



Since 1972

# Macdonald, Shymko & Company Ltd.

Fee Only Financial Advisors/Portfolio Manager

## WEALTH MONITOR

### DOUG MACDONALD RECEIVES PRESTIGIOUS AWARD FOR LIFETIME ACHIEVEMENT



At the Canadian Wealth Professional Awards dinner ([wpawards.ca](http://wpawards.ca)) in Toronto on June 2, 2016, a gathering of wealth professional from across the country, Doug Macdonald received the Invesco Canada Award for Lifetime Achievement, recognizing his contributions to the financial services industry over Macdonald, Shymko & Company’s 44-year history.

The [Wealth Professional Awards](#) brings together leaders to celebrate excellence in the Wealth Management industry and are designed to recognize individuals, teams, and companies for their outstanding achievements and contributions to the field. Gina Macdonald was a finalist for the Award for Private Client Advisor of the Year.

David Shymko and Doug Macdonald (pioneers in fee-only advice), got together in May of 1972 with a unique concept to create a new business model within the financial services industry. This concept was to offer Independent Comprehensive Financial Advice on a fee for service basis to individuals – a model similar to that of an accountant, lawyer or architect, and is now referred to as “Fee-Only”.

Doug Macdonald stated, “...we received advice and counsel from many experienced individuals that this business model was not viable, there would be no demand for this service, and most certainly no one would be prepared to pay for this service on an hourly charge basis. Fortunately, we both were young, idealistic, and committed to the concept.”

Macdonald, Shymko & Company continues to move forward with these same original values and vision. The type of services provided in the beginning and today have resulted in advice centered on the client and the achievement of their goals and we have no plans to stray from that approach. Our business model has now been used by many firms and individuals, and there is now an overall trend within the financial services industry towards fee-based advice.

### SUMMER 2016



You can be young without money but you can’t be old without it.

– Tennessee Williams

#### INSIDE THIS ISSUE:

DOUG MACDONALD RECEIVES PRESTIGIOUS AWARD FOR LIFETIME ACHIEVEMENT	1
MSC IN THE PRESS	2
MSC NEWS	2
PROTECTING YOURSELF AGAINST IDENTITY FRAUD	2
TAX UPDATES	3
ISSUES FOR DISABLED PERSONS	4
THANK YOU FROM MSC	4

## MSC IN THE PRESS

MSC Advisors were quoted in the following articles:

April 16, 2016 – *CBC Radio Canada*: [“5 Tips For Being A Good Millionaire”](#) (Gina Macdonald)

March 30, 2016 – *The Globe and Mail*: [“What to Do When Your Adult Children are Ruining Your Retirement”](#) (Ian Black)

March 12, 2016 – *The Globe and Mail* Financial Facelift: [“Couple’s Retirement Plan Must Reconcile Short-and Long-Term Priorities”](#) (Brinsley Saleken)

February 17, 2016 – *The Financial Post*: [“Retirement Is Decades Away For Millennials — And That’s Why Now Is The Time To Start Saving”](#) (Ngoc Day)

February 3, 2016 – *The Globe and Mail*: [“Don’t Make These Rookie RRSP Mistakes”](#) (Ngoc Day)

January 25, 2016 – *The Globe and Mail*: [“Does This Retiree Have Enough Saved After her Husband’s Death?”](#) (Gina Macdonald)

January 20, 2016 – *The Globe and Mail*: [“Hand-Holding Rises To The Top Of Advisers’ Skill Sets”](#) (Ngoc Day)

January 7, 2016 – *The Globe and Mail*: [“What Advisers Are Saying About The Tumultuous Market”](#) (Gina Macdonald)

**Please monitor our MSC website or Facebook site to read our latest articles.**

## MSC NEWS

- ◆ Welcome our newest additions to the MSC team: **Linda Laliberte** (Receptionist & Billing Administrator) and **David Thill** (Financial Planning Assistant working primarily with David Shymko and Ian Black).
- ◆ The **MSC Foundation** was established in 1997 (the 25<sup>th</sup> anniversary of Macdonald, Shymko & Company Ltd.), and recently the decision was made to wind up the Foundation and distribute the remaining proceeds. Final donations were made to: the **Vancouver School Board Hot Lunch Program, Ronald McDonald House BC, Canuck Place Children’s Hospice Foundation, and The KidSafe Project Society**. The Foundation has contributed to a wide variety of charities and community groups over the years in support of local community initiatives.

MSC’s recent donation to the KidSafe’s Spring Break 2016 Program specifically supported the Food Security Program. Ensuring vulnerable Vancouver children received a full-day’s nutrition, cooked on-site by the program’s Food Coordinators, the children were also taught how to cook healthy affordable foods. The goal is to ensure kids don’t go hungry at home or when school is out.

---

## PROTECTING YOURSELF AGAINST IDENTITY FRAUD

We have been alerted that some of our clients, family, and friends have recently received telephone calls from someone claiming to be an officer with the Canada Revenue Agency (CRA). Using aggressive and threatening language, this person claimed that the CRA is investigating the taxpayer for fraud and the taxpayer must provide personal information (Social Insurance Number, bank account credit card, etc.) and make payments or face prosecution.

If you receive this type of scam phone call, remember the CRA will never:

- Send email with a link and ask for personal information
- Request payments by prepaid credit cards
- Provide your information to anyone else without formal, written permission
- Leave personal information on an answering machine

If in doubt, ask yourself:

- Is the caller pushy or deliberately trying to alarm you? CRA has no need to employ these tactics – they have legitimate means to request payments.
- Is this person asking for information that I know the CRA already has?

The best response is to ask the caller for their phone number and contact the CRA at 1-800-959-8281 for verification, or contact us and we can either provide clarification for you or contact the CRA on your behalf.

## TAX UPDATES

### Some highlights from the 2016 B.C. Budget are as follows:

- **Property Transfer Tax:** For newly built homes up to \$750,000, eligible buyers will be exempt from the Property Transfer Tax; this may provide savings of up to \$13,000. However, the Property Transfer Tax will increase from 2% to 3% on the portion of the fair market value above \$2 million.
- **Home Renovation Tax Credit:** Expanded to include persons with disabilities, this tax credit provides up to \$1,000 annually to help with the cost of certain home renovations to improve accessibility for seniors and persons with disabilities to be more functional or mobile at home.
- **B.C. Training and Education Savings Program (BCTESP) RESP Grant:** There is a small change to this new grant, which provides a one-time lump sum payment of \$1,200 for eligible children (paid to their RESP). The eligibility age has been extended by one year: children born after January 1, 2006 are eligible.

### Under the new Liberal Government, some changes that are taking place in 2016:

- **Personal Income Tax Rates:** The tax rate for the middle Federal tax bracket (income from \$45,282 to \$90,563) will drop from 22% to 20.5%. Individuals could save as much as \$679 under the changes, depending on their total income. However, the top tax rate has increased from 29% to 33% for taxable income over \$200,000 (but at least high-income earners will receive a larger tax credit for charitable donations to reflect the 4% increase).
- **Canada Child Benefit:** Starting in July, the Canada Child Benefit will provide an annual benefit of up to \$6,400 per child under the age of six and up to \$5,400 per child for those between the ages of 6 and 17.
- **Income Splitting Tax Credit:** As indicated during the election campaign, for 2016 and subsequent years, the government has proposed the elimination of the income splitting tax credit for couples with at least one child under the age of 18.
- **Tax-Free Savings Account (TFSA):** The annual contribution limit has been reset at \$5,500 for 2016. The total cumulative annual contribution limits from 2009 to 2016 total \$46,500, but your personal contribution limits may vary based on past contributions, withdrawals, etc. These accounts are not recommended for U.S. citizens. (Note: In B.C. the minimum age for opening a TFSA is 19 (age of majority), but since contribution room is earned from age 18 (the age of majority varies across Canada), an individual actually has two years contribution room at age 19. If you are looking to help your children/grandchildren, this is something to keep in mind. Gifting to family members for TFSA contributions could be used to supplement savings for education, a home purchase, etc.)
- **Canada Student Grant:** The grant will rise to \$3,000 from \$2,000 for low-income students, \$1,200 to \$800 for middle-income students, and \$1,800 to \$1,100 for part-time students.
- **Children's Fitness and Arts Tax Credit and Education and Textbook Tax Credit:** Effective as of January 1, 2017, the budget proposes the complete elimination of these tax credits. The maximum Children's Fitness and Arts Tax Credit will be halved for 2016, and the ability to carry forward unused amounts of the Education and Textbook Tax Credits will remain unaffected.

## ISSUES FOR DISABLED PERSONS

**Asset Limits for Disabled persons in British Columbia:** The B.C. Government announced that effective December 1<sup>st</sup>, 2015, the asset limits for individuals collecting the B.C. Disability Benefit will increase from \$5,000 to \$100,000. This is welcome news as this will provide greater financial freedom for recipients to hold some extra savings/assets without facing reductions to the monthly Disability Benefits.

**Disability Trusts:** While the taxation for Trusts is undergoing major changes in 2016 (many Trusts will now be taxed at the top tax rates, versus tiered rates that applied previously), a Qualified Disability Trust (QDT) will continue to be taxed at graduated personal tax rates (provided the Trust has been settled for the benefit of a disabled Beneficiary and the Beneficiary qualifies for the Federal Disability Tax Credit).

**RDSP:** A reminder that a Registered Disability Savings Plan (RDSP) can be established for a qualifying person with a disability. This is a savings plan to help build wealth for the Beneficiary on a long-term basis (the RDSP provides tax sheltered investment income like an RRSP). Annual contributions (with a lifetime contribution limit of \$200,000) may qualify for matching from the Canada Disability Savings Grant and Canada Disability Savings Bond. The Government gives matching grants of up to 300%, depending on the Beneficiary's family income and contribution. The maximum Grant amount is \$3,500 per year, with a limit of \$70,000 over your lifetime. Also, if you qualify for the Bond, you can receive up to \$1,000 a year, depending on the Beneficiary's family income. Over an individual's lifetime, there is a limit of \$20,000 in Bond payments. The eligibility for Grants and Bonds is

based on family income until the end of the year they turn age 18 (or age of majority); after this point it is based on the income level of the Beneficiary (and spouse). The eligibility for the RDSP Grants and Bonds stops at the end of the year when the Beneficiary turns age 49.

**RRSP/RRIF Beneficiary – Transfer to RDSP:** The rules allow for a transfer (or partial transfer) from the RRSP/RRIF of a deceased person, on a tax-deferred basis, to the RDSP of their child/grandchild IF they are a *financially dependent infirm child or grandchild*. (Any transfer is subject to the eligibility rules, and can't exceed the lifetime RDSP contribution limits of \$200,000, less any contributions to date). Similar rules may allow the transfer of the deceased RRSP/RRIF proceeds to a RRSP/RRIF on a tax-deferred basis to the infirm child/grandchild (subject to eligibility).

## THANK YOU FROM MSC



MSC is a client referral-based firm and we thank you for referring your family, friends and coworkers to us. We appreciate our clients' ongoing loyalty and trust in our services; we are fortunate to have many long-term client relationships that have continued for decades, some more than 40 years!

Please feel free to send this newsletter to others you think may benefit from a Fee Only Financial Planner. Our newsletters can also be viewed on our website:

[www.macdonaldshymko.com/financial-resources/articles-and-newsletters](http://www.macdonaldshymko.com/financial-resources/articles-and-newsletters)



Since 1972

*Macdonald, Shymko & Company Ltd. Fee Only Financial Advisors/Portfolio Manager*

950 - 510 Burrard Street, Vancouver, B.C. V6C 3A8

Tel: (604) 687-7966 • Fax: (604) 687-1830 • [msc@msc-feeonly.com](mailto:msc@msc-feeonly.com)

[www.macdonaldshymko.com](http://www.macdonaldshymko.com)