

The Partner News

BC Partners In Planning's Client Newsletter

First Home Savings Account?

New in 2023, the Canadian government has implemented a tax savings account called the First Home Savings Account (FHSA), to assist individuals with purchasing a home. In this edition of The Partner News, we delve into what this new program can mean for you and your children in pursuit of owning a home.

A FHSA provides Canadians with the ability to save towards the purchase of a new home in a tax free environment. This new savings vehicle allows individuals to contribute \$8,000 per year, and up to a lifetime maximum of \$40,000. Unlike a TFSA and RRSP, the contribution limit only starts once the account is opened and can only be carried forward for **one** year. This means that the maximum one person could contribute in any year is \$16,000 (\$8,000 in year 1 + \$8,000 in year 2) after opening the account. Over contributing can lead to a 1% tax calculated monthly on the excess contribution amount each month. This is cause for careful tracking and planning!

In addition to the tax-free benefit, FHSA contributions also provide a deduction on personal taxes. This means an \$8,000 contribution will directly reduce your net taxable income in that year. This essentially combines the attractive qualities of a TFSA and RRSP into one financial vehicle.

To be eligible to open up a FHSA, the account holder must meet three requirements:

- Be a Canadian resident
- Be over the age of 19 and under the age of 71 (in BC)
- Have not owned, co-owned or lived in a housing unit owned by a spouse or common law partner, considered to be a principal residence for tax purposes in the past four years.

The money you contribute to your FHSA allows you to generate income through investments, as the capital gains, dividends, and interest incurred are all not taxable!

The allowable investments are the same as for RRSPs and TFSA; cash, mutual funds, securities on designated stock exchanges, GICs, and bonds. The accounts can be held through financial institutions, Trust Companies as Trustees, or Self-Directed. You can decide to manage your investments yourself, but we recommend seeking assistance from financial counselors to maximize your potential return.

When the time comes to purchase a home, a tax-free withdrawal can be made from the FHSA. Withdrawals are only allowed once in an individual's lifetime as the account must be closed within a year from the first withdrawal. One option available if funds are remaining in the account is a tax-free transfer to the taxpayer's RRSP. This transfer is not tax deductible, but it will not impact the existing RRSP deduction limit of the individual. If any of the funds left in the account are not used for the purchase of the home, the remaining amount will be taxed as income for the individual in the year it is withdrawn (similar to an premature RRSP withdrawal).

If there are no qualifying withdrawals, the account can remain open (without eligibility for contribution) until the lesser of the account's 15th anniversary or until the account holder turns 71. If the account is not transferred or used for the purchase of a home, the funds will be taxed.



Who's Behind the Books?

Gillian Elmitt - Partner, CPA

In this edition, we had the chance to talk to Gillian, one of the Partners of BCPIP since 2014, to give us insight on her experience working at the office.



Stefen and Gill with granddaughter Willa

BCPIP: Can you tell us how you became a partner at BCPIP and your career leading up to that point?

Gillian: After high school I did a year of sciences at UBC, took a year off to travel and then went back to get a degree in home economics. Very quickly I realized that wasn't for me, so I switched to commerce. After graduating from UBC I articulated at Coopers and Lybrand (now PwC), and obtained my Chartered Accountant designation in 1985. In 1988 I became a manager at Smythe Radcliffe (now Smythe LLP), a medium size CA firm. I left there in 1992 after the birth of my first daughter. I was still able to keep my hand in the game doing contract work and building up my own practice through when my second daughter was born in 1994. Feeling the need to be part of a bigger operation I joined BCPIP in 2009 and became a partner in 2014, mostly on the accounting/tax side of things.

BCPIP: Why did you choose to go into accounting?

Gillian: After my short-lived foray into home economics, commerce made the most sense to me, as there are so many opportunities within accounting. My dad is also a Chartered Accountant so I knew what his world was all about. Also, I have always liked math and business so it seemed like a good match.

BCPIP: What's your favorite part about being a partner?

Gillian: My husband started his career working for a large company, and after a few years he left to set up his own company. In the early years one thing that really struck me was how some professionals would come across as

patronizing when discussing what they had been hired to deal with, such as a complicated tax issue. On the other hand, other professionals were able to speak to similar issues without coming across as condescending know-it-alls. We accountants are business advisors, supporting clients who run businesses or investments, and whose strengths are creating something of value, be it goods or services. Being able to connect with clients in that collaborative advisor role is probably my favourite part of being a partner.

BCPIP: Outside of work, how do you like to spend your time?

Gillian: I have a one-year old granddaughter who is a lot of fun to hang out with, so I try and do that as much as possible. Also, I became obsessed with golf this past summer and play as much as I can fit in.

BCPIP: Do you have any big plans for the future?

Gillian: I'm not a big traveler but my husband and I love to watch BBC murder mysteries and we plan to rent a car and tour England. He wants to rent an old land rover like Vera has, but I'm rooting for more comfort!

BCPIP: Thank you Gill for everything you do for BCPIP. We look forward to hearing about your adventures in England!



Lawyer Profile

Joe Fingerote— Associate, Business Lawyer at Watson Goepel



Watson Goepel is a local law firm with offices in West Vancouver and Vancouver. As an Associate, Joe was able to tell us more about his role and the company.

BCPIP: How did you start working at Watson Goepel?

Joe: Well, it was a long and winding road! I first studied my Bachelor of Music at the University of Manitoba. I started my career as a recording engineer and music producer with CBC radio. In 2011 I left CBC and went to the Banff Centre. Part of my job involved working with some very interesting lawyers based in Ottawa, and they suggested I go to law school. I enjoyed the work on regulatory applications, so I thought I'd give it a try. I enrolled in the University of Saskatchewan, College of Law, where I worked with and coached the Negotiations Team for the college. I still teach a course at the university in negotiation for the upper year law students! After graduation, I moved to West Vancouver and bought the practice of a retiring lawyer on the North Shore. Not long after that I moved my practice to Watson Goepel. Now, my focus is mainly wills, estates, and trusts.

BCPIP: Wow, that's such a cool story! Why did you decide to specialize in this field of Law?

Joe: I landed in this area because I really enjoy helping families, hearing their stories, learning about their businesses, or their work, and where they've been or where life has taken them. I find it really satisfying to help them decide on whatever plans they need to either pass on a legacy or make arrangements for their loved ones.

BCPIP: Can you tell us more about Watson Goepel?

Joe: Watson Goepel is very interesting because we are a full-service law firm - we have virtually every practice area. We have a very strong Business Law group dealing with all kinds of business transactions. The firm also specializes in real estate, general litigation, full-service family law, and personal injury resolution. The success of our planning teams has been significant, as we have been moving into different areas of expertise and some partners are now expanding into the area of estate litigation.

BCPIP: What is your favorite kind of case to work on?

Joe: I find every file I work on has some interesting elements because I'm working with people's lives, finances, and business. With each file I learn about a client's story and enjoy getting to the point where I can identify an issue or an opportunity, thereby creating a plan that can add real value, specific to the individual.

BCPIP: How has your experience in the music industry played a part in your current career as a lawyer?

Joe: I guess it would be the mentorship and learning opportunities that I had working at CBC for as long as I did. Part of that work was extensive journalistic training, leading to a real interest in people's lives and stories. What I find to be the connection between my previous work and my role now is that I'm still working with people's stories. At CBC, the stories were about music and story-telling through music. Now I work with stories in a very present and real way because I'm dealing with individuals, their families, and their finances.

BCPIP: What are the plans for the future for both you and Watson Goepel?

Joe: My objective is to continue to expand my practice and add value to my clients! I feel fortunate because we have a great team where everyone is happy and functional. We're growing, and we enjoy spending time together in the office and outside of the office. I am confident that our practice in West Vancouver will continue to flourish!

BCPIP: Thank you for taking the time to share with us and telling us about yourself and Watson Goepel!

Client Profile

Alastair Younger— Orthopedic surgeon, UBC professor

In this issue, we talk to Alastair Younger, a orthopedic surgeon and Professor at UBC, heading the Department of Orthopedics.

BCPIP: Could you tell us about yourself? How did you become a surgeon?



Alastair: I grew up in Scotland where my dad was in farming. When I got older, he asked me to do an agricultural diploma and I thought “yikes, how can I get out of this?”. That’s when I decided to go into medical school, because at the time, I thought it would be easier than farming. After witnessing the uncertainty of the farming industry, I enjoyed the idea of having the financial security that came with being in the medical field. I started medical school, and was doing rotations through the various fields when I got to try orthopedics. Right away I thought “This is exactly what I signed up to do”. From there I decided to specialize in orthopedic surgery. After I finished school, I did my basic training in the United Kingdom and came to Vancouver for my master’s degree and was then invited to do an orthopedic residency at the University of British Columbia. Along with being a surgeon, I teach orthopedics at UBC. Most of my teaching is to post graduates and medical residents.

BCPIP: What does a typical day in your life look like?

Alastair: I typically get up at 4:00 AM, to get on top of the management side of teaching and my practice. I start either my clinic or surgery around 8:00 AM and will usually have a medical student or resident with me in the clinic or

operating room. Caring for patients and teaching is combined - I’m rarely operating or in front of a patient without teaching at the same time. This will take me until 5:00 PM and usually by the time I’m done cleaning and finishing everything up, it’s about 7:00 at night when I get on my bike to go home and finish the administrative work. I cycle to and from work every day, a routine that I find both therapeutic and physically rewarding.

BCPIP: That sounds like a very crazy schedule! What’s your favorite part of being a surgeon and a professor at UBC?

Alastair: I would say it’s the blend of how research as a professor enables me to apply the findings into my orthopedic practice. Every time I go into an operation, especially one that is newer, I have to be able to look the patient in the eye and say the operation being done is helping and not harming them. Doing the research in advance gives me the confidence to reassure them. Combining teaching and surgery enhances the experiences for both the patients and the students.

BCPIP: What are some of your favorite things to do outside of work?

Alastair: Well, I recently took up the rewarding but frustrating pursuit of golf. I also really enjoy skiing. I am a mountain doctor on Blackcomb which has been great because it’s kept my family engaged in skiing as they grew up.

BCPIP: What plans do you have for the future?

Alastair: I want to continue what I’m doing, likely for another 10 or more years, but enjoy more free time in the process. I want to have a gradual transition to retirement, continuing with teaching, surgery, and research but just less of it going forward.

BCPIP: Thank you Alastair for sharing this with us! Wishing you the best for this year.

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