

The Partner News

BC Partners In Planning's Client Newsletter

RRIFs, LIFs & OAS Oh My!

In this edition of The Partner News, we explore three important retirement vehicles that some of our readers might either be using today or could be in the future.

Registered Retirement Income Fund (RRIF)

Similar to RRSPs, RRIFs are registered funds that grant Canadians the ability to grow their money in a tax-deferred environment. However, RRIFs are designed differently than RRSPs as the holder is not able to make contributions and are required to start withdrawing a minimum amount of the fund each year based on the age of the individual. This encourages retirees to use these withdrawals to fund their retirement because the marginal tax rate that is applied on the income will be much lower in retirement than during employment. Also, you are able to withdraw more than the required minimum however, the excess amount will be subject to a withholding tax.

Now how are RRIFs created? They are typically made in two ways. The first method is when the holder of the RRSP turns 71 years old. At the end of that calendar year, they are no longer able to contribute to their RRSP and are given options on how to handle the accumulated funds; withdraw all of it, buy an annuity, transfer it to a RRIF. The second method is when funds from another registered plan such as a DPSP or RPP are transferred into a RRIF by the owner.

Life Income Funds (LIF)

LIFs are created from the funds transferred from a Locked-in Retirement Account (LIRA) or a Locked-in RRSP (LRSF). The "locked-in" money in these accounts originate from a previous employee pension plan where it is designed to hold the money until the individual retires. The purpose of locking in these funds is to replicate the source of retirement income that they would have received if they stayed in the employer's pension plan. LIFs act similarly to RRIFs as you are subject to an annual minimum withdrawal amount; however, you are also restricted to an annual maximum withdrawal amount. This maximum limit ensures that the

recipient will have a sufficient source of income until at least turning 90 years old. These withdrawal rates are adjusted annually based off of the market interest rates and the value of the fund rather than just the person's age.

Old Age Security (OAS)

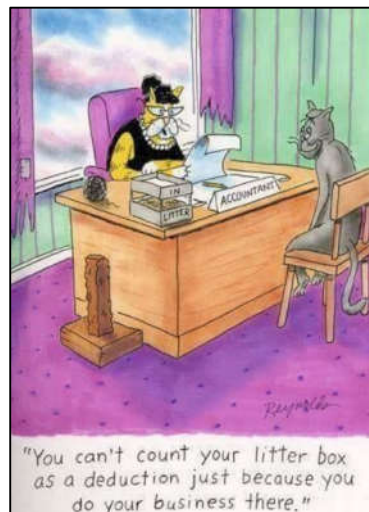
OAS is a taxable monthly pension benefit available to all Canadians 65 and older. To be eligible to receive this benefit, you must have resided in Canada for at least 10 years since turning 18. Once you meet this requirement, you will become eligible to receive a monthly benefit that is based on the number of years you have lived in Canada and the quarter's monthly maximum benefit established by the government. The basic calculation for the eligible amount is:

$$\text{Monthly OAS payment} = \text{Monthly Max for the quarter} \times \frac{(\# \text{ of yrs lived in Canada})}{40}$$

This amount is not set in stone as other factors could impact the amount of OAS you receive. Similar to your CPP, OAS allows Canadians the ability to delay their first OAS payment by 60 months after turning 65 years old. Each subsequent month after 65 is then multiplied by a factor of 0.6% and adjusted to your regular OAS amount. This decision is subjective to an individual's current situation and we advise that you consult with us before deciding to delay.

Another topic revolving around OAS is the recovery tax or "Claw back". OAS claw back occurs when an OAS recipient's annual income is higher than the minimum threshold set out by the government.

This tax subjects them to repay a percentage of the net income they earned above the threshold in the previous tax year. The recovery tax and thresholds are reviewed and evaluated annually based off of the individual previous year's net income.



Who's Behind the Books?

Tony - Accountant CPA, CGA.

Joining us in the summer of 2021, Tony is a new addition to the BCPIP team. After getting settled into the office, we jumped at the opportunity to interview him and learn about who he is for this edition of The Partner News.



Tony enjoying some fresh snow!

BCPIP: Welcome Tony to the BCPIP team! How has your experience been so far?

Tony: Thank you. It has been great so far. I have found that this office has a different environment from my old job with a very strong team spirit. Overall, it has been a wonderful start to my journey here.

BCPIP: Tell us a little bit about yourself.

Tony: I was born in Taiwan and came to Canada as a young international student in 1995. I lived briefly in Victoria for two years before moving to Toronto in 1997 with my parents. After a few years, they found that eastern Canada was too cold for them during the winter so we moved back west to the lower mainland where I now live. While in Ontario, I attended York University for my business degree in accounting however, that was short lived as I transferred and ultimately finished my business degree at KPU when we moved. Afterwards, I worked towards my CGA and began my accounting journey at my old firm in Surrey. During the first couple of years at that firm, I worked mainly on assurance files which helped me develop a greater understanding of a business's process and the internal control of a business. Going through assurance files empowered me think more critically with the client's situation and ultimately created a foundation of transferrable soft skills that I now utilize in my specialty; tax planning. Once becoming a senior manager there, I became involved in many of the tax planning activities for my clients which included reorganizations, tax deferral strategies, and tax rate reductions strategies.

BCPIP: What attracted you to accounting?

Tony: I found through my previous firm and school that accounting was not just about numbers. Although number crunching is an important part of the job, a greater part of it is looking beyond them. What is beyond the financial statements? How can I protect the client's best interest and reduce their risk? How could they magnify their business potential? When I work with clients, I actively try to ask these types of questions to get a full picture of their situation. This provides me with the opportunity to be engaged in a variety of different situations where I am able to apply my expertise and knowledge. This is why I chose accounting as my career. I am able to be exposed to a combination of numbers, legislation, and critical thinking.

BCPIP: Very interesting. Now that you are at BCPIP, what does your job consist of?

Tony: Currently, I am working on the tax planning side of BCPIP and performing similar activities that I conducted at my old firm. So far, I have been involved with reorganizations, estate tax planning, corporate tax planning and personal taxes. Although it has been less than a year, I expect my workload will increase and I will eventually become involved with some of the financial planning files.

BCPIP: When you are out of the office, what type of activities do you enjoy doing?

Tony: Pre-Covid, I enjoyed attending a lot of social event and functions just to expand my network. I don't really have any particular hobbies, but I am always up to do whatever activities my friends or colleagues enjoy doing. I actually learned how to ski this past season with some of my co-workers here. I had never skied before this year and after a few months I fell in love with it. It has been a lot of fun to go up the mountain, get some fresh air, and be in the snow. Although I constantly fell down the hill on my first couple of runs, at the end of the season I had learned to ski some blue runs and a couple of black runs.

BCPIP: Finally, what is your goal for your future at BCPIP?

Tony: My goal for my future at BCPIP is the same reason why joined BCPIP. I want to eventually become a partner of the firm and help grow this company.

BCPIP: Thank you Tony. We are exciting to have you on our team!

Lawyer Profile

Richard Kyle Paisley - Lawyer MSc, JD, LLM



In this issue's professional profile, we were able to get a two for one interview with our in-house lawyer Richard. Alongside his involvement with BCPIP Law, Richard is a part of a number of other interesting jobs that have a global environmental impact.

BCPIP: Tell us a little bit about yourself.

Richard: Well, I am a fourth generation Vancouverite and grew up here in West Vancouver. I obtained my undergraduate degree in bio-chemistry at UBC and then completed a master's degree in resource management at the University of Washington. I have always had a fascination and interest in environmental issues and knew it was something I wanted to do in my career. While I was teaching a course in biology to lawyers, I became convinced that the big decisions involving the environment and natural resources were not being made by scientist as much as they were being made by lawyers. So, I thought "If I can't beat them, I will join them!" I ended up getting a scholarship to law school at the Pepperdine University School of Law and later obtained my master's in Law at The London School of Economics. After law school, I came back to Vancouver and worked at one of the largest law firms in Western Canada at the time, doing very similar things that I do now at BCPIP Law. Also, during my time at that firm I was given the opportunity to take a more academic twist to my career. I ended up teaching law at UBC for more than 20 years while keeping my hands in international environmental negotiations. Today, I am fortunate that I can continue practicing law at BCPIP Law Corp. while also being involved in national and international water and energy negotiations at International Waters Governance.

BCPIP: Wow, it sounds like you have had quite the journey to where you are today. What does your job entail now?

Richard: Currently, I wear two hats. Hat one is working here at BCPIP where I supervise BCPIP Law and draw a lot from my experience working at a large law firm. This involved

helping our clients with reviewing and writing wills and estate documents such as power of attorneys and representation agreements, setting up trusts, notarizing legal documents, and maintaining our client's corporate minute books. Hat two is something that I am continuing to pursue today with international mediation and negotiation involving water and energy. Currently, I am an executive director of International Waters Governance as well as being on a sort of permanent part-time retainer with the UN Department of Public and Political Peacekeeping Affairs. This side of my career allows me to work on international projects and join together both my legal and environmental interests into one.

BCPIP: In addition to your work here and internationally, are you involved in any charities?

Richard: I am. I have been involved in a couple of African education charities. I am on the board for Power of Education Africa which has both a Canadian and African Affiliation to helping young girls in Africa get an education. I am also on the national board of Canadian Parks and Wilderness Society that helps preserve and protect Canada's natural public land and wildlife. More recently, I have been trying to help refugees from Afghanistan, especially women, get out of Afghanistan ever since the government collapsed in August 2021. It has been very difficult to actually get people out because hundreds of thousands of other people also want to get out with very few opportunities to do so. All in all, it has been a political and legal challenge to say the least.

BCPIP: What are your plans for the future?

Richard: I am still contemplating and thinking through what I want to do in the next decade or so. For the near future I plan on continuing on as I am. I am enjoying practicing law here at BCPIP, I am enjoying doing my international work, and I enjoy doing my outdoor activities such as skiing and kayaking. So, we will see what the future brings.

BCPIP: Thank you Richard and we wish you the best with your international endeavors!



"No, I said 'paralegals'."

Client Profile

Tina and Chris Coulter - Accountant and Project Manager

In this issue, we catch up with an old BCPIP alumni and learn more about Tina and Chris Coulter.

BCPIP: Tell us a little bit about yourselves.

Tina/Chris: We are both came from Australia in 2004 when Chris was offered an opportunity to oversee a large infrastructure project in the lower mainland. Chris is a semi-retired project management consultant and director having been involved with a number of large infrastructure builds internationally and in BC. He would manage all the moving parts of these large projects while creating and organizing teams that would execute these projects. Tina is a CPA and had worked in the wine industry for about 15 years before coming to Vancouver. Once here, she actually found her way to BCPIP as a bookkeeper for a couple of years before leaving to Thunderbird Show Park where she is now the CFO.

BCPIP: Wow, how did you find your way to BCPIP?

Tina: Well, the kids were still young when we moved to West Vancouver

and I knew I wanted to work somewhere that worked with the kids' schedule. So, on a rainy day, I was out with the dog and one of the moms I was with mentioned that BCPIP was above the IGA in Dunderave. I had to get something at IGA on my way and thought I would nip up to do my usual office canvassing where I ask for the general manager's card and then disappear. I walked in dripping wet in my rubber boots and asked the receptionist for the card. The office was really nice and I instantly knew that BCPIP was a contender for where I wanted to work.

To my surprise, the receptionist says "Oh Marian is here, why don't you have a chat?" I thought that this wasn't really on the cards but just went with it. I go into the boardroom with Marian and she was so cool and open to having me as a bookkeeper, but she must have thought I looked a sight! During my time at BCPIP, I saw Marian as a mentor that helped provide me with her amazing insight up until I left to Thunderbird.

BCPIP: Do you both have any hobbies?

Tina: For me, I am basically working at my hobby. Thunderbird is an interna-

tional equestrian show park and working there lets me be involved in what I love. Horses and horse riding have always been a part of my life and being able to not only live on the premises but also be able to ride when I want has been amazing.

Chris: I also love horse riding and that was actually how Tina and I met back in Australia. Besides horse riding, I am very active in amateur theatre as it has been a re-emerging passion of mine since I semi-retired in 2015. Pre-covid, I would try to do about two shows a

year and was actually a part of Theatre Under The Stars back in 2019. Also, late last year I was able to perform a Pantomime called Frosted as things began to open up more. Besides that, we both enjoy travelling and hope do some more as things open up.

BCPIP: Any plans for the future?

Tina/Chris: That is controversial question at the moment. In the next five years, we hope to be working less and doing more of what we enjoy and hopefully travelling more too.

BCPIP: Thank you Tina & Chris!



Tina, Chris and son Tom after Chris's Frosted Performance

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