

DYTUCO FINANCIAL SERVICES

Magdalena (Medy) Dytuco, CPA, CGA

Financial Planning & Insurance Advisor



FPSC Level 1™ Certificant in Financial Planning

Educating & Empowering You With Creative Financial Solutions

Cell: 604-368-1735

Email: DytucoFinancial@gmail.com

www.DytucoFinancialServices.com

We'll help you understand the best value options for your insurance & retirement plans

November is Financial Literacy Month in Canada

According to the Financial Consumer Agency of Canada (FCAC) website⁽¹⁾, “Financial Literacy Month” was launched in June 2015, with the goals of helping Canadians:

- manage money and debt wisely
- plan and save for the future
- prevent and protect against fraud and financial abuse

Keeping up with ever changing life events

Also according to the FCAC, as we go through life, “our financial responsibilities and priorities are bound to change. Whether you’re just starting your worklife or looking ahead to retirement, planning for life’s important events can go a long way towards helping you make good financial decisions and reach your goals”. The FCAC website also provides some great information that can help with financial decisions relating to changing life events⁽²⁾.

This includes:

- Starting your first job and moving out on your own
- Living as a couple or getting separated or divorced
- Having children and teaching children about money
- Owning a home and dealing with debt
- Planning your retirement
- Living with a disability

The Value of Financial Planning

A Financial Planning Standards Council (FPSC) study revealed that “Canadians who engage in comprehensive financial planning report significantly higher levels of financial and emotional well-being than those who do no planning or only limited planning”⁽³⁾. And as indicated above, it’s important to make sure your plan is able to keep up with life’s changes.

Another FPSC national survey found that 42 per cent of Canadians rank ‘money’ as their greatest stress. That stress is driving Canadians to lose sleep, reconsider past financial decisions, argue with partners and lie to family and friends.

Click here to see the key findings among respondents across the country. (<http://www.fpsc.ca/value-financial-planning/how-is-financial-stress-affecting-canadians>)

What difference does it make?

Many people starting out or going through major life changes end up using credit if they haven’t set anything aside for an emergency fund. Data collected by Statistics Canada shows that household debt increased again during the second quarter of 2015.⁽⁵⁾ This means that more of your money is spent on paying off interest on your debt.

The difference it makes to your retirement

You may agree that most of us envision retirement with feelings of relaxation and freedom. In fact, over the last few years, more seniors are carrying an increasing heavy debt load (according to a survey conducted by HomeEquity Bank and Equifax **Canada** (July 2015)⁽⁶⁾. That includes mortgages, loans, lines of credit and credit cards. The major findings reported in the OSC research study *The Financial Life Stages of Older Canadians* were:

- **Unexpected financial crises that disrupt savings and planned retirement spending**
- **The financial ramifications of personal health become increasingly important as Canadians age**

So how would you rate your financial literacy?

Take the FCAC Financial literacy self-assessment quiz and see how well you do⁽⁴⁾.

Financial planning to save on taxes

One of our largest expense against our income could possibly be income taxes, and most people only know to use RRSPs to save on taxes. In fact, there are a few other options that could save you money and leave more of your hard-earned income in your pocket (see our article the value of tax-free options). This includes tax-free options for your emergency medical fund.

Estate planning to save on taxes & fees

The FCAC also provides information on how "Life insurance can help your loved-ones deal with the financial impact of your death by paying a tax free, lump sum amount to your beneficiaries upon your death. The proceeds could be used to help pay for your funeral expenses, to pay off your debts and help maintain your family's standard of living upon your death."

In addition, this tax-free status of these benefits* can also make life insurance a more economical solution compared to certain investments. This is especially true when you compare leaving an inheritance to your children because life insurance benefits:

- Are tax free vs. other investments that can generate capital gains taxes on death
- Can be assigned to a beneficiary and by-passes your estate
- By-passing the estate avoids probate fees & associated legal fees
- Frees the benefits from other claims to the estate **
- By-passing the estate also keeps the inheritance private whereas all wills become public information upon death

If you're a business owner, there are even further tax benefits available by having your life insurance owned by your company.

* when individually held and not deducted as a business expense

** aside from RRSP redemption taxes

Contact me for a complimentary review of your financial or retirement plan or for more information on using insurance-based solutions to save taxes and provide security for your future and your family.

⁽¹⁾ <http://www.fcac-acfc.gc.ca/Eng/financialLiteracy/initiativesProjects/FLM/Pages/about.aspx>

⁽²⁾ <http://www.fcac-acfc.gc.ca/Eng/forConsumers/lifeEvents/Pages/home-accueil.aspx>

⁽³⁾ <http://www.fpsc.ca/value-financial-planning>

⁽⁴⁾ <http://itools-ioutils.fcac-acfc.gc.ca/FLSAT-OAELF/star-comm-eng.aspx>

⁽⁵⁾ <http://insurance-journal.ca/article/canadian-household-debt-continues-to-rise/>

⁽⁶⁾ <http://insurance-journal.ca/article/more-seniors-carrying-debt/>

The Time to repair the roof is when the sun is shining. ~ John F. Kennedy

For more information, please see my website (www.DytucoFinancialServices.com) and feel free to share this information to a friend, family member or co-worker who you think might get value out of this information.

Also remember our CLIENT REFERRAL PROGRAM which pays \$100 for a referred family of 2 (or \$50 per person) who purchase Life or Critical Illness Insurance from me.