

Trending News

TD Wealth Private Investment Counsel



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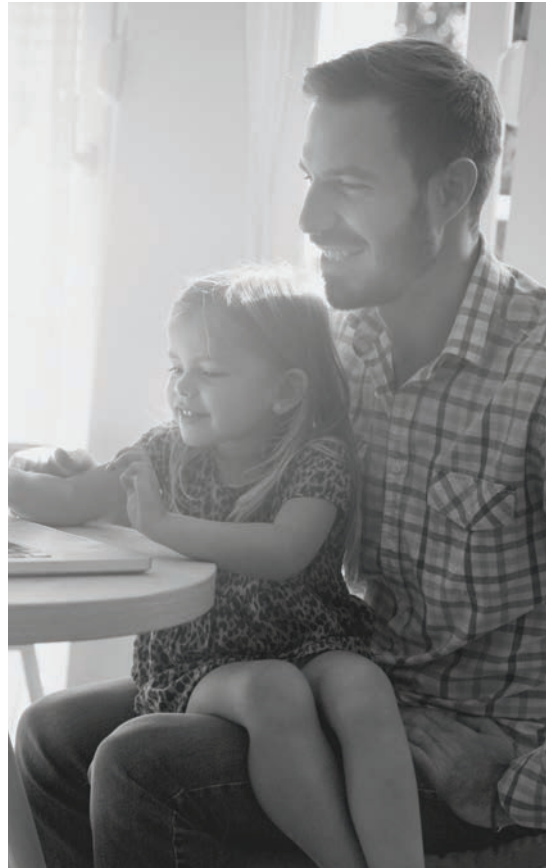
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Boomerang Kids and Your Money

Parents may think of their life with kids in two distinct stages. First, as a young family with dependents to support and a responsibility to provide for their children. Secondly, the phase that comes later on when children have grown up, moved out and begun paying their own way through life. It's a logical outlook that often proves true – but what happens when things don't go as planned?

More and more, young Canadians are moving back home after college or university. This creates a significant challenge not only for the affected generation but for their parents, who may have to make changes in order to accommodate what is known as “boomerang kids” – millennials and other adult children who have unexpectedly returned to the nest. One in four Canadian baby boomers are currently supporting an adult child or grandchild. Furthermore, 62% of those individuals feel that the “deja-boom” effect is negatively impacting their ability to save for retirement.¹



Failure to launch

It can be hard for parents to think of children growing up and moving away from home, but it's also a stage that many Canadians include in their financial plans. Parents may want to downsize once their offspring have reached adulthood. When a boomerang kid enters the picture and reclaims their childhood room (or worse, the entire basement!) it can put those downsizing plans on hold. This has a ripple effect which can impact budget, lifestyle and even your long-term financial plan. After all, if you feel pressure to keep a home longer than planned, you may delay the opportunity to sell a home and in some cases, gain the expense of a dependent.

¹ <http://td.mediaroom.com/2017-01-18-D-j-Boom-boomerang-kids-collide-with-retirement-goals-of-boomer-parents>

Funding your family

You could assume that all financial support of your children ends when they finish college or university, or perhaps when they enter the workforce. This may not be the case if unemployment, debt or other issues affect an adult child. Even if you're not handing money directly to a family member, you may be supporting them financially in some way. This may mean allowing them to live rent-free or providing groceries, toiletries and/or paid utilities while they live at home. Take a look at how this impacts your budget and goals, and use this information to set boundaries that work for your family.

What to do when you've got a boomerang kid

If adult children are affecting your financial situation or retirement plan, consider seeking advice from a TD wealth management professional. They can advise on short and long-term solutions while helping you navigate this sensitive family issue. Work together to ensure that your plan is S.M.A.R.T.: Specific, Measurable, Agreed upon, Realistic and Time-based.² The eventual goal should be to launch (or relaunch) that child into independence, but in the meantime, enjoy the added time together. ■



For more information, please visit td.com/retireready or join the conversation on Twitter by following the hashtag **#RetireReady**.

² <http://td.mediaroom.com/2017-01-18-D-j-Boom-boomerang-kids-collide-with-retirement-goals-of-boomer-parents>

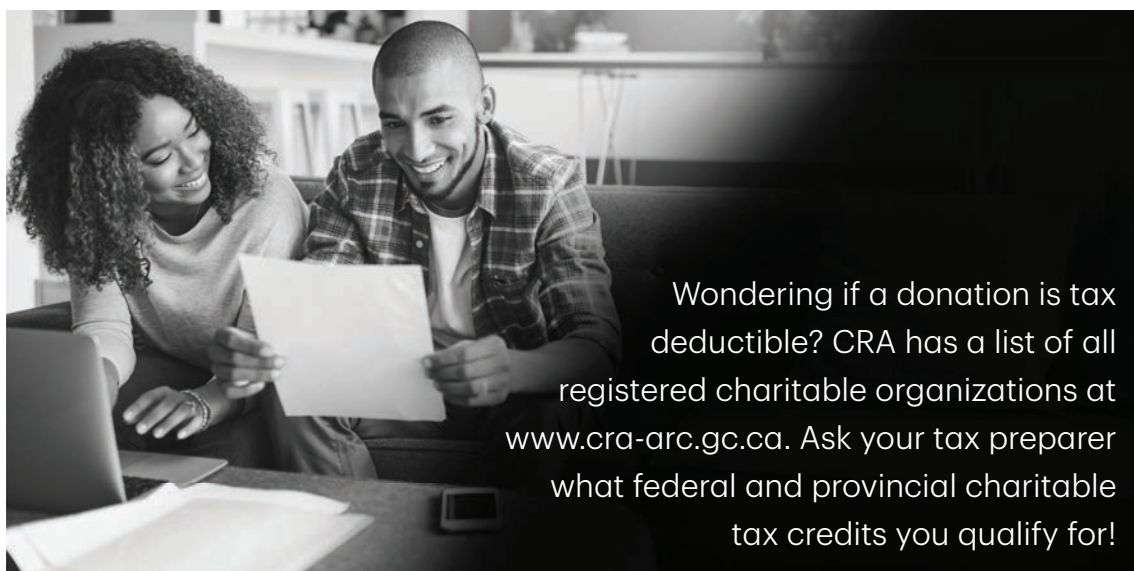
Charitable Giving Strategies

Canadians have a reputation for being kind to others – a characteristic that extends well beyond our families and social circles through philanthropy. Whether donating to a local non-profit or supporting international charitable organizations, Canadians are a generous group. Statistics Canada has reported that in 2016 alone, Canadians donated over \$8.8 billion to charity.¹

Philanthropy is a very personal element of wealth management that can take many forms. Here, we look at several charitable giving strategies and what they mean for Canadians.

Making direct donations

This is a simple and common way to give money to various organizations. Direct giving may involve a regular monthly donation (i.e. a sponsored child or a standing monthly charge on your credit card). It also includes one-off gifts to charity, whether it's a local food bank or other charity of your choice. You may choose to give funds to selected charities through estate planning, as donations can be outlined in a legal will. It's important to keep official receipts of all donations to registered charities in order to claim a deduction on your taxes.



Wondering if a donation is tax deductible? CRA has a list of all registered charitable organizations at www.cra-arc.gc.ca. Ask your tax preparer what federal and provincial charitable tax credits you qualify for!

¹ Canada Revenue Agency: <http://www5.statcan.gc.ca/cansim/a26?lang=eng&id=1110001>

Charitable giving through a private foundation

Private foundations can be a useful tool when there is a substantial amount of money to donate and/or you would like to gift the funds over time. Generally, a foundation is set up as a trust or corporation. Assets are then dispersed through the foundation, benefiting registered charities, educational organizations, municipalities, United Nations agencies or other acceptable recipients. If you're interested in this approach, ask your wealth advisor about setting up a trust.

Donating securities or shares

When you cash in an investment, taxes are paid on any income generated by the sale. For example, if you sell a mutual fund or security, capital gains tax is assessed based on the value of your investment at time of purchase vs at sale (assuming an increase in value). Even if you donated the entire proceeds to charity (rather than re-investing or spending the income yourself), you would be taxed on the gains and then given a tax receipt for the charitable donation. However, when securities and shares are donated to charity they are exempt from capital gains tax, making this a more tax-efficient way of giving (compared to donating the proceeds of a sale). ■

When Should You Plan for Retirement?



Retirement is not a one-size-fits-all situation and neither is retirement planning. These are deeply personal parts of life that can vary based on your needs, goals and vision for the future. You may love the idea of working part-time in retirement or may be dreaming of the last day at work – either approach is fine. What's important is that you plan ahead and be financially prepared for that next chapter – and you can never start too soon.

Is there a perfect age to start retirement planning?

The simple answer could be “no”, as everyone is different, but perhaps a better answer is “now”. There’s no such thing as being prepared for retirement too early, but there may be challenges if you haven’t sufficiently planned in advance. Life expectancies in Canada are increasing, which creates a greater need for retirement planning – without it, you could outlive your savings.¹

A wealth advisor can help identify your goals and create a strategy that helps achieve them. Personalized advice is critical as retirees can have vastly different preferences in terms of housing, travel and lifestyle. Furthermore, there can be additional variables brought on by job loss, divorce or the death of a spouse, medical expenses or family dependents such as a child with special needs.

Start early and maximize opportunity

There are benefits to starting early, such as making the most of compound interest. Longer term investing gives you a longer period of potential investment growth and can help mitigate shorter term fluctuations in the market. An easy way to ensure you’re actively saving for retirement is to set up an automatic authorized payment on a weekly, bi-weekly or monthly basis.

¹ <http://td.mediaroom.com/2018-01-23-Me-Myself-and-My-Retirement>

Also, mix RSPs, pensions (where relevant), TFSAs and non-registered investment accounts to target tax-efficient income-stream options for retirement.²

Retiring solo? It's smart to plan for the possibility. The 2016 Census showed that the percentage of one-person Canadian households is at an all-time high.³



Prioritize, but think ahead

In the early years of adult life, student loans and other debt may feel like pressing financial issues. While it's true that these are important elements of your financial plan, it's important not to neglect long-term savings during your younger years. Speak to a wealth advisor about hitting the right combination of debt repayment, lifestyle spending and investments in your future. What's most important is that your strategy reflects your needs, timeline and long-term vision – including retirement. ■

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² <http://td.mediaroom.com/2018-01-23-Me-Myself-and-My-Retirement>

³ <http://www.statcan.gc.ca/daily-quotidien/170802/dq170802a-eng.htm?HPA=1>