CALIGIURI FINANCIAL GROUP INC.

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YOUR FINANCIAL SECURITY

NEW IDEAS FOR YOUR STRONGER FINANCIAL FUTURE

Falling behind?

Get serious about your retirement

More Canadians than ever are falling behind in saving for their retirement. As a result, many are accumulating registered retirement savings plan (RRSP) room that they will never use. Meanwhile, studies tell us a huge number of baby boomers feel inadequately prepared for retirement.

Registered savings are the most important tax deferral device for the vast majority of taxpayers, but few individuals who have fallen behind in setting funds aside for their retirement have the means to fully capitalize on this opportunity today. One strategy worth considering to take full advantage of your RRSPs is a catch-up loan. A catch-up loan gets money into your hands today to take advantage of your accumulated RRSP contribution room. With a large, one-time contribution, many investors can accomplish two things:

1. Inject cash immediately into retirement plans
2. Take advantage of tax deductions that otherwise go unused

How does it work?

You can carry out this investment strategy in three steps:

Step One: Gather your most recent Notice of Assessment and your earnings information from this year.

Step Two: Meet with your financial security and investment representative to review your financial security plan, and determine a payment and investment amount that meets your needs.

Step Three: Complete the paperwork now, so you receive the contribution before the RRSP deadline. You may request the funds be forwarded just prior to the RRSP deadline to reduce interest costs.

See an immediate improvement.

You'll immediately experience an improvement in next year's "balance sheet" because you'll reduce income taxes, while augmenting your registered savings. By applying these tax savings directly to the loan you can shorten the payment schedule or reduce your payments.

Had a big earnings year?

If you're expecting an unusually large tax bill from a great financial year you should definitely consider the RRSP catch-up loan. You pay a higher percentage of your income taxes as you move up the earnings ladder. Injecting a large amount into your RRSP will help reduce the tax burden. It's especially important to protect yourself in the good years.

Act now!

Talk to your financial security and investment representative about a catch-up strategy that meets your individual needs. He or she can help you implement the plan in the most efficient way so you keep as much of your hard-earned money as possible. Put time on your side and catch up on that unused room today.

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Financial security and investing using life insurance

Do you:

Have a need for life insurance protection?

Want to minimize the taxes you pay annually on non-registered investments?

When it comes to your financial security and investing to optimize your net worth, have you considered permanent life insurance?

Term versus permanent life insurance

Term life insurance

- Premiums typically are lower in earlier years, but renewal premiums increase
- Usually doesn't have a cash value or account value associated with the policy
- Typically expires at a particular age with out further renewal, unless converted to permanent life insurance before the expiry date and at a higher

Permanent life insurance

- Provides lifetime coverage often with guaranteed premiums that won't increase
- Provides tax- advantaged accumulation within the policy through cash value or account value

Permanent and term life insurance are both effective at providing capital at the time of premature death. Premiums for term life insurance are typically lower in the early years. Some financial security advisors suggest that these low term life insurance premiums present an opportunity to save money in non-registered investments for future use.

Buying term and investing the difference?

Unlike non-registered investments that are subject to annual taxation on income, permanent life insurance can provide tax-advantaged growth in the policy's cash value within legislative limits (regulations 306 and 307 of the Income Tax Act define an exempt life insurance policy). Permanent life insurance typically costs more than term life insurance initially, but often has a level premium for your lifetime. By buying term life insurance and investing the premium difference in non-registered investments, it's possible to build greater short-term investment values while living, compared to permanent life insurance. However, in the long-run, the buy term and invest the difference concept is likely to be out performed by a permanent life insurance policy.

Should you buy permanent life insurance or buy term and invest the difference?

If you have a need for life insurance and you're seeking alternatives that will assist in minimizing taxes on the annual growth from non-registered investments, consider permanent life insurance. It's part of your total net worth that can provide you with the ability to grow assets without paying income tax on the growth each year and ultimately pass it on to your heirs tax-free if you don't need the accumulated funds.

The information provided is accurate to the best of our knowledge as of August 2006, but laws and interpretations may change. This information is general in nature, intended for educational purposes only and shouldn't be taken as legal, accounting or tax advice. You should obtain your own independent professional advice from you lawyer and/or accountant to take into consideration your particular circumstances.

Could a critical illness cost you your business?

Chris, 52, has spent the last 20 years building a successful plumbing business. He has worked hard to establish a reputation for himself in the industry, all while being a loving husband and devoted father of two.

Chris never imagined he would not be healthy enough to walk his daughter down the aisle at her wedding, or that he might have to sell his business prematurely due to a critical illness. For Chris, the plan was to sell his business in a few years and enjoy his retirement with his wife.

But that plan changed dramatically when Chris had a serious stroke. In addition to the physical and emotional consequences of a major illness, the financial toll can be crippling as well.

In Chris's case, here's an example of the potential financial impact of his unexpected illness:

Personal price tag (approx. costs)	
Pay off remaining mortgage	$25,000
Daughter's wedding	$20,000
Lost net salary ($8,000/month x 9 months)	$72,000
Son's university costs	$4,500
Personal total	$121,500

Business price tag (approx.costs)	
Evaluation of business	$3,000
Lost business income (over 9-month period)	$200,000
Legal and accounting fees	$5,000
Lost market value (due to fire sale of business)	$250,000
Business total	$458,000
Combination of personal and business price tags	$579,500

Critical illness insurance

As a business owner, Chris has a dual need for critical illness insurance. If he had purchased this coverage he could help protect his family and business from the unplanned expenses associated with a critical illness.

With the lump sum of money* from his critical illness plan, Chris could have managed his personal needs, not to mention help him keep the business he worked so hard to build.

Do you need critical illness insurance?

Talk to your financial security and investment representative about a flexible critical illness insurance plan that can be tailored to your specific business or personal needs.

**Benefits are payable if you are diagnosed with a critical illness or condition as defined in your policy and you have survived the survival period (usually 30 days).*

Look for a re-advance clause when considering a mortgage

Many home buyers or home owners looking to refinance their property often restrict their focus to the interest rate and amortization period when shopping for a mortgage.

But today's mortgages often carry a multitude of additional features like pre-payment and conversion options that are worth exploring if you're serious about making your mortgage an integral part of your overall financial security plan.

One such feature is a 're-advance clause.'

Here's how it works. A re-advance clause allows you to borrow up to the original loan amount of your mortgage without incurring any legal fees (transfer mortgages require amending agreements with title insurance costs for the first re-advance).

Plan ahead and anticipate future needs

Whenever possible, register up to 75 per cent of the value of your home but only fund the amount you require at the time. This allows you to come back in the future to take more equity out of your home without paying legal fees again. As long as you do not exceed the original registered amount, the only cost is the appraisal fee.

For example, if your registered mortgage is for $166,000 but you only took $135,000, the $31,000 difference could be used for an unexpected future expense such as a child's post-secondary school education.

Build in even more flexibility

For even more flexibility, consider asking your lawyer to register your mortgage amortization for 25 years but gear the payments to a shorter period so you can pay your mortgage off sooner. By doing this you will have the security and flexibility to lower your payments due to unforeseen events.

While these mortgage strategies aren't suitable for everyone, they're good illustrations of how your mortgage can help you reach your overall financial objectives. Your financial security and investment representative can provide you with additional details.

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