



RICE SOLUTIONS

RRSP Loans and You: Top Up and Maximize Your Growth • Give Your Small Business Big Benefits • You Are Your Biggest Asset—Protecting Your Earning Power with Disability Insurance

RRSP Loans and You: Top Up and Maximize Your Growth

As you draw nearer to your last day in the working world, it's time to start thinking about how you'll spend your free time—and most importantly if you've put enough away to finance it. Retirement should be about relaxing and enjoying all the things you never had time for. If you have fallen a little short on maximizing your RRSP contributions in the past, it's not too late to top up your savings.

Investing in an RRSP loan is a great way to boost your savings and max out your yearly RRSP contributions. Working on the same principle as a mortgage or car loan, RRSP loans provide you with the means to supplement contributions of years past and ensure your nest egg reaches its full potential.

Whether you've missed making your maximum contribution for some time, or are simply a few thousand dollars shy this year, an RRSP loan is an effective way to get back on track. Two general categories of RRSP loans exist: top-up and catch-up. Top-up loans are designed for investors who require a smaller loan to fill their contribution room, while catch-up loans are designed for those who have been behind on their contributions for some time. With values anywhere up to

\$50,000, catch-up loans are paid over a longer term.

By working with your financial advisor, you can determine how much room you have to fill, and what kind of payments you can afford to ensure the loan you choose is the best fit for you. In most cases, it's a good idea to choose a loan that you are able to pay back while still making regular contributions to your RRSP—this way you won't fall behind again. Accessing an RRSP loan also provides some tax advantages that allow you to pay it back quickly and easily. By contributing more to your RRSP with the funds from your loan, you will generally enjoy a higher tax refund. As a result, the money you save can be used to pay down the loan. Some institutions allow you to defer your first payment for a few months after the RRSP loan is taken out to allow for this immediate payback (interest still applies).

Although your retirement years may still seem far off, it's important you have as much money as you can in tax-sheltered savings. It's never too late to save and with top up or catch up RRSP loans you can make your money work harder, faster. •

Give Your Small Business Big Benefits

As a small business owner, you've got a challenging task to keep up with the market's big fish. And, a large part of your company's success depends on the quality staff members you employ. In order to attract and retain the best employees—and keep up with the market leaders—it's important you reward them with a comprehensive benefits package. Not only will you be protecting them and their loved ones, but your business as well.

With Rice Financial's new small group benefits plan, CoreLink, you can offer all the benefits of a big firm—without needing

a big firm's budget. Specifically designed with small business owners in mind, the CoreLink plan offers superior coverage that's flexible, accessible, and completely client-focused.

Established for groups with five to 50 employees, CoreLink provides all members with a comprehensive insurance package including basic life, dependant life, accidental death & dismemberment, along with at least two of the following: extended health care, dental, short-term disability, and long-term disability. In addition, employees can personalize their

plan with other optional benefits such as vision, employee assistance program, health care spending account, critical illness, and cost plus.

Your advisor can provide you with complete details of each benefit and describe how they can work to enhance and secure your business. At Rice Financial we know your small business is more than a livelihood—it's a defining aspect of your life. Better benefits make better business, and now there's a plan made especially for employers just like you. •

You are Your Biggest Asset—Protecting Your Earning Power with Disability Insurance

When people are asked to think about their most valuable asset, possessions such as their house, car, or cottage often come to mind first. Although such items say a lot about the kind of lifestyle you desire and enjoy, in actuality your most valuable asset is what finances this lifestyle: your earning power.

It's important to remember that without your regular income, your ability to acquire assets that maintain your desired lifestyle is substantially reduced. The ability to work is something we often take for granted, but reality tells us accidents happen and you might not be able to work as long as originally anticipated. That's why protecting your earning power is so important. Should you become unable to work, what would the financial impact be on your family? Because income is the key driver of your lifestyle—the things you and your family like to do, experience, own, and achieve—it's crucial your insurance policy include provisions to replace it.

Disability insurance is an effective tool that specifically addresses the need for income replacement. Should you meet the definition of "disability" within the insurance contract, funds paid to you from the policy can be used to maintain your lifestyle, pay your mortgage and other expenses. Eliminating worries about how you'll make ends meet, disability insurance allows you to focus your energy on coping and adapting to your disability.

According to a Stats Canada study, approximately 45 per cent of Canada's workforce lives without income protection. Many of these people believe that EI, CPP, or their group insurance coverage is sufficient; however, it's important to understand the limitations of these programs.

For example, EI is fully taxable and is only payable for a limited period of 15 weeks. Additionally, to receive CPP disability benefits one must meet a very extensive definition of disability—requiring that your disability be both "severe" and "prolonged," and prevents

you from doing any job on a regular basis. And, while your group benefits may provide adequate coverage, you must consider factors such as elimination periods that could delay your funds or the potential for payment disruption if your company makes changes to their plan or carrier. With your own personal disability insurance plan you remain in control and can ensure your financial well-being isn't compromised.

Remember, your health is directly connected to your wealth and in order to secure your biggest asset, it's crucial you have effective insurance in place. For more information about disability insurance, contact your Rice Financial advisor. •