

# Trending News

TD Wealth Private Investment Advice



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# Income Streams in Retirement

**Retirement planning is often associated with saving – and for good reason.** In order to live out our preferred lifestyle in retirement, we must have the funds to do so. That said, it's not about saving one large, lump sum and living off that in retirement – there are a variety of income streams that can help support your needs.

## Government pension programs

Canada Pension Plan (CPP) and Old Age Security (OAS) are fairly well known public pension programs. To be eligible for CPP, you must have contributed to it during your working years. The monthly payment amount is directly related to how much you contributed and when you started collecting payment (generally between age 60 and age 70). CPP payments may be divided between former spouses after a divorce. If you worked less (or not at all) because you were raising children, you may be able to apply for a child-rearing provision to increase your CPP payments. Unlike CPP, you do not need to have paid into a plan, earned a specific amount or even held a job to qualify for OAS – it is available to any person aged 65 or older who meets Canadian residency requirements<sup>2</sup>.



## Employer-sponsored and private pension plans

Some workplaces offer employee pension plans, though defined benefit plans are becoming less common and have been on a decline since 1970<sup>3</sup>.

1 <https://www.canada.ca/en/services/benefits/publicpensions.html>

2 <https://www.canada.ca/en/services/benefits/publicpensions/cpp/old-age-security.html>

3 <https://www150.statcan.gc.ca/n1/pub/75-006-x/2014001/article/14120-eng.htm>

A private pension could involve a defined benefit contribution plan (a set payment from your employer that is paid out post-retirement) or a defined contribution pension plan (when your employer contributes a defined monthly amount to a pension plan in your name, generally matching or in addition to contributions you've made yourself)<sup>4</sup>. Other options may include group RRSPs or pooled registered pension plans. In order to plan appropriately for your retirement, find out exactly what pension benefits you're entitled to and present this information to your wealth advisor.



If you're looking for a secure long-term investment that seeks to generate interest income, you may want to consider looking at fixed income investments. There is a wide range of options to choose from and we can help you build a well-balanced investment plan.

## Personal savings and investments

Savings and investments continue to be an important part of one's retirement plan and can take many forms, from TFSA, RRSP and eventual RRIF accounts to stocks, bonds, and even insurance products. Dividend-paying investments and fixed income products can create a steady income. As taxation varies widely depending on the type of investment, you should consult your advisor for personalized advice. ■

<sup>4</sup> <https://www.canada.ca/en/financial-consumer-agency/services/financial-toolkit/retirement-pensions/retirement-pensions-2/7.html>

# Estate Planning - Are You Prepared?



**As we head into winter and the approaching holiday season**, our thoughts may be on family and friends. While many of us may spend substantial time caring for our loved ones, looking after their physical, emotional and financial needs, only 35% of Canadians have an updated Will<sup>1</sup>. This may mean that the many of us have not planned to protect our loved ones financially when we are no longer present. Whether you already have a Will in place or whether you are just starting on your estate planning journey, you may be asking yourself whether your estate plan is complete.

## Common misconceptions

Many people lack an understanding of the laws surrounding estate planning and rely on misinformation that may result in an unintended outcome for their loved ones. It is a common misconception that your assets will pass to your spouse/partner on your death. In reality, if you pass away without a Will, provincial legislation will dictate the division of your assets. Assets can be divided between a spouse / partner and any children of the deceased. In some provinces, common-law spouses do not have any entitlement to the division of their spouse's property on death. Loved ones that are minors, disabled or are financially vulnerable may not get the benefit you intend to give them if asset distribution is not properly structured under a Will. Attempting to structure your estate without legal advice to limit probate costs can result in expenses and distributions that you may not foresee. Unforeseen circumstances can derail plans made without proper advice and forethought, potentially leaving your loved ones vulnerable or disappointed.

## Life changes

Even if you already have an estate plan in place, as your life changes your plan might also need to change. It is prudent to review your estate planning on a regular basis to ensure that your plan still functions as you intend.

<sup>1</sup> <http://angusreid.org/will-and-testament/>

Changes to your relationship status, family structure, place of residence and the law should all precipitate a review of your estate planning strategy. If you cannot remember the details of your estate planning strategy, this is a good indication that it may be time to revisit it.

## Tax and probate planning

If you have substantial assets, depending on which province you live in Canada, there are different planning opportunities you can use to assist in planning your estate to help minimize income taxes and probate fees and taxes on death and to help ensure that you preserve your legacy for the next generation. These types of strategies can include the use of multiple Wills, Trusts, beneficiary designations, charitable giving, and corporate reorganizations, including post-mortem planning if you're the business owner. Your estate and tax planning advisors can assist you in creating a plan that best suits your loved ones, preserves your capital and targets your goals for your legacy.

Whatever the stage of your estate planning journey TD Wealth is here to support you. Talk to your advisor about the ways that TD Wealth can assist you with preparing for your future and the future of your loved ones. ■



## Can you Afford to Charter a Jet?

**Chartering a plane may seem lavish**, particularly if you're used to flying commercial and associate private air travel with dignitaries or celebrities. This practice is more common than you may realize, but without knowing the cost or the logistics involved, getting started can be a daunting process. Here's what you need to know about chartering a private aircraft.

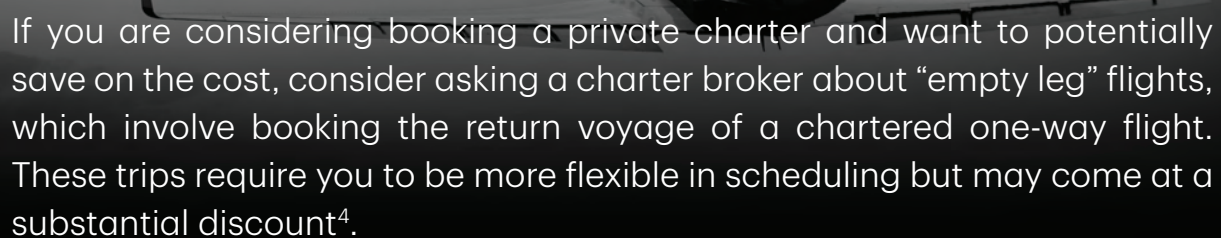
## What is private charter?

You may have heard different idioms referring to private air travel – private plane, private jet, charter plane, private charter or similar phrases. All of these terms refer to a situation wherein a person privately books an aircraft for their own personal use. It may involve a small plane, a large jet or even a helicopter – like choosing a car, there are dozens of options in private air travel.

## Is a private charter right for me?

While some individuals charter to maintain privacy or for the amenities, others do it for the convenience. Chartered flights can be a popular option for business owners and executives who understand that their time is incredibly valuable. Flying private can mean avoiding lines and waiting periods at the airport. Typically, passengers arrive at a private terminal (or even a private airport) and board the plane immediately.

Security clearances and custom checks are generally done on board. Additionally, private flights allow you to set the schedule (as opposed to choosing from select flight times) and often fly faster than commercial jets<sup>1</sup>. If flying for business, you can conduct meetings on board or in a private terminal. That said, it's not all business – private charters are often a good option for couples, families, sports teams or other groups that travel.



If you are considering booking a private charter and want to potentially save on the cost, consider asking a charter broker about “empty leg” flights, which involve booking the return voyage of a chartered one-way flight. These trips require you to be more flexible in scheduling but may come at a substantial discount<sup>4</sup>.

## What will it cost?

Owning a private plane can cost millions, but flying charter may be more accessible. Prices will vary based on a number of factors, such as the type of plane you're chartering, amenities requested, number of passengers, crew needed, your starting location and final destination<sup>2</sup>. Airport fees, taxes and fuel costs will also play a role. Some private planes are very small and have no lavatory (limited to short flights) while others are spacious and feature luxury washrooms, galleys or even bedrooms. In many cases, you get what you pay for (a little or a lot, in relative terms). It's best to get a quote based on your unique needs, but look at it this way: if you book a private plane for two people to travel overseas, it will be costly (potentially several thousand dollars per person per hour). However, booking a private charter to take a larger group on a domestic or international trip is often comparable to purchasing first class tickets on a commercial flight<sup>3</sup>. This may make it worthwhile for many people as the added convenience is worth the cost. Finally, you may just want to enjoy a little luxury – and if you can afford it, why not?? ■

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1 <https://private-jet.ca/why-charter/>

2/3 <https://private-jet.ca/blog/2018/8/24/how-much-does-it-cost-to-charter-a-private-jet>

4 <https://private-jet.ca/take-flight/>