



December 2010

It's that time
again!

Yes it's
RPAC Membership
Renewal Time!

Look for your RPAC
Renewal Kit by
email in early
January.

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RETIREMENT PLANNING ASSOCIATION of CANADA

ASSOCIATION DES PLANIFICATEURS DE RETRAITE du CANADA

A Message from our President



Ida-Jean McIntyre, PRP
RPAC President

So much has happened since September:

- Ontario South Chapter hosted a successful national conference;
- Betsy Prospero resigned (thanks for your years of service!) and
- Lianne Ellis, became our new part-time national administrator - welcome!

Lianne's first projects have included this newsletter and our annual PRP renewal process. Thanks, Lianne, for a new look and to members who answered her call for newsletter content!

Thank you to all PRPs who have renewed. I appreciate

that some of you may be questioning whether to renew or not in light of my communications about the state of our Association. Please see page 2 for an update about the options that we are exploring for RPAC. Please continue to [email me](#) with your ideas for your Association's future.

It is my privilege to have been elected your President and to serve with all of the other wonderful people elected to the National Board. Thank you for your support and input to the decisions that we are facing.

Sincerely,
IJ

RPAC 2010 Conference Highlights

Congratulations to our Ontario South Chapter for hosting a fabulous conference with excellent learning and networking opportunities.

Thanks again to the Conference Committee (Marie Howes, Mark Venning, Linda Brodey, Keith Deviney, Lynn Biscott, Geoff Day, Marilynn Wong, Robin MacDonald and Claudette Armstrong!) and, to all our generous sponsors:

- GOLD: Investment Executive
- SILVER: Revera Inc. & Toron Investment Management courtesy of RPAC Member, John Welch, Partner
- BRONZE: Financial Planning Standards Council (FPSC) & Mackenzie Financial
- GENERAL: Eldercare Home Health, Planware courtesy of RPAC Member, Doug Lamb and OTIP, courtesy of RPAC Member, Robin MacDonald, PRP
- MEMBER: Academy of Financial Divorce Specialists - Linda Cartier, PRP
Fiscal Wellness Inc - Carien Jutting - PRP
Foyston, Gordon & Payne - Mark Klinkow
Retirement / Life Challenge - Rein Selles, PRP
Taylor Financial Group - Wayne Taylor, PRP

PowerPoint Presentations from 2010 Conference



PowerPoint presentations from the Conference are now available for viewing and/or download on our website at the following link:

<http://www.retirementplanners.ca/login.html>

user-name: RPAC

password: rein

The user-name and password are case-sensitive.

The following presentations are available:

- Don Thomson
- Dr. Raisa Deber
- Gerald Bramm
- Patrick Longhurst
- Robert Brown
- Roger Mannell
- Veronika Litinski

Options for RPAC's Future – Update

At the AGM, and in an email to all members in October, IJ shared that the focus of the RPAC National Board meeting was on the realities facing the Association. Given the small membership base of 125 (not “only 100” as reported in the Investment Executive article), continuing as an independent organization is not realistic – especially in light of the needs expressed by the 50% of the members who participated in the online survey conducted by Gerald Bramm in preparation for his conference presentation “Marketing in the Age of Aging”.

As Gerald asked specific questions about RPAC in his survey, IJ invited him to the Board meeting to share the results of the RPAC specific questions. Essentially, RPAC members see Education and Professional Development as being the most important elements of their membership, however, just gave RPAC a passing grade. On the other hand, the national conference and PRP designation are both seen as being of low importance while RPAC is doing them very well. Many ideas were suggested by Board members: “we could do this” “we could do that”. Since all board members are volunteers, IJ’s question back to the Board was “who is we?”

The Board discussed the perception that we are a “niche” organization; that RPAC is not the primary organization for financial planners or for life planners, either. Given the tight money situation, advisors have had to choose which organizations they MUST belong to in order to maintain their status or licenses. At the end of the discussions, it was concluded that we would contact other organizations to see if the members’ needs for Education and Professional Development could be met by striking an alliance or partnership of some kind. The Board’s goal is to maintain RPAC’s underlying philosophy of the importance of a holistic approach to retirement planning. The Board will keep that in mind as we explore the options for RPAC.

In an email to all members, IJ invited you to let her know if you are aware of any organization(s) you believe she should contact or to share your input and ideas. So far, she has heard back from a total of fifteen of you - including one who simply shared a joke.

Suggestions include (in no particular order):

- Canadian Pension and Benefits Institute
- Investment Funds Institute of Canada
- Canadian Academy of Senior Advisors
- Advocis / Institute for Advanced Financial Education (formerly CLU Institute)
- Canadian Initiative for Elder Planning Studies
- Association of Canadian Pension Management
- Canadian Institute of Financial Planners
- Canadian Society of Actuaries
- Institute of Advanced Financial Planners
- Independent Financial Brokers.
- Life Planning Network

In addition, she has learned that the American counterpart (the International Society of Retirement and Life Planners) also had similar experiences, which the Board is hoping to learn from.

Thank you to all of you for your suggestions as well as your offers of contacts and connections with other organizations. As well as for all of the good questions that have been posed which will help the Board in the search for a good fit.

At the AGM in Toronto, the new National Board was elected as follows:

President:	I.J. McIntyre, PRP
Past President:	Robin MacDonald, PRP
Vice President:	Lynn Biscott
Secretary:	Marie Howes, PRP
Treasurer:	Carien Jutting, PRP
PRP Chairs:	Gilles Marceau, PRP Av Lieberman, PRP

Membership chair: Vacant

CPP Changes – What Advisors Need to Know

By: Lynn Biscott,
Ontario South Chapter Member

In May 2009, the federal, provincial and territorial finance ministers proposed fairly extensive changes to the Canada Pension Plan (CPP). Back then, it was emphasized that the proposals required approval by both the federal Parliament and the provinces / territories before coming into force, and, in any case, most of the proposed changes would be phased in gradually beginning a couple of years in the future. It seemed as if there would be opportunity for further study and input before anything concrete came about.

Not so. In December 2009, in an announcement tucked in with a news release entitled “Government of Canada Implements the Home Renovation Tax Credit and Other Outstanding Measures”, Jim Flaherty announced that Bill C-51, which deals with the home renovation tax credit, the first time home buyers’ tax credit, the working income tax benefit, tax relief for farmers in drought-stricken regions and the proposed CPP changes, received Royal Assent. It looks as though the proposals have become reality.

Although it’s true that the first changes won’t appear until 2011, financial advisors need to be able to advise clients now, particularly those who are age-eligible to apply for CPP under the old rules. You see, one of the reasons the changes were proposed is that the current system provides an actuarial

advantage to those who apply at age 60 versus waiting until the “normal retirement age” of 65. For that reason, among others, most advisors have recommended that their clients apply for CPP as early as possible.

But the actuarial advantage is about to disappear. Beginning in 2012, the early pension reduction, currently 0.5% per month prior to age 65, will gradually increase to 0.6% per month. And beginning in 2011, the late pension increase, currently 0.5% per month after age 65, will gradually move up to 0.7% per month. Although these increases may sound small, they can be significant over an extended period of time. Where a current applicant at age 60 would be eligible to receive 70% of their expected benefit at age 65, once the new rules are fully implemented, they will only receive 64%. For someone entitled to the maximum retirement benefit, this represents almost \$700 per year at today’s CPP rates.

Here’s another change that will affect the 60 to 65 crowd: currently, CPP applicants under age 65 must have “substantially ceased working” (CPP’s terminology). In practice, this means that their earned income from employment (or self-employment) has to be less than the current maximum retirement benefit at age 65 (\$934.19 per month in 2010) in order to qualify. If they begin to work again (or their earnings increase), there

must be at least a two month gap where their income is below the required level. Once they start to collect the retirement benefit, they’re not required to make any further contributions to the plan.

Under the new rules, applicants will be able to take the retirement benefit prior to 65 without any work reduction or interruption in earnings. However, those who continue to work will be required to contribute to CPP at least until age 65. Additional contributions for those working beyond age 65 are optional. These changes will take effect in 2012.

The requirement to keep contributing to age 65 does remove one incentive for self-employed people to opt out early. The combined total of employee/employer contributions is over \$4,300 per year for anyone earning at least the maximum pensionable earnings (\$47,200 in 2010). Under the current rules, a self-employed individual could stop work for two months at age 60, start collecting CPP, and never have to contribute again. However, the continued contributions required under the new system will result in increased retirement benefits, even for those already receiving the maximum amount. Additional benefits will be earned at the rate of 1/40th of the maximum pension amount (\$11,210 in 2010) per year of additional contributions, which translates into a maximum increase of \$280 per

year, based on current CPP rates.

One positive change for all is that the general low earnings dropout provision, which CPP uses to exclude years of low or no CPP contributions from their calculations, will go up from the current level of 15% to 16% in 2012 and 17% in 2014. This change will increase the basic retirement pension for virtually all contributors. And, all the changes proposed can be accomplished without increasing the current 9.9% contribution rate (employer and employee combined).

None of the changes discussed will impact clients who begin their CPP retirement pension under the current rules, with the exception of the requirement to contribute to CPP while working under the age of 65.

While every client’s situation is different, those who turn 60 before the new rules come in should consider taking the actuarial advantage while it’s still available.

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This article was originally published in FORUM, March 2010.

Lynn will be speaking on this issue at the Ontario South Chapter PD Day on March 4, 2011. The second edition of Lynn’s book, *The Boomers Retire: A Guide for Financial Advisors and their Clients*, will be available in December 2010. Check www.carswell.com for details.

...financial advisors need to be able to advise clients now, particularly those who are age-eligible to apply for CPP under the old rules.

Retiring from Retirement

By: Enise Olding and Carol Baird-Krul
British Columbia Chapter members

“So many retirees enter this new phase where they are energetically pursuing a new ‘career on their own terms’ and making commitments and obligations which anchor them in much the way their primary career used to.”



Hard as it is for people who are working to think about retirement and how they will fare when they leave their jobs, they need to be prepared for yet another transitional phase: Retiring from Retirement.

As we’ve described in our book *Transition to Retirement: The Uncharted Course*, it’s not easy for prospective retirees to realize exactly what their retirement years will look like. Once the ‘holiday’ or ‘freedom’ phase is over they are often lost and have the need to strike out on new ventures. It might be small business based on a new idea, or a hobby or creative passion that expands into a business; on the other hand they may decide to put their skill set to use in a voluntary venture.

All of that is vastly satisfying and generally opens up whole new worlds and experiences that allow for personal and professional growth in areas

the retirees never anticipated. So many retirees enter this new phase where they are energetically pursuing a new ‘career on their own terms’ and making commitments and obligations which anchor them in much the way their primary career used to.

But wait, eventually many decide they want another change. This ‘new’ type of passion or work is fine but eventually the thrill of it wears off and, horror of horrors ... it feels like work, or it becomes a trap. So, many successfully reinvented retirees are faced with how to retire from retirement. More and more we are being sought as guest speakers to groups who consist of people who have been retired for a while, as well as those who are still working and contemplating retirement.

You have enough to do helping your clients prepare for retirement both financially and psychologically, helping

them to recognize what it is they want to do once they leave their jobs and supporting them as they progress through their retirement transitional phases [from ‘holiday feeling’ to boredom or frustration]. But, keep in the back of your mind that whatever your clients might do as they head off into their new lives of retirement in a few years, they may just reach that place where they want to retire from their chosen retirement, and new plans and visions will be needed. Having that awareness will be of great value to you and your clients as you work with them on their long range plans.

Carol Baird-Krul and Enise Olding,

Authors of - *Transition to Retirement: The Uncharted Course*

A book that dovetails with financial plans for retirement to provide a complete life overview for clients.

www.drassociates.ca

Contemplating Downsizing

By: William Jack
Ontario South Chapter member

My wife and I live in a house that has 25 steps from street level to the first floor and 15 steps from the first floor to the second where the master bedroom is. We are very aware that the time will come when we will no longer be willing to, or in fact, able to negotiate these stairs. We have a strong preference for proactive planning and we have started to explore our alternatives for downsizing. We enjoy our community a great deal and have limited our search, to date, in the neighbourhood.

Recently, friends moved into a condominium building that we had placed on our short-

list. They invited us over for a visit and a glass of champagne. Their building was in a good location and the apartment itself, was very attractive. As we looked into the various rooms, the kitchen and the balcony, we had a number of startling revelations. To move into a condo like this one, the reduction in floor space was going to be more significant than we had expected.

In order to move into an apartment of this size, we would be facing:

- Replacing our bedroom and living room furniture. The alternatives are smaller

sofas, for example, or very cramped rooms.

- Reducing the volume of dishes, glasses, pots and pans and cookbooks that are stored in our current kitchen.
- Getting rid of closets full of stuff that we would not have room to store. Everything stored in the garden shed and the garage will have to go.
- Disposing of roughly a third of our clothes and over half of our books. And this after the bookshelves had been, we thought, severely culled.

- Doing without a wood burning, or for that matter, a gas burning fireplace for the first time since 1978.

Clearly, a change of this magnitude was going to take a lot of thought, a lot of planning and a lot of time to get through with a minimum amount of stress.

To help us get over this long list of surprises, we started to discuss the advantages of decluttering and moving into a condo. As our discussions come to conclusions, we will share them with you.

Colour me Bad

Republished in this newsletter with the permission of David Toyne, RPAC member, Ontario South Chapter

Account statements from most Canadian mutual fund companies are so bad that splashing a little colour on the document can propel you to the top of the list. Never mind features that clients are really interested in like performance and fees, just add a little yellow and green and it's all good.

The latest study by Dalbar (a firm that evaluates companies based on the quality of service they deliver to clients) concluded that most fund companies are not meeting basic client expectations, notably in the area of performance reporting. In fact, the majority of companies evaluated in the study (22

statements in total were analyzed) did not even earn a 'Dalbar designation' because they scored less than 60 points out of a possible 100.

The study noted that the most important statement feature valued by investors is overall rate of return. Yet, according to Dalbar, "a disappointing 68% of mutual fund providers are omitting this crucial piece of information on their statements."

Fees are considered the second most important feature. Get ready for it...according to a recent article in Investment Executive, the study found that "the few mutual fund statements that do show fees present them in an unclear

way."

Perhaps the most telling indictment of the state of affairs is that no firm received the highest designation ("excellent") and the top-scoring statement didn't show rates of return. Further, according to the above-mentioned article, the highest ranking firm attributed their title to the use of colour - which they've been using "for about a year."

This article was originally posted on Steadyhand's Blog November 3, 2010 by Scott Ronalds

"the few mutual fund statements that do show fees present them in an unclear way."



Highlights of Chapter Reports at National Board Meeting

Two of our local Chapters are currently running well.

Ontario South Chapter's members volunteer to plan interesting and informative sessions, to oversee other Chapter matters and regularly attend events, plus invite a steady stream of guests, which often turn into members. Claudette Armstrong's dedication and hard work underlies the Chapter's success.

The Manitoba Chapter continues to deliver two successful Education Day Events per year attracting a large number of non-members seeking continuing educational credits.

The British Columbia, Alberta and Saskatchewan Chapters are, on the other hand, losing ground because of small membership numbers, limited volunteer time and energy to organize events and/or lack of attendees.

Since many of our Chapters are struggling, Robin MacDonald made a motion that RPAC National Board recognize the significant contribution of all Chapters and that their efforts are appreciated. Further, that the National Board understands the difficulties of setting up and maintaining a Chapter. Seconded by Donna St. Onge. CARRIED!

Annual General Meeting – Remarks from Robin MacDonald, PRP

It has been my pleasure to have been able to act as President of RPAC National for the last two years. I have had the pleasure of working closely with so many individuals, all of them extremely dedicated, hard working and always willing to volunteer to make RPAC stronger. I have been part of many other organizations, and cannot remember an instance when I have met so many professionals as dedicated in one group. We admittedly are a small group, but it does not lack in character or dedication.

I would like to especially thank Betsy Prospero, who is stepping down as our National Administrator, to concentrate on her own financial planning practice. Betsy has been a great asset to RPAC, and of great assistance to me and the rest of the RPAC Board. Thank you Betsy for all the years you have devoted to RPAC. Your dedication and ideas have been a great asset to our organization.

I would finally like to wish the incoming executive all the best as they continue to explore new ways to promote the goals and values of RPAC to both financial and lifestyle planners throughout Canada.

Comments & Feedback

We would love to get your feedback on our new "look", as well as any ideas for upcoming newsletters!

Please forward your thoughts by email by clicking on the following link:

[Newsletter Feedback](#)

RPAC Looking to Link Up

Prior to the national conference, the Ontario South Chapter did an excellent media blitz. Olivia Glauberzon of the Investment Executive (IE), one of our long-standing national conference sponsors, decided to attend the full conference including the AGM.

After the conference, Olivia interviewed me about RPAC's plans to look for an alliance with another organization. As some of you may not subscribe to the Investment Executive, the article can be viewed on the Investment Executive website by clicking on the following [link](#).

However, perhaps because IE is Canada's Newspaper for Financial Advisors, the article says (incorrectly) that RPAC exists to provide education to financial advisors. As you know, RPAC is Canada's longest established national organization for integrated financial and lifestyle retirement planning with a broad spectrum of members.

In addition the article suggests that I said we're looking for a partner with "an infrastructure in place to help RPAC plan and host its national conferences". In fact, our focus is on finding a partner to help deliver professional development and education which are of the highest priority to our members.

As well, as also mentioned in my President's message, our current membership stands at 125 (down from 225 - five years ago).

IJ McIntyre

2011 National RPAC Conference

Given the small number of members nationally and in the Alberta chapter, the decision about a national "conference" has been temporarily deferred. IJ McIntyre, Alberta Chapter President, has committed to assess the feasibility of hosting a two-day skill-building event focused on helping members learn a transition planning process that they could apply in their client practice.

Please let IJ know if you are in favour of this kind of an alternative to a national conference? She can be reached at:

president@retirementplanners.ca

