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Digital Dilemma - Estate Concerns

It is rare that there is anyone who does not have some digital assets, access to the digital world or a presence on the world-wide-web today.

Generally, we frequently grumble about all the password, access codes and security that must be in place for emails, Amazon, Google, Apple, PayPal, Facebook, LinkedIn, TikTok, Snapchat, Twitter, YouTube, Crypto, etc. – the list goes on! However that is really the least of our worries.

We don't give our growing online life much thought from an asset perspective which is short sighted. The story of the life and death of Gerald Cotten, who ran a large Canadian crypto currency exchange then died suddenly in 2018, while in India on his honeymoon, was quite a revelation for the issue brewing for online assets.

In the case of Mr. Cotton, besides the scandal that ensued, he neglected to tell or keep a record of the digital keys needed to access the encrypted digital vaults and wallets that held the precious funds leaving family members without the necessary cash to cover their needs. Like the canary in the coal mine, this drew the attention of the estate planning and financial professionals on the risks of not doing digital asset planning.

Even if you don't have crypto assets today, most of us do have electronic records that are connected to specific jurisdictions. The legal responsibilities for trustees/executors dealing with access laws of ownership and rights to accounts differ from country to country. Many of the common accounts that are used daily, are run by companies in the U.S.A. or Europe, so often it is multiple levels of privacy laws, access, property and tax laws to figure out.

It is a complex area but the first steps to take are become aware of the importance of doing an inventory of digital assets and online accounts. Ensure that your executor is aware of the storage place for your listed inventory for all types of assets, along with the storage spot for the necessary access codes. Discuss your wishes for various online sites whether to be taken down or memorialized, plus what to do with digital photos and storage in the cloud of personal documents.

Make certain that the named executor(s) are prepared and comfortable navigating through the technical requirements, legalities and determining how to value your various assets since this is not a tiny task.

One of the kindest ways to help your family is to take responsibility for proper estate planning to make their lives easier during stressful times.

Trusted Contact Person Power of Attorney for Property Power of Attorney for Personal Care

Naming a Trusted Contact Person (TCP) is becoming more popular in the financial services industry. This is someone who you trust that your Financial Planner can speak to if they notice signs of financial exploitation, diminishing health or simply if they can't get in touch with you, for example the Trusted Contact Person may know you're on vacation. If you name a Trusted Contact Person (TCP) they should be someone close to you, that knows your routine and has your best interest at heart. They are not authorized to make any changes to your account and have no authority other than speaking to us if we are concerned about you.

Power of Attorney for Property and Power of Attorney for Personal Care

A Power of Attorney is a legal document that gives one or more than one named person the authority to make decisions and/or conduct transactions on your behalf.

Power of Attorney for Property relates to making decisions regarding your property and finances. For example, this could happen if you are in the hospital, then they can pay your bills and manage your investments and maintain or sell your house.

Power of Attorney for Personal Care relates to making decisions regarding your health. For example this could be speaking to a Doctor to make decisions if you are unconscious, signing documents for retirement home care, and other aspects of your personal life such as meals, clothing, personal hygiene.

In any of these examples, you want to tell your Trusted Contact Person and/or Powers of Attorney your wishes. What do you want to happen if you need medical care or are unable to consent to or refuse treatment. What bills need to be paid, who do they contact to ensure that everything runs smoothly while you are not able to care for yourself.

If you are interested in naming a Trusted Contact Person (TCP) please contact our office.

See reverse for Tax Return check list

Preparing for Your Tax Return - 2022

Don't forget any of the following items that may be needed to complete your return
Tax Pak envelopes are available at the office in which you can put your information
Call or e-mail and we can arrange for you to pick up

INCOME

- T4 Employment income
- T4AP CPP Canada Pension Plan
- T40AS Old Age Security
- T4E Social Assistance/Unemployment Insurance
- T4A Pension, Annuity, RRSP and Other Income
- T4RSP RRSP Income / Withdrawals
- T4RIF Registered Retirement Income
- T3 Trust and Dividend Income
- T5 Investment Income
- T5007 WSIB/Benefit Income
- T5008 Securities Transactions/Capital Gains/Losses
- T5013 Partnership Income
(T5008 from December 31st Statement)

INFORMATION SLIPS/RECEIPTS

- Notice of Assessment – from last year's return
- Self-Employment Income
- Business, Farm, or fishing Income
- Rental Property Income
- T215 Past Service Pension Adjustment
- T2200 Declaration of Conditions of Employment
- T2202A Tuition & Education Credit Tax Slip
- Spousal support received
- Child support received
- Other pensions and annuities
- Sale of stocks, bonds (purchases & sale information)
- Sale of Principal Residence (purchase & sale information)
- Sale of Second Property (purchase & sale information)
- Other income (details): _____

Note:

We begin to process tax returns in March, but recommend that you make sure you have all the information on hand before submitting to us. Some slips might take some time to arrive.

It is best to wait to get all the return information you need to avoid having to re-file and delay any possible refund.

Returns must be filed by April 30th but please don't wait to the last minute as we do need time for processing.

DEDUCTIONS

- RRSP contributions tax slips
- Union or Professional dues receipts
- Child Care expenses
- Moving expenses
- Rent or Property Taxes paid
- Spousal Support paid
- Child support paid
- Carrying charges and interest expenses
- GST/HST credit and / or rebate
- Age credit
- Spouse credit
- Eligible Dependant
- Pension Income Splitting

CREDITS

- Tuition and Education
- Transfer of Spouse's unused credits
- Medical expense
- Charitable donation
- Disability / Caregiver
- Political contribution
- Property taxes and / or Rent
- Vehicle expenses
- Office in home expenses
- Stock option and share deduction
- Northern Residents deduction
- Exploration and development expenses
- Employee home relocation deduction
- Losses of other years
- Climate Action credit
- Pension credit

Be Watching:

We are currently involved in designing our new company website which will include links to daily national and international market information plus newsletters and videos from ourselves and our investment partner Croft Financial.

Investment Note: After many years of very low interest rate returns GICs now look attractive but it depends where invested to avoid negative tax implications. Inside a TFSA or Registered account is best.