

# Retirement Planning



YOUR CA AND BUSINESS ADVISORY SERVICES

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**The Business Advisory Services Committee  
The Canadian Institute of Chartered Accountants**

Every business can benefit significantly by consulting your chartered accountant about business advisory services. CAs are skilled in accounting, auditing and tax services - and a lot more!

CAs can help you with:

- profitability improvement
- financing and loan applications
- obtaining government grants and other financial assistance
- developing management information systems
- cost accounting
- planning and budgeting
- forecasting and evaluation
- risk assessment and insurance planning
- planning compensation programs
- business valuation
- feasibility studies for business expansion
- starting a new business
- acquiring a franchise
- planning for retirement and/or business succession
- integrating business tax planning with estate tax planning.

These business advisory services are cost-effective because CAs have the knowledge of clients' organizations, operations, finances, personnel and tax situations.

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## Today for Tomorrow

Your CA can prepare a retirement plan for you today that will provide security for your tomorrow.

To produce the retirement plan, your accountant will take into consideration everything from your goals to your desired lifestyle, your assets to your liabilities, and, of course, when you would like to retire!

## When to Start Planning

Ideally, you would begin to start saving for your retirement as soon as you gain a steady income. Despite tremendous investment opportunities, however, all too often other financial obligations are given priority and retirement planning takes a back seat. Your CA can show you how a smaller commitment at a much earlier date is better than a large commitment late in life.

## Source of Retirement Income

Sources of income that may need to be considered include RRSP (Registered Retirement Savings Plan), CPP (Canada Pension Plan), RPP (Registered Pension Plan), DPSP (Deferred Profit Sharing Plan), ESOP (Employee Stock Ownership Plan) and stock options as well as any other existing investments and assets.

## Expenses

You may want your CA to assess both your current and long-term liabilities, especially if they are to be repaid during your retirement period.

Beyond basic living expenses, budgets for such extras as vacations and entertainment will also have to be considered.

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## Tax Strategy

After having established both your needs and your means, your chartered accountant will consider the best course for your retirement plan. Furthermore, your CA can help develop a tax strategy that will maximize your gains. Your Chartered Accountant will want to make sure that you take full advantage of various exemptions including principal residence exemption, capital gains exemption, and tax sheltered investments. RRSP investment will be reviewed to maximize deferred earnings. Your tax strategy should be reviewed on a regular basis.

Your CA can analyze the impact of an investment on your tax position on an ongoing basis.

## Planning Your Estate

As part of your financial framework focused on retirement you may wish to consider the allocation of your estate in the event of your death. Your CA's informed objective advice can help you maximize your potential opportunities. Estate planning is a process that enables you to organize your financial matters during your lifetime in order to avoid complications that may otherwise arise after your death. An Estate Plan can be designed specifically for you by your CA, and no two are alike.

## The Estate Plan

- Can provide for the preservation of your accumulated wealth through a comprehensive tax strategy.
- Can provide for continued security for your family which may also be a factor contained within your plan.
- Can provide for education or trust funds.

Your chartered accountant can continue to monitor your estate after your death. A personal final income tax return must be filed on your behalf. If your estate

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goes into trust, a trust return must be filed on your behalf.

Your chartered accountant can also work with your executor throughout the valuation process of your estate and keep a vigilant watch for further opportunities for tax savings. Your CA's main concern is to maintain the maximum value of your estate until it can be passed on to your heirs.

## Business Succession

If you or your spouse own a business, you will have to decide what to do with it on retirement. There are several choices. For example, you could sell it to an outsider or family member, or leave it to your heirs. Your CA can help you reach a decision on this matter. Your CA can arrive at a value for your business if you are selling and suggest the most tax-effective way to effect the sale. If you are leaving the business to your family, your CA can help minimize the taxes on transfer. For instance, an immediate estate freeze might be suggested so that further increases in the value of the business would accrue to your heirs.

## An Informed Opinion

Legislation that governs estates is subject to frequent reforms. Your CA, with his or her thorough knowledge of the Income Tax Act, is able to style a strategy specifically for you that takes full advantage of all allowances for which you may be eligible.

Planning for your retirement is never an easy task, but with the help of an objective and informed opinion from your chartered accountant you can be assured that the best decisions will have been reached.

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