

RAWLING REPORT

FALL 2006 • BROUGHT TO YOU



BY RAWLING FINANCIAL INC.

HELPING CLIENTS MAKE WISE DECISIONS REGARDING THEIR WEALTH

Yesterday a dream. Today a thriving business. Tomorrow a legacy.

It could have been a long-held dream or an irresistible opportunity to own your own business. Regardless, today you are more committed than ever to making your business a success.

That success is dependent on your expertise and the effort and expertise of your key people. Knowing that allows you to take steps to prevent a death or disability from harming or even destroying your business.

A plan for continued business success

Determine how you would like your wishes carried out if you should die unexpectedly or can no longer run your business due to illness or a disability. Also, consider the impact of losing a key employee.

Your plan for continued business success affects you, your family, employees, clients, suppliers, creditors and others.

Buy-sell agreement

A buy-sell agreement provides for an orderly change of ownership under certain circumstances; for example, when a business principal dies or becomes disabled. It's designed to establish a value for the business, now and in the future. A buy-sell agreement sets out the terms under which the interest of the disabled or deceased shareholder will be sold. It also contains provisions for the transfer of ownership when you retire. As well, if properly funded, the shareholder's family will receive fair market value for the shares, providing them with capital to help maintain their standard of living.

Life insurance is an effective method of funding the buyout. The premiums are paid while the shareholders are alive and ensures funds will be available at the appropriate time to complete the purchase obligation.

Key-person coverage

Key employees may be your most valuable resource. Their energy, expertise and dedication can give you an edge over your competition and enable your business to succeed. What would happen if one of your key employees died or became disabled?

Profits could be affected and you might be forced to

absorb the high costs associated with recruiting, hiring and training a suitable replacement.

You can't guarantee the continued good health of your employees, but insurance on the lives of your company's key people can help prevent an unexpected loss from financially harming or even destroying the business that you have built with the help of these valuable employees.

Capital gains taxation

All capital property, including the shares in a small business, is deemed to be disposed of at fair market value immediately before death. This deemed disposition will result in a taxable capital gain on properties that have increased in value since their purchase (ITA S.70 (5)).

The Income Tax Act allows the transfer of investments to a surviving spouse, if applicable, providing a deferment of some tax burden until the surviving spouse's death. You can never avoid the taxes completely – when the surviving spouse dies, taxes will need to be paid. Your heirs will need cash to pay the tax on the capital gains on the shares. Appropriately designed life insurance could be put into place for this purpose.



The South West Tornados U 13 Intermediate team had a successful season this year. Rawling Financial Inc. was one of the team's sponsors. Hugh was the Assistant Coach along side Head Coach Eros Denard.

Travel goals, some tips on Europe

By Hugh Rawling

When I do planning in our *Financial Independence Program* with my clients, I find many have a vision of themselves traveling across various parts of the world. To make sure I can better understand what that is like, my family sacrificed three weeks this past July to check out some of Europe. Since I find in doing my work that many people like to travel, I thought I would pass on a few of the interesting things I learned.

We rented a car in Vienna, Austria. I have learned from past trips, that I could have my Gold Visa card cover the "collision damage waiver" portion of the rental insurance, if I paid for my rental with the card. In the end, this saved me approx. \$450. Something to watch for is that generally most insurers won't cover your car damage claim if your rental car is worth more than \$65,000 (CDN). So, you have to find the car value in Euros and convert to Canadian dollars (I used this on-line convertor:

<http://www.xe.com/ucc/>). It is worth doing the research on insurance options before you go. Other tourists that we met couldn't believe we would drive around Europe and not take an organized tour. It allowed us the flexibility of picking our own hotels and agenda, which was well worth it.

Venice, or to an Italian, Venezia, is a remarkable city. One thousand or so years ago, the city's stone and brick structures were all built on top of wooden pylons. Today, these pylons still support everything above the water. None of the beautiful original architecture gets demolished to be replaced with something modern. City bylaws state that the only option is to restore old buildings and not change anything.

At 195 Euros per night (\$279.75 CDN), our *Al Ponte Mocenigo* hotel was a good value. It had been a former mansion. In early 2005, it was turned into a hotel,

Dining at
"Al Ponte
Del Megio"
in Venice



keeping all of the home's former elegance and spaciousness. One thing that was updated was the air conditioning and that was crucial in the 40°C weather that we experienced. I had found *Al Ponte Mocenigo* by searching www.tripadvisor.com. It was listed as #1 on the popularity index of 339 hotels. The location was tranquil, compared to the crazy tourist areas located near the *Rialto Bridge* and *St. Marks Square*. Still, you were never far from the main sites.

Walter was our host and directed us to the most amazing restaurants – like the exquisite seafood we ate at *Al Ponte Del Megio* – while sitting next to one of the canals. Also worth mentioning was the amazing pizza at *La Zucca*. Continental breakfast was included at the hotel, along with Walter's famous cappuccinos.

We discovered some other great hotels using tripadvisor.com in Salzburg, Austria and Florence, Italy. In London, England, which is one of the most expensive cities in the world, my friend Craig Hunt directed us to use www.londontown.com. This helped us find the *Langham Hotel* that fit our needs perfectly for a discounted rate. The site searches for various options and allows you to book your choice.

I would be happy to get a call or e-mail with any questions you might have about traveling to Europe. For me, traveling more of the world is a personal goal and I know it is for many of you!



The 8th Annual Rawling Financial Las Vegas Golf Trip

Sunday, Oct. 22 to Thursday, Oct. 26, 2006

Courses: Wolf Creek in Mesquite, Nevada; Ledges Golf Club in St. George, Utah; Rhodes Ranch in Las Vegas



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