

Lighthouse Beacon

CHRISTMAS 2018

Christmas Greetings!



"It's the most wonderful time of the year" is one of the catchy jingles we hear on the radio and in shopping centres during the Christmas season. We may be questioning how wonderful it is given health concerns, economic uncertainty, concerns over our political leaders, etc. During the busyness of the season, let's take time to reflect on our many blessings including the greatest blessing, the birth of our savior, Jesus Christ.

For to us a child is born, to us a son is given,
and the government will be on his shoulders.
And he will be called Wonderful Counselor,
Mighty God, Everlasting Father, Prince of
Peace. Isaiah 9:6

It has been a wonderful year at Lighthouse Financial & IPC Investment Corporation. The practice continues to grow and we're honored to serve clients by helping them achieve their life planning goals integrated with Biblical principles. In this *Lighthouse Beacon*, we highlight the well-attended Client Appreciation Event held at Alberta Aviation Museum on November 23. In *Bloom Where You Are Planted*, we congratulate **Philip Koning**, who was recognized in October 2018 with the Sovereign's Medal for Volunteers, the highest award for volunteers presented in Canada. We also discuss the increase in Tax Free Savings Account (TFSA) limit in 2019 and the ins and outs of TFSA's in *Planner's Corner*.

Thank you for your continued support. Have a wonderful Christmas and blessings in 2019.

Jim Hummel, CFP® CKA®
Ella Mae Cupido, Investment Assistant
Carol Slomp, Office Manager

Out of Office Alert: January 8 – 18, 2019

Out of Office

Again this year, Jim will be mixing concrete and helping to build latrines, pilas (water storage) and floors and developing relationships in Honduras in January with a group sponsored by West End Christian Reformed Church, Edmonton and supported by World Renew and Diaconia Nacional de Honduras. One of the highlights will be helping to build a Sunday School room onto Playa Negra Christian Reformed Church.

During Jim's absence, Ella Mae Cupido, Investment Assistant, can assist with any urgent transaction.

Client Appreciation Event, November 23: A Walk-Through Alberta Aviation History

"Awesome," "Great venue," were some of the comments from over one hundred clients and friends who attended the 3rd annual Client Appreciation Event held at the Alberta Aviation Museum in Edmonton on November 23, 2018. The Museum highlights the early years of flight in Edmonton when Blatchford Field was still a farmer's field, the heroics of bush pilots, the role the Edmonton airport played during the war years and the various airlines that started in Alberta such as Time Air and Wardair.



Thank you to all of you who were able to attend...it

was great to catch up with many of you. We are already discussing plans for next year.

Bloom Where You are Planted

Philip Koning

On October 15, 2018, Philip Koning was presented with the Sovereign's Medal for Volunteers by Legislative



Assembly of Alberta Speaker Robert Warner and Lieutenant Governor of Alberta Lois Mitchel. The Sovereign Medal is the highest award for volunteers presented in Canada.

Phil has volunteered thousands of hours with organizations such as Mission Thrift Store, Schizophrenia Society of Alberta and the Canadian Mental Health Association. Phil, who lives with schizophrenia, bravely shares his personal story with students at schools and colleges to help educate others about mental illness. Phil also has an interest in Alberta and federal politics and has volunteered for many candidates over the years.



Thank you for making a difference through your dedication and commitment to the causes you support.

Planner's Corner: TFSA Limit Increase

In 2019, the annual limit for Tax Free Savings Account (TFSA) will increase from \$5,500 to \$6,000. The limit is the result of inflation which has accrued since the last limit increase which is carried forward until it reaches a multiple of \$500.



Tax-Free Savings Account

As this is a relatively new product, what are TFSA's and how do they work?

- Introduced in 2009, TFSA are available to Canadian residents, 18 years or older with a Social Insurance Number.

- Allows taxpayers to earn investment income tax-free.
- Contributions to the account are not tax deductible.
- Unused contribution room is carried forward to future years with no maximum carry-forward. A Canadian resident, who was 18 in 2009 and has not made a TFSA contribution, can contribute \$63,500 to a TFSA in 2019.

Year	TFSA Limit	Contribution Room
2009	\$5,000	\$5,000
2010	\$5,000	\$10,000
2011	\$5,000	\$15,000
2012	\$5,000	\$20,000
2013	\$5,500	\$25,500
2014	\$5,500	\$31,000
2015	\$10,000	\$41,000
2016	\$5,500	\$46,500
2017	\$5,500	\$52,000
2018	\$5,500	\$57,500
2019	\$6,000	\$63,500

- Withdrawal of contributions and earnings from the account are not taxable and can be done anytime subject to restrictions of the underlying investment. A withdrawal will create additional TFSA room in future years.
- Canada Revenue Agency ('CRA') determines the TFSA Contribution Room for each individual who files a tax return. TFSA contribution room can be obtained by logging onto the "My Account" section of CRA's website or calling CRA's Tax Information Phone Service @ 1-800-267-6999 press 1-5-2-1. When you call, you'll need to have your line 150 amount from your most recent tax return.
- TFSA must be held individually. A beneficiary or beneficiaries can be named. In the event of death of the holder, the beneficiary designation will result in a tax-free rollover to your spouse or tax-free inheritance to a non-spouse and will bypass probate.
- The penalty for excess contributions will be subject to a 1% per month penalty tax until withdrawn.



- Qualified investments that can be held in a TFSA are similar to RRSP and range from savings accounts to stocks.

Differences between TFSA & Registered Retirement Savings Plan ('RRSP'):

RRSP	TFSA
Contributions are tax deductible.	Contributions are not tax deductible.
Investment earnings accumulate tax free.	Same.
Withdrawals are taxable.	No tax on withdrawals.
Withdrawal of RRSP is income and may affect the ability to obtain government benefits such as Old Age Security (OAS), supplements and Alberta Senior's Benefit	Withdrawals have no consequences on government benefits.
Needs to be converted to a RRIF at age 71 or earlier and minimum payments must be taken.	No conversion. Money can remain in TFSA until passing.
Can hold a wide variety of financial investments from savings accounts to stocks.	Same.

Some strategies:

Short term: If you're going to save money for a short-term goal such as an emergency fund, vacation, car, etc. you should contribute to a TFSA.

Long term: Use TFSA to accumulate wealth to achieve long term goals such as funding retirement, financing long term care, creating a legacy, etc.



What's a better vehicle, TFSA or RRSP to save for retirement? In an ideal world, you should try to maximize and contribute to both. If you cannot and your income is less than \$48,000 or so you should contribute to a TFSA first. If your income is greater than \$48,000 you should contribute to an RRSP first. This analysis is based on your current marginal tax rate vs. your probable marginal tax rate in retirement.

Jim Hummel, CFP®, CKA®

FOR TO US A CHILD IS BORN
 For to us a son is given
 AND HE WILL BE CALLED
 AND THE GOVERNMENT WILL BE
 UPON HIS SHOULDERS
 Wonderful Counselor
 Everlasting Father
 MIGHTY GOD
 Prince of Peace