

TABLE OF CONTENTS

I TAXATION

1. Assessment Rules	
1.01 Residency	I-1
1.02 Requirement to Self-Assessment	I-2
1.03 Reassessment	I-3
1.04 Administration and Enforcement	I-3
<i>Tax Evasion and Tax Avoidance</i>	I-2
2. Employment Income	
2.01 Definitions	I-4
2.02 Remuneration	I-4
2.03 Benefits	I-4
<i>Taxable and Non-taxable Employee Benefits</i>	I-4
2.04 Deductions	I-9
3. Business Income	
3.01 Definition	I-9
3.02 Fiscal Year	I-9
3.03 Accrual Accounting Method	I-9
3.04 Deductibility of Business Expenses	I-10
4. Property Income	
4.01 Interest Income	I-10
4.02 Dividends	I-11
4.03 Net Rental Income	I-12
4.04 Deductibility of Interest	I-12
5. Other Income	
5.01 Taxable	I-12
<i>Retiring Allowances for Employees</i>	I-12
<i>Foreign Source Income</i>	I-13
<i>RESP Income</i>	I-13
<i>Registered Disability Savings Plans (RDSPs)</i>	I-13
<i>Canada Disability Savings Grants (CDSGs)</i>	I-14
5.02 Non-taxable	I-15
<i>Scholarships, Fellowships, Bursaries, Artists' Project Grants</i>	I-15
<i>Deferred Compensation</i>	I-15
6. Capital Gains and Losses	
6.01 Definition	I-15
6.02 Calculation of Taxable Capital Gains and Allowable Capital Losses	I-15
<i>Taxable Capital Gains</i>	I-15
<i>Allowable Taxable Losses</i>	I-16
6.03 Calculation of Net Capital Losses	I-16
6.04 Allowable Business Investment Losses (ABILs)	I-17
<i>Notes About ABILs</i>	I-18
6.05 Depreciable Assets (Capital Cost Allowance [CCA], Recapture, Terminal Loss)	I-18
<i>Recapture</i>	I-19
<i>Terminal Loss</i>	I-19
6.06 Eligible Capital Property	I-19
6.07 Principal Residence	I-20
<i>Principal Residence Exemption</i>	I-21

6.08	Listed Personal Property	I-21
6.09	Personal-Use Property	I-21
6.10	Use of Capital Losses	I-22
6.11	Capital Gains Exemptions	I-22
6.12	Replacement Property Rules	I-22
	<i>Qualifying Dispositions</i>	I-23
	<i>Eligibility Criteria</i>	I-23
6.13	Change-of-Use Rules	I-24
6.14	Capital Gains Reserve	I-24
7.	Deductions from Income	
7.01	Child Care Expenses	I-24
	<i>Children's Fitness Tax Credit</i>	I-24
	<i>Adoption Expense Tax Credit</i>	I-25
7.02	Moving Expenses	I-25
	<i>Students' Moving Expenses</i>	I-26
	<i>Moving Allowances and Reimbursements</i>	I-27
	<i>Other Relocation Payments</i>	I-27
7.03	Interest and Carrying Charges	I-28
	<i>Deductability of Interest Expense</i>	I-28
	<i>Loans to Purchase Common Shares</i>	I-28
	<i>Loans to Purchase Preferred Shares</i>	I-28
	<i>Loans to Purchase Investments with a Fixed Interest Rate</i>	I-28
7.04	Other Deductions	I-29
	<i>Child and Spousal Support Payments</i>	I-29
	<i>Legal Fees</i>	I-30
	<i>Northern Residents</i>	I-30
8.	Tax Credits	
8.01	Non-refundable Tax Credits	I-30
	<i>Conversion Rate for Tax Credits</i>	I-30
	<i>Students' Tuition Fees</i>	I-31
	<i>Education Amount</i>	I-31
	<i>Textbook Tax Credit</i>	I-32
	<i>Transfer of Unused Student Credits</i>	I-32
	<i>Tax Exemption for Scholarships and Bursaries</i>	I-32
	<i>Tax Credit for Interest on Student Loans</i>	I-32
	<i>Other Commonly Available Credits</i>	I-32
8.02	Refundable Tax Credit	I-34
9.	Tax Shelters	
9.01	Structure of Tax Shelters	I-35
9.02	At-Risk Rules	I-36
10.	Taxes Payable	
10.01	Tax Rate	I-37
10.02	Marginal Tax Rate/Average Tax Rate	I-37
10.03	Federal/Provincial Taxes	I-37
10.04	Federal/Provincial Surtaxes	I-39
10.05	Rules Regarding Alternative Minimum Tax	I-39
11.	Income Splitting	
11.01	Attribution Rules	I-39
11.02	Methods	I-41

12. Inter Vivos Transfers	
12.01 Gift to Spouse	I-44
12.02 Gift to Someone Other Than the Spouse	I-44
12.03 Transfer of Qualified Farm Property	I-45
<i>Transferring Farm or Fishing Property to Children or Grandchildren</i>	I-45
12.04 Transfer of Eligible Shares of a Qualified Small Business Corporation	I-46
<i>Taxation</i>	I-48
13. Transfer of Company Shares	
13.01 Beneficiaries of the Transfer	I-48
13.02 Timing of the Transfer	I-49
13.03 Transfer While the Owner Is Alive	I-49
<i>Estate Freezing</i>	I-49
13.04 Post-Mortem Freeze	I-49
14. Tax Consequences of Death	
14.01 Taxation Year	I-50
<i>Taxes on Death</i>	I-50
14.02 Different Types of Income	I-51
<i>Estate Returns</i>	I-52
<i>Separate Income Tax Returns</i>	I-52
14.03 Deemed Disposition of Property	I-54
<i>Capital Gains on Death</i>	I-54
14.04 Tax Credits	I-56
14.05 Post-Mortem Tax Planning	I-56
14.06 Transfer of Company Shares Upon Death	I-56
15. Taxation of Different Legal Entities	
15.01 Partnership	I-56
<i>Taxing Partnership Income</i>	I-56
<i>Adjustment of Partnership Allocation</i>	I-57
<i>Capital Gains and Allocation of Investment Tax Credits</i>	I-57
<i>Gain or Loss on Partnership Interest</i>	I-57
<i>Assessment of Partnership</i>	I-58
<i>Partners' Sales Tax Rebates</i>	I-58
15.02 Corporations	I-58
<i>Taxation of the Corporation</i>	I-58
16. Particulars of Tax Planning for Owner-Managers	
16.01 Transfer of Property to a Corporation	I-59
16.02 Salary-Dividend Mix	I-59
16.03 Shareholder Benefits	I-59
17. Employee Stock Options	
17.01 General Rules	I-59
17.02 Canadian-Controlled Private Corporations (CCPC)	I-60
17.03 Public Corporations	I-61
18. International Tax Issues	
18.01 U.S. Estate Tax	I-62
<i>U.S. Estate Tax for Canadians</i>	I-63
18.02 Foreign Property Reporting	I-65
18.03 Entering Canada	I-66
18.04 Leaving Canada	I-67
<i>Canadian Departure Tax</i>	I-68
<i>Capital Gains Exemption on Emigration</i>	I-68
<i>Reporting Rules for Emigrants with Property Worth Over \$25,000</i>	I-69
<i>If the Canadian Home Is Rented or Sold After Emigration</i>	I-69
<i>RRSPs</i>	I-69

II INSURANCE

19. Life Insurance	
19.01 Types of Plans	II-1
<i>Term Insurance</i>	II-1
<i>Term-to-100 Insurance</i>	II-3
<i>Permanent Insurance</i>	II-3
<i>Policy Selection: Term vs. Permanent</i>	II-11
<i>Group Insurance</i>	II-14
<i>Key Person Life</i>	II-17
<i>Life Insurance in the Business Context</i>	II-17
<i>Government-provided Life Insurance</i>	II-19
19.02 Features of Plans	
<i>Contract Provisions</i>	II-20
<i>Life Insurance Riders</i>	II-24
19.03 Taxation of Life Insurance	II-27
20. Disability Insurance	
20.01 Types of Disability Policies	II-32
<i>Other Definitions of Disability</i>	II-32
<i>Disability Insurance Options and Riders</i>	II-34
<i>Group Disability Income Insurance</i>	II-35
<i>Key Person Disability Insurance</i>	II-37
<i>Business Overhead Insurance</i>	II-38
<i>Business Continuation</i>	II-38
<i>Workers' Compensation</i>	II-39
<i>Employment Insurance</i>	II-40
20.02 Features of Plans	II-41
<i>Disability Insurance Pricing</i>	II-42
20.03 Taxation of Disability Plans	II-45
<i>Taxation of Group Insurance</i>	II-46
21. Health Insurance	
21.01 Types of A&S Insurance Plans	II-47
<i>Extended Health</i>	II-47
<i>Prescription Drugs</i>	II-48
<i>Dental Plans</i>	II-48
<i>Travel Insurance</i>	II-48
<i>Provincial Health Insurance</i>	II-48
<i>Group Health Insurance</i>	II-49
21.02 Features of Plans	II-51
<i>Deductibles and Co-insurance</i>	II-51
<i>A&S Limitations</i>	II-52
21.03 Taxation of Health Insurance	II-52
<i>Taxation of Individual A&S Policies</i>	II-52
<i>Taxation of Group Insurance</i>	II-52
22. Critical Illness Insurance	
22.01 Features of Plans	II-52
22.02 Taxation of Critical Illness Insurance	II-54
23. Long-term Care Insurance	
23.01 Features of Plans	II-55
23.02 Taxation of Long-term Care Insurance	II-55

24. General or Property and Casualty Insurance	
24.01 Types of Coverage	II-56
<i>Liability Insurance</i>	II-56
<i>Third-party Liability</i>	II-56
<i>Automobile Insurance</i>	II-57
<i>Homeowner Insurance</i>	II-58
<i>Personal Property Insurance</i>	II-59
<i>Assessing Property Insurance Needs</i>	II-60
<i>Commercial, Professional, and Other Personal Insurance</i>	II-60
24.02 Features: See Section 24.01	

III INVESTMENT

25. Investment Vehicles	
25.01 Cash Assets	III-1
25.02 Fixed-Income Securities	III-4
25.03 Equities	III-19
<i>Common Shares</i>	III-19
<i>Tax Treatment of Common Shares</i>	III-23
<i>Stock Splits and Consolidations</i>	III-24
<i>Reading Stock Quotations</i>	III-25
<i>Dual-Class Shares</i>	III-26
<i>Preferred Shares</i>	III-26
<i>Features of Preferred Shares</i>	III-28
<i>Straight Preferreds</i>	III-30
<i>Convertible Preferreds</i>	III-31
<i>Retractable Preferreds</i>	III-33
<i>Floating Rate Preferreds</i>	III-34
<i>Foreign-pay Preferreds</i>	III-34
<i>Canadian Originated Preferred Securities (COPrS)</i>	III-34
<i>Other Types of Preferreds</i>	III-35
25.04 Real Estate	III-36
<i>Principal Residence</i>	III-36
<i>Real Estate Investment Trusts (REITs)</i>	III-37
<i>Commercial Real Estate</i>	III-38
25.05 Derivatives	III-38
<i>Features Common to All Derivatives</i>	III-39
<i>Derivative Markets</i>	III-40
<i>Types of Underlying Assets</i>	III-40
<i>Reasons Investors Use Derivatives</i>	III-41
<i>Hedging</i>	III-42
<i>Options</i>	III-43
<i>Forwards and Futures</i>	III-51
<i>Rights and Warrants</i>	III-56
25.06 Commodities	III-61
26. Investment Structures	
26.01 Mutual Funds	III-63
<i>Advantages of Mutual Funds</i>	III-63
<i>Disadvantages of Mutual Funds</i>	III-65
<i>The Structure of Mutual Funds</i>	III-65
<i>Pricing Mutual Funds Units or Shares</i>	III-66
<i>Regulating Mutual Funds</i>	III-70
<i>Mutual Fund Restrictions</i>	III-72
<i>Types of Mutual Funds</i>	III-73
<i>Comparing Fund Types</i>	III-76
<i>Fund Management Styles</i>	III-76

<i>Redeeming Mutual Fund Units or Shares</i>	III-78
<i>Annual Distributions</i>	III-78
<i>Comparing Mutual Fund Performance</i>	III-80
26.02 Segregated Funds	III-86
<i>Similarities Between Segregated Funds and Mutual Funds</i>	III-86
<i>Exclusive Features of Segregated Funds</i>	III-87
<i>Buying the Product</i>	III-91
<i>The Growth of Value in a Segregated Fund</i>	III-96
<i>Proceeds of a Segregated Fund</i>	III-98
<i>Tax of Segregated Funds</i>	III-100
26.03 Hedge Funds	III-104
<i>Benefits and Risks of Hedge Funds</i>	III-105
<i>Hedge Fund Strategies</i>	III-109
<i>Funds of Hedge Funds</i>	III-117
<i>Tracking Hedge Fund Performance</i>	III-119
26.04 Partnerships	III-120
<i>Limited Partnerships</i>	III-120
<i>Investment Opportunities with Partnerships</i>	III-121
26.05 Investment Trusts	III-121
<i>Royalty or Resource Trusts</i>	III-121
27. Types of Investment Risk	III-122
27.01 Business Risk	III-123
27.02 Market Risk	III-123
27.03 Reinvestment Risk	III-124
27.04 Interest-Rate Risk	III-125
27.05 Inflation-Rate Risk	III-125
27.06 Marketability Risk	III-125
27.07 Liquidity Risk	III-125
27.08 Political Risk	III-126
27.09 Exchange- Rate Risk	III-126
27.10 Default Risk	III-126
28. Measurement of Risk	III-126
28.01 Standard Deviation	III-127
<i>Calculating the Risk-Adjusted Rate of Return</i>	III-127
28.02 Beta	III-128
<i>Time and Investment Risk</i>	III-129
28.03 Impact of Diversification on Risk	III-130
29. Portfolio Management Techniques	III-131
29.01 Diversification	III-131
<i>Diversification Among Assets</i>	III-131
<i>Diversification Among Industry Groups</i>	III-131
<i>Diversification by Way of Global Investments</i>	III-132
29.02 Active Asset Allocation Strategies	III-131
<i>Asset Allocation</i>	III-132
<i>Strategic Asset Allocation (SAA)</i>	III-133
<i>Ongoing Asset Allocation</i>	III-133
<i>Dynamic Asset Allocation</i>	III-133
<i>Tactical Asset Allocation</i>	III-133
<i>Integrated Asset Allocation</i>	III-134
29.03 Passive Asset Allocation Strategies	III-134
<i>Constructing an Index Fund -- Two Techniques</i>	III-133
<i>Closet Indexing</i>	III-134
<i>Four Types of Benchmarks</i>	III-135
<i>Required Characteristics of Benchmarks</i>	III-135

29.04 Investment Product Analysis	III-136
<i>Equity Group Analysis</i>	III-136
<i>Fixed-Income Group Analysis</i>	III-137
<i>Cash or Cash Equivalents Group Analysis</i>	III-138
30. Selling and Buying Techniques	III-139
30.01 Leverage	III-139
<i>Using Loans for Leveraged Investing</i>	III-140
<i>Leveraging Using a Margin Account</i>	III-143
30.02 Dollar-Cost Averaging	III-146
30.03 Dividend Reinvestment Plans	III-149
30.04 Systematic Withdrawal Plans (SWPs)	III-149
<i>Ratio Withdrawal Plan</i>	III-150
<i>Fixed-Dollar Withdrawal Plan</i>	III-150
<i>Fixed-Period Withdrawal Plan</i>	III-151
<i>Life Expectancy Adjusted Withdrawal Plan</i>	III-151
30.05 Buy/Hold	III-151
30.06 Short Selling	III-152
<i>How Is Short Selling Done?</i>	III-152

IV RETIREMENT, SAVINGS AND INCOME PROGRAMS

31. Registered Pension Plans	
31.01 Pension Standards Act	IV-1
<i>Registered Pension Plans: Provincial Rules</i>	IV-2
31.02 Attributes of Registered Pension Plans	IV-2
<i>Priorities, Objectives and Constraints in Establishing a Pension Plan</i>	IV-3
31.03 Defined Benefit Plans	IV-3
<i>Defined Benefit Plan Benefits</i>	IV-4
<i>Defined Benefit Plan Contributions</i>	IV-4
<i>Defined Benefit Plan Past Service Benefits</i>	IV-5
<i>Defined Benefit Plan Tax</i>	IV-5
<i>Defined Benefit Plan Early Retirement Considerations</i>	IV-5
<i>Defined Benefit Plan Termination Options</i>	IV-6
<i>Defined Benefit Plan Death Benefit</i>	IV-7
31.04 Defined Contribution Plans/Money Purchase Plans	IV-7
<i>Contributions</i>	IV-8
<i>Projection of Pension Income</i>	IV-8
<i>Options on Termination/Retirement</i>	IV-9
<i>Defined Contribution Plan Death Benefits</i>	IV-9
31.05 Supplementary Pension Arrangements	
<i>Individual Pension Plans</i>	IV-9
<i>Salary Deferral Arrangements</i>	IV-10
<i>Supplemental Employee Retirement Pensions</i>	IV-10
32. Deferred Profit Sharing Plans	
32.01 Attributes of DPSPs	IV-11
32.02 Contributions to a DPSP	IV-12
32.03 Options on Termination/ Retirement	IV-13
32.04 Pension Adjustment and Pension Adjustment Reversal	IV-14
32.05 Vesting	IV-16
32.06 Death of Participant	IV-16

33. Registered Retirement Savings Plans	
33.01 Contribution Limits	IV-16
<i>RRSP Withdrawals</i>	IV-18
<i>Tax Implications at Withdrawal</i>	IV-19
<i>Withholding Tax</i>	IV-19
33.02 Retiring Allowance Rollover	IV-19
33.03 Qualified Investments for an RRSP	IV-20
33.04 Deductibility of RRSP Contributions	IV-21
33.05 Beneficiary Designation	IV-21
33.06 Maturity of an RRSP	IV-22
33.07 Death of an RRSP Planholder	IV-22
33.08 Types of Plans	IV-23
<i>Managed RRSPs</i>	IV-23
<i>Self-Directed RRSPs</i>	IV-24
<i>Group RRSPs</i>	IV-25
33.09 Home Buyer's Plan	IV-25
33.10 Lifelong Learning Plan	IV-26
<i>Tax-free Savings Account</i>	IV-26
34. Registered Education Savings Plans	
34.01 Attributes	IV-26
<i>Types of Plans</i>	IV-27
34.02 Contributions to RESPs	IV-29
34.03 Canada Education Savings Grants	IV-30
<i>Annual Limits and Grant Room</i>	IV-31
<i>Additional CESG</i>	IV-32
34.04 Withdrawals from an RESP	IV-33
35. Registered Retirement Income Funds	
35.01 Attributes	IV-35
<i>Advantages of RRIFs</i>	IV-35
<i>RRIF Withdrawals</i>	IV-35
35.02 Taxation	IV-37
36. Life Income Funds	
36.01 Attributes	IV-37
36.02 Taxation	IV-39
37. Life Retirement Income Funds	
37.01 Attributes	IV-39
<i>New Unlocking Provisions</i>	IV-40
37.02 Taxation	IV-41
38. Annuities	
38.01 Attributes	IV-41
<i>Annuity Benefit Guarantees</i>	IV-42
<i>Types of Annuities</i>	IV-43
38.02 Taxation	IV-45
<i>Prescribed</i>	IV-45
<i>Non-prescribed</i>	IV-45

V LAW

39. Family Law	
39.01 Marriage	V-1
<i>Jurisdiction for Marriage</i>	V-1
<i>Annulment of a Marriage</i>	V-1
39.02 Common-law Relationships	V-2
<i>Cohabitation Agreements</i>	V-2
39.03 Divorce	V-2
<i>Degrees of Judicial Separation</i>	V-2
<i>Separation Agreements</i>	V-3
<i>Grounds for Divorce</i>	V-4
<i>Custody and Access</i>	V-5
<i>Division of Property on Marriage Breakdown</i>	V-6
39.04 Domestic Contracts	V-11
<i>Types of Domestic Contracts</i>	V-12
<i>Overturing Domestic Contracts</i>	V-12
39.05 Child/Dependent Support	V-12
<i>Division of Child Support Expenses</i>	V-13
<i>Principles of Child Support Orders</i>	V-14
39.06 Spousal/Common-law/Partner Support	V-15
<i>Criteria and Objectives of Spousal Support Payments</i>	V-17
<i>Income Tax Consequences of Support Payments</i>	V-18
39.07 Other Dependent Support	V-19
40. Wills	
40.01 Purpose of a Will	V-19
<i>Assets Covered by a Will</i>	V-19
40.02 Requirements for a Valid Will	V-21
40.03 Duties of Executor	V-21
40.04 Clauses of a Will	V-21
<i>Beneficiary Designations</i>	V-22
<i>Rights of Beneficiaries</i>	V-23
<i>Appointment of Executor and Trustees</i>	V-24
<i>Other Clauses in the Will</i>	V-24
<i>Amendments to a Will by Codicil</i>	V-26
<i>Tutors</i>	V-26
40.05 Multiple Jurisdictions	V-26
40.06 Legislation Governing Variations to the Provisions of a Will	V-26
<i>Wills Variation Act</i>	V-26
40.07 Probate	V-27
<i>Application to the Court</i>	V-27
<i>Reducing Probate</i>	V-28
<i>Provincial Probate Fees</i>	V-30
40.08 Types of Wills	V-31
<i>Formal Will</i>	V-31
<i>Holographic Will</i>	V-32
<i>Notarial Will</i>	V-32
<i>International Will</i>	V-32
<i>Multiple Wills</i>	V-32
40.09 Intestacy	V-32
41. Powers of Attorney for Financial Affairs	
41.01 Implications of Not Having a POA	V-34
41.02 Legal Powers of the Attorney	V-34
41.03 Obligations of the Attorney	V-35
41.04 Specifics of POAs	V-36
41.05 Risks Associated with POAs	V-36

42. Powers of Attorney for Health Care	
42.01 Implications of Not Having a Living Will	V-36
42.02 Legal Powers of the Attorney	V-37
42.03 Obligations of the Attorney	V-38
43. Personal Property Ownership and Transfer Rules	
43.01 Sole Ownership	V-38
43.02 Joint Ownership with Right of Survivorship	V-43
43.03 Tenants in Common	V-44
43.04 Beneficial Ownership	V-44
44. Business Property Ownership Structures	
44.01 Proprietorship	V-44
44.02 Partnership	V-44
<i>General Partnerships</i>	V-45
<i>Limited Partnerships</i>	V-45
44.03 Corporations	V-48
<i>Private Corporations</i>	V-48
<i>Public Corporations</i>	V-48
<i>Provincial Corporations</i>	V-48
<i>Federal Corporations</i>	V-48
<i>Small Business Corporation</i>	V-49
<i>Personal Service Businesses</i>	V-49
<i>Specified Investment Business</i>	V-50
<i>Reasons to Incorporate</i>	V-50
<i>Incorporation Process</i>	V-50
<i>Tax Considerations of Proprietorships, Partnerships,</i>	
<i>and Corporations</i>	V-51
<i>Transfer of Ownership</i>	V-52
<i>Other Structures</i>	V-56
45. Contract Law	
45.01 Principles of Contract Law	V-57
<i>Contracts in Written Form</i>	V-57
<i>What Makes a Contract Enforceable?</i>	V-58
<i>Handshake Agreements</i>	V-63
<i>Cancellation of a Contract</i>	V-63
<i>Termination of a Contract</i>	V-64
<i>Remedies for Breach of Contract</i>	V-65
<i>Consumer Protection and Contract Law</i>	V-66
46. Trust Law	
46.01 Parties to a Trust	V-67
<i>The Settlor</i>	V-67
<i>The Beneficiary</i>	V-67
<i>The Trustee</i>	V-68
46.02 Attributes of the Trust	V-69
<i>The Trust Agreement</i>	V-70
<i>Capital Needed to Set Up a Trust</i>	V-71
<i>Reasons for Using Trusts</i>	V-71
<i>Reducing Probate Fees by Creating a Trust</i>	V-73
<i>Uses of Trusts</i>	V-73

47. Inter-vivos Trusts	
47.01 Types of Inter-vivos Trusts	V-73
<i>Alter Ego or Joint-Partner Trusts</i>	V-73
<i>Charitable Remainder Trusts (CRTs)</i>	V-74
<i>Pros and Cons of the Inter-vivos Trust</i>	V-74
47.02 Taxation of Inter-vivos Trusts	V-75
48. Testamentary Trusts	
48.01 Types of Testamentary Trusts	V-75
<i>Spousal Trusts</i>	V-75
<i>Charitable Trusts</i>	V-76
<i>Resulting Trust</i>	V-77
<i>Constructive Trust</i>	V-77
<i>Life Insurance Trust</i>	V-77
<i>Pros and Cons of a Testamentary Trust</i>	V-77
48.02 Taxation of Testamentary Trusts	V-78

VI FINANCIAL ANALYSIS

49. Analysis of Financial Information	
49.01 Interest Calculations	VI-1
<i>Simple Interest Calculation</i>	VI-1
<i>Compound Interest Calculation</i>	VI-1
<i>Rule of 72</i>	VI-2
<i>Calculating Accrued Interest</i>	VI-2
49.02 Time Value of Money	VI-4
<i>Present Value</i>	VI-4
<i>Future Value of Money</i>	VI-6
49.03 Return Calculations	VI-6
<i>Definitions of Returns</i>	VI-6
<i>Fixed-Income Securities</i>	VI-7
<i>Mortgage-backed Securities</i>	VI-9
<i>Equity Securities</i>	VI-9
<i>Average Returns</i>	VI-11
<i>Risk Adjusted Rate of Return</i>	VI-13
<i>After Tax returns</i>	VI-14
<i>Real Returns</i>	VI-14
50. Personal Finance Ratios	
50.01 Debt-to-Equity Ratio	VI-16
50.02 Debt-to-Total Assets Ratio	VI-16
50.03 Total Debt Service Ratio	VI-17
50.04 Gross Debt Service Ratio	VI-17
51. Budgeting	
51.01 Cash Flow Analysis	VI-18
<i>Statement of Cash Flow</i>	VI-18
<i>Analyzing the Cash Flow Statement</i>	VI-19
<i>Cash Management Planning</i>	VI-20
51.02 Emergency Fund	VI-20
52. Personal Financial Statements	
52.01 Net Worth Statement	VI-20
52.02 Cash Flow Statement	VI-21
52.03 Budget	VI-22

VII ECONOMIC AND REGULATORY ENVIRONMENT

53. Economic Environment

53.01 Economic Indicators	VII-3
53.02 Inflation, Deflation	VII-4
<i>Inflation</i>	VII-4
<i>Deflation</i>	VII-5
53.03 Measures of Employment and Unemployment	VII-6
<i>Labour Market Indicators</i>	VII-6
<i>Types of Unemployment</i>	VII-6
53.04 Monetary Policy	VII-7
<i>Implementing Monetary Policy</i>	VII-8
<i>The Bank of Canada</i>	VII-9
53.05 Fiscal Policy	VII-10
<i>How Fiscal Policy Affects the Economy</i>	VII-11
53.06 Business Cycles	VII-11
53.07 Foreign Exchange Rates	VII-13
53.08 Gross Domestic Product (GDP)	VII-14
<i>Real and Nominal GDP</i>	VII-15
<i>Determinants of Economic Growth</i>	VII-15
53.09 Financial Markets	VII-15
<i>Dealer Markets</i>	VII-16
53.10 Term Structure of Interest Rates and Yield Curves	VII-18
<i>How Interest Rates Affect the Economy</i>	VII-19
<i>Determinants of Interest Rates</i>	VII-19
<i>Yield Curves</i>	VII-19
53.11 Supply and Demand	VII-20
<i>Market Equilibrium</i>	VII-20
<i>Supply-Side Economics Theory</i>	VII-20

54. Regulatory Environment

54.01 Regulatory Agencies of Financial Institutions	VII-21
54.02 Consumer Protection	VII-21
<i>Canada Deposit Insurance Corporation (CDIC)</i>	VII-21
<i>Credit Union Deposit Insurance Corporation (CUDIC)</i>	VII-22
<i>Canadian Investor Protection Fund (CIPF)</i>	VII-23
<i>The Mutual Fund Dealers Association Investor Protection Corporation (IPC)</i>	VII-24
<i>Ombudsman for Banking Services and Investments (OBSI)</i>	VII-24
<i>Financial Consumer Agency of Canada (FCAC)</i>	VII-24
54.03 Stock Exchanges	VII-25
<i>Auction Markets in Canada</i>	VII-25
54.04 Self-Regulatory Organizations (SROs)	VII-26
<i>The Mutual Fund Dealers Association</i>	VII-26
<i>The Exchanges</i>	VII-27
54.05 Securities Regulation	VII-27
<i>The Canadian Securities Administrators (CSA)</i>	VII-27
<i>The Investment Industry Regulatory Organization of Canada (IIROC)</i>	VII-27
<i>The Investment Industry Association of Canada (IIAC)</i>	VII-28
54.06 Provincial Securities Legislation	VII-28

54.07 Public Company Disclosure and Investor Rights	VII-28
<i>Ongoing Disclosure</i>	VII-29
<i>Continuous Disclosure</i>	VII-29
<i>The Prospectus</i>	VII-29
<i>Statutory Rights for Investors</i>	VII-31
<i>Restricted Shares</i>	VII-33
<i>Insider Trading</i>	VII-34
54.08 Insurance Regulation	VII-35
<i>Assuris</i>	VII-36

VIII ETHICS AND STANDARDS

55. CFP Code of Ethics	VIII-1
56. CFP Financial Planning Practice Standards	VIII-1
<i>Financial Planners Standards Council of Canada (FPSCC)</i>	VIII-2

IX DEBT

57. Credit	IX-1
57.01 Line of Credit	IX-2
57.02 Credit Cards	IX-2
57.03 Single Purpose Loan	IX-3
57.04 Investment Loan	IX-4
57.05 Insurance Loan	IX-4
57.06 Company Loan	IX-5
58. Mortgages	
58.01 Regular Mortgages	IX-7
<i>Primary Mortgage Market</i>	IX-7
<i>Canada Mortgage and Housing Corp</i>	IX-8
<i>Secondary Mortgage Market</i>	IX-9
<i>Legal Considerations of a Mortgage</i>	IX-9
<i>Real Property</i>	IX-10
<i>Contractual Relationship</i>	IX-10
<i>Power of Sale vs Mortgage Foreclosure</i>	IX-11
<i>Quebec</i>	IX-12
<i>Financial Considerations</i>	IX-13
<i>RRSPs and Mortgages</i>	IX-18
<i>Pay Down Dilemma</i>	IX-19
<i>Fees Incurred in Buying Property</i>	IX-19
58.02 Reverse Mortgages	IX-20
59. Leases	IX-21
60. Refinancing	IX-22
61. Debt Consolidation	IX-23
62. Insolvency and Bankruptcy	IX-23

X GOVERNMENT BENEFIT PLANS

63. Canada Pension Plan/Quebec Pension Plan	
63.01 Eligibility for Benefits	X-1
<i>Retirement Benefits</i>	X-1
<i>Disability Benefits</i>	X-2
63.02 Amount of Benefits	X-3
<i>CPP/QPP Pension Benefits</i>	X-3
<i>CPP Disability Benefits</i>	X-6
63.03 Contribution Levels	X-6
<i>CPP/QPP Retirement Pension</i>	X-6
<i>CPP Disability Benefits</i>	X-8
63.04 Taxation of Contributions and Receipts	X-8
<i>Retirement Contributions and Benefits</i>	X-8
<i>Disability Benefits</i>	X-8
63.05 Application Requirements and Deadlines	X-9
<i>Retirement Pension</i>	X-9
<i>Disability Benefits</i>	X-9
64. Old Age Security	
64.01 Eligibility for Benefits	X-10
<i>Partial OAS Pension</i>	X-10
64.02 Amount of Benefits	X-11
64.03 Clawback of Benefits	X-11
64.04 Income Qualification for Benefits	X-11
64.05 Tax Treatment	X-11
64.06 Guaranteed Income Supplements (GIS)	X-11
<i>The Allowance</i>	X-12
64.07 Survivor Benefits	X-12
<i>Allowance for the Survivor</i>	X-12
65. Child Tax Benefit	
65.01 Eligibility for Benefits	X-13
65.02 Amount of Benefits	X-13
65.03 Income Qualification for Benefits	X-14
65.04 Tax Treatment of Benefits	X-14
66. Employment Insurance	
66.01 Eligibility for Benefits	X-15
66.02 Amount and Calculation of Benefits	X-15
66.03 Contribution Levels	X-16
66.04 Tax Treatment of Contributions and Receipts	X-16
66.05 Types of Benefits	X-17
<i>Compassionate Care Benefits</i>	X-17
<i>Maternity and Parental Benefits</i>	X-17
67. Workers' Compensation Programs	X-18
68. Income Assistance Programs	X-19

IX BEHAVIOURAL FINANCE

69. Concept of Behavioural Finance	XI-1
70. Human Behaviour	XI-1
<i>Some Emotional Biases</i>	XI-3
<i>Cognitive Errors</i>	XI-9
71. Heuristics	
<i>Errors in Processing Information</i>	XI-17

