfather, William Roberts. "Integrative Medicine" describes the vital role Naturopathic Medicine and associates occupy in health care. Roberts Centre provides preventive and primary health care of health conditions through all aspects of family health, from prenatal to geriatric. Two Naturopathic Doctors, a Homeopathic Doctor, Osteopath/RMT, Shiatsu Therapist/Acupuncturist, Counselor, and Fitness Trainer bring the clinic's health services full-circle. Services by these licensed practitioners are covered by most work health benefits.

- * Optimal health & performance, disease prevention, * Weight management,
- * Prenatal & Pediatric specialist, * Nutrition, supplements, detoxification, food intolerance, * Women's/Men's health, * Digestive, Mental/emotional, and Neurological health, * Arthritis, osteoporosis, pain, * Cardiovascular, blood pressure, cholesterol, * Auto/immune, allergies, flu/infection, * Endocrine, diabetes, thyroid,

Jen and Aaron are achieving their goals to improve the health of individuals, families, communities and workplaces. Towards the latter, they have developed the first 'Wholistic' Employee Health Program - a comprehensive, evidence-based, on-site program including: health assessments, seminars, consults, web-tracking and reporting.

Jen & Aaron can be reached at 519-746-0770, info@rhealth.ca, or visit the clinic at 1322 Sawmill Rd. Check their web site www.rhealth.ca, and follow their blog (with articles from 'healthy BBQing' to 'barefoot running').



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*People who care,
Plans that perform*

Ten Rules For Making Every Day A Great Day

1. Think that good things will happen.
2. Express gratitude to a loved one.
3. Put your gripes away in a box.
4. Be patient with an annoying person.
5. Do something special for yourself.
6. Reach out to someone who needs comfort.
7. Focus deeply on each moment.
8. Learn from a mistake.
9. Observe a flower or tree you haven't noticed before.
10. SMILE!

– Dr. Joyce Brothers

Regular Office Hours:

Monday to Friday
8:30 am to 5:00 pm.



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Lifestyle Tips

Fresh, Frozen or Canned?

Fresh – It is widely accepted that the best way to maximize the nutritional value of the produce you eat is to buy it locally, (organic if possible) and consume within a few days, but this isn't always realistic or convenient. Unless we utilize other options, such as canned or frozen foods to supplement our diet, meeting our nutritional requirements can be a big challenge.

Recent studies have revealed that the nutrients contained in our fruits and vegetables have declined considerably. What is the cause of the decline in nutrient value? There are many factors that effect fresh foods. Pesticides, fertilizers, shipping time, handling, and storage all take their toll. Due to consumer demand, it's suggested that breeders and growers focused on size, appearance, volume, and keeping costs down. The demand for a higher yield, with blemish-free produce took precedence. A recent study between Canada, the U.S. and the U.K. compared nutrient values in identical fruits and vegetables from 1930-1999. The results were consistent in all three countries "...in 1951, a woman could get her full recommended daily allowance of vitamin A from two peaches. Today, she would have to eat 53 to get that same nutritional content!" (www.nehealthadvisory.com)

Canning – This has been a popular method of preserving foods for centuries. Many people believe that canned foods are not as nutritious as their fresh counterparts; however, this is not always the case, as fresh food often deteriorates more rapidly than canned foods. During the canning process, fat-soluble vitamins and minerals (K, A, D, E, carbohydrates and protein) remain relatively stable, and are generally not affected by the canning process. However, minerals can also be lost when they seep into the canning or cooking water, which usually gets thrown out in the end. Since heat rapidly destroys many nutrients, the professional canning industry uses what's called high-temperature/short-time (HTST) principles for canning. The nutrients that are lost through canning are the vulnerable water soluble vitamins (some B vitamins, thiamin, riboflavin, folate, vitamin C). Once the food is packed in cans or jars, the nutrients remain stable, due to the lack of oxygen inside the container. Further heating seals the contents and removes numerous contaminants and microorganisms, giving the product a shelf life of two to five years. Studies show that the fibre content is as high in canned products as in their fresh counterparts. In some cases, i.e. pumpkins, the vitamin A levels are higher in the canned product. Two cancer-fighting antioxidants, beta-carotene and lycopene, are better absorbed from cooked or canned food. The nutrient value of meats and other proteins are basically unaltered by the canning process. Calcium levels are generally increased in fish when canned along with their calcium-rich bones, as compared to fresh i.e. salmon and sardines. (For BPA (bisphenol-A) concerns see: Arca Newsletter, Spring 2008 or www.thegreenguide.com)

Frozen products lose fewer nutrients initially because they are typically blanched and then frozen within hours of being picked, and there is less heat involved in the process. However, they can lose more nutrients during storage time due to oxidation. The longer they stay in the freezer, the more nutrients they will lose, especially in an opened freezer bag. As with fresh, they should be consumed in a timely basis. In the end, both canning and frozen products lose slightly more nutrients than fresh produce, but studies conclude that they are good supplemental alternatives. (www.betterhealth.vic.gov.au/foodprocessing)

*Contributor: Rose Frim
Executive Assistant/Reception*

If you would like to receive the newsletter by email rather than paper, please let us know by emailing inquiries@arcafinancial.com and we would be glad to make this change for you.

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