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CONTENTS

- RETIREMENT –
When the nest is empty,
will you fly away too?
- EDUCATION –
Helping (grand)children
with university costs.

PRESIDENT'S MESSAGE



If you've attended a graduation or wedding recently, you may have experienced what I call the 'milestone minute' that seems to happen at events like these. There always seems to be that one moment of insight in the ceremony where you can see the past, present and future blur together. It's often fleeting, but always moving.

Celebrating big dreams and achievements renews our energy and our spirits.

Celebrating small wins sustains us on a daily basis. I've found that my work as a financial planner lets me to do both – encourage my clients to stay focused on the big picture and help them stay focused on the small wins that will get them to their goals. For me that's a winning combination.

Best wishes for a wonderful summer.

Barb

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When The Nest Is Empty, Will You Fly Away Too?

Once the nest is empty, many of us start to think about a change of venue. While downsizing can be a difficult decision for some, for others it means less time maintaining the home and more time doing the things we enjoy. Although there are several options available, moving to an “adult community” in a

smaller town, or a condo in the heart of the city, are two of the most popular.

A condo in the city, whether it's rented or purchased, can provide a lot of freedom. For those who like to travel, all you have to do is lock the door and go. Renting for a while before giving up the ownership of your own home gives you a chance to test the waters and see how you like the new lifestyle before making a permanent commitment.

In many condo developments, the common facilities include things like a swimming pool, sauna, and fitness centre. But remember that you pay for these amenities through your monthly maintenance fee. Don't pay for facilities that you'll never use.

One of the disadvantages of a condo property is that the elected board of

directors makes all the decisions about maintenance, property management, and the rules and regulations of the development. You can either become an active member of the board yourself, or be prepared to live with the decisions they make on your behalf.

Where a condo may provide you with a more diverse group of neighbours, the

“adult lifestyle community” is geared to the 55 plus crowd, primarily married couples. Typically, these communities provide amenities such as golf, tennis, nature trails, and recreation centres. The homes, often bungalows, offer more space than many condos for storing recreational and

sports equipment, and are ideal for those who enjoy putting in the garden and being close to the outdoors.

But bear in mind that the “adult lifestyle community” is often somewhat isolated from the community at large. Local people may have a tendency to view the residents of high-end developments as “the people with the big bucks”. Because they tend to cater primarily to couples, life can become difficult when one spouse passes away. The need to drive everywhere instead of being able to walk to the corner store or hop on public transit can become problematic as you get older.

Explore all the alternatives before you make a move. Your best source of information will be people who've already made the transition – question them thoroughly on the pros and cons of their lifestyle before you follow in their footsteps.



Helping (Grand)Children With University Costs

With the costs of post-secondary education skyrocketing, it's common to find both parents and grandparents trying to help out when a young family member is headed to university. While the Registered Education Savings Plan (RESP) is a good foundation, it isn't necessarily the only way to save. In fact, if your prospective student ends up in medical school or at a university outside of Canada, an RESP may not be enough to cover the bill. What other options are available?

Setting up a trust account can be a very valuable supplement to an RESP, although tax implications should be borne in mind when selecting investments. While interest and dividend income will be attributed back to the donor if the beneficiary is under 18, capital gains are taxable in the hands of the child. Once the child reaches 18, all income is taxable to them. Given the low income that most students have, and their ability to deduct their tuition and education expenses, this generally means that little or no tax will have to be paid.

But don't let the tax tail wag the investment dog! While stock investments will be taxed more favourably than interest income, you will likely want to reduce the risk of the portfolio as the child reaches university age.

A trust account can be set up either on a formal or informal basis. With a formal trust, you will need a lawyer to draw up the trust document. Because of the legal and accounting requirements associated

with a formal trust, they're best used when fairly large amounts of money are being invested.

An informal trust account can be set up quite easily. Because brokerage firms won't set up contracts with minors, the account is set up in the name of one parent in trust for the child. In order to satisfy Canada Revenue's requirement that the donor not have access to the funds, it's recommended that one individual act as



trustee, while another contributes the money.

Don't forget that the prospective students should also be contributing towards their own education. Funds from summer and/or part-time jobs can go a long way towards covering tuition or living expenses, and can help the student appreciate the value of their education. They should also be encouraged to look into any and all sources of scholarship funds. The accompanying sidebar is a great resource for tracking down information on various types of scholarships.

Parents should also check with their employers to see if their company provides scholarships for the children of employees.

Here are some resources to explore for information on available scholarships.

www.millenniumschorships.ca

The federal government established the Canada Millennium Scholarship Foundation in 1998 to help support students pursuing post-secondary education.

www.scholarships-bourses-ca.org

Another federal government site, this link gives information on Canadian and international scholarship programs.

www.scholarshipscanada.com

Scholarships Canada is a private clearinghouse for information on scholarship opportunities across Canada.

www.studentawards.com

Another privately operated website with links to many different scholarship opportunities.

Search www.google.ca using the key word "scholarships" to find many more websites. And don't forget to check with your employer – some companies have scholarship programs for the children of employees.

MATTERS OF INTEREST

Ontario Budget, May 2005

The centerpiece of this year's provincial budget was a commitment to support college and university students with a 5-year, \$6.2 billion plan for post-secondary education.

As far as tax measures go, there were no major tax reductions and no new tax increases. The Ontario budget proposes to enact changes to provincial tax legislation in accordance with measures brought in with the last federal budget dealing with a number of non-refundable credits.

Finally, the deficit for 2004-2005 stands at \$3 billion - \$2.5 billion less than that of the previous government. We're moving in the right direction!



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