



# News and Views

October 2007

## Helping Our Clients Navigate Their Way to Success

Bessner Gally Kreisman, L.L.P. welcomes you to the premier issue of *News and Views*, a bi-monthly communication platform designed to identify *and simplify* notable business themes and developments in the arenas of tax, accounting, finance and consulting. For further information about this communiqué, or any of the services available at Bessner Gally Kreisman, L.L.P., please visit our website at [www.bgk.ca](http://www.bgk.ca).

## Did You Know? A Succession Planning Checklist

Did you know that our firm can help you answer such important questions as who should take over your leadership of your company, what exit strategy is best and how you can protect your heirs from unnecessary taxes?

Following are just some of the questions found in our Succession Planning Checklist:

- Have you advised your family members about the plans for your company's future?
- Do you have a detailed written succession plan for your business?
- Do you have a will or living trust that clearly specifies your wishes for the future of your business and the disposition of your assets?
- Have you named a power of attorney to enable someone to run your business and personal affairs should you become incapacitated?
- Have you identified a competent successor to replace you when the time comes?
- Do you have a detailed list of all your assets and where they are located?

For the complete list of questions please contact Abbey Kreisman at (514) 908-3609 or [akreisman@bgk.ca](mailto:akreisman@bgk.ca).

## Protecting Your Wealth

Protect your wealth and health with a unique product, Critical Illness Insurance. Why? Due to improved medical treatments, as well as medications, people are living longer but with deteriorated health condition that can be financially devastating on you ... and on those dearest to you!

Critical Illness Insurance pays out a lump sum benefit when the insured suffers one of 22 covered conditions like: cancer, heart attack, stroke, coma, blindness, loss of independence, etc. In order for the claim to qualify, the insured must survive for 30 days from a covered illness. The maximum available Critical Illness coverage is \$2,000,000: and in order to obtain the coverage, the insured must be a maximum of 60 years of age. However, there are a few insurers who will issue a product up to the age of 64! (continued on page 2)

With Critical Illness Insurance, not only your health is reviewed, but also that of your direct family; mother, father, sister or brother. Never assume that you will not qualify for coverage just because your family health history is not perfect. Critical illness policies come in different forms such as: 10 and 20 Year Renewable and Convertible Terms, Term to 75, and Term to 100. You can add riders to these policies that will, on death before a Critical Illness claim, return all premiums paid; or if you surrender the policy before a claim is paid within 10, 15 or 20 years. Critical Illness Insurance can be obtained both on a personal or a business basis, because it meets many distinct and important needs!

**Why buy this product?** If you do not want to take chances or deal with waiting periods to get treated in Canada, the funds that you receive from your coverage give you options to seek treatment anywhere in the world. Many new medications are not covered by our group plans or government programs. Cash received can pay for leading drugs that can get you back to good health. In a corporate setting, Critical Illness Insurance can be used for buyout of a partner or shareholder, to ensure business continuity and protect productivity and profitability. Should you have a key person that you wish to cover, your firm becomes the beneficiary of the policy.

It is good to examine at least two or three programs from different insurers. Definitions for covered conditions are different from one insurer to the other. Work with an independent insurance professional who works with a number of insurers and have him or her customize your plan.

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## 10 Ways to Improve Your Company's Bottom Line

1. Prepare a strategic plan with 1, 3 and 5 year goals. Develop action plans to achieve those goals and update your plan annually.
2. Identify 3 to 5 key factors that have contributed to the success of your business in the past and monitor them monthly to ensure they are still factors or if new ones must be developed.
3. Prepare, implement and monitor an annual financial budget for your business. Budgets are an invaluable tool to managing your company's expenses and keeping them in line with the level of sales your business is achieving.
4. Seek input from individuals outside your organization. Your professionals, key clients and key suppliers usually have a good pulse on changes in your industry.
5. Benchmark your revenues and overhead percentages to the leaders in your industry.
6. Consider every product or service your company sells as a separate business. Does each contribute to your bottom line and if not, do you have a valid business reason for keeping that product or service?
7. Every year abandon up to 10 percent of your business that is not part of your strategic plan.
8. Keep your product line fresh. If what your business offers doesn't remain leading edge, a downfall in profits can easily occur.
9. Deal with your overhead before it deals with you! Loss of sales can be catastrophic if you can't lower your overhead fast enough.
10. Ensure your financial results are presented to you every month with comparative information from the previous year. Spend the time to understand what happened from one year from the other and react accordingly.

For further information please contact Clifford Herer at (514) 908-3610 or [herer@bgk.ca](mailto:herer@bgk.ca).

## New Rules for Donations of Marketable Securities

Did you know that there is no tax on capital gains on publicly listed shares, mutual funds or government bonds donated to a charity (other than a private foundation) after May 1, 2006? Quebec and Ontario have also followed these measures for provincial tax purposes.

In addition, the federal government announced in its last budget the extension of the capital gains exemption for donations of publicly listed securities made on or after March 19, 2007 to private foundations.

The capital gains exemption is particularly useful for flow-through shares, which have a deemed cost of nil and thus a large capital gain to be eliminated.

In addition, an additional benefit of the capital gains exemption on donations of marketable securities is to increase, from  $\frac{1}{2}$  to 1, the fraction of the gain that goes into a donating corporation's capital dividend account and can be distributed to shareholders tax-free.

For Further information, please contact Mathieu Ouellette at (514) 908-3624 or [mouellette@bgk.ca](mailto:mouellette@bgk.ca).

## Thwart Identity Thieves

Identity theft is the fastest-growing crime in North America and your computer is the No. 1 tool of identity thieves. The lingo associated with online identity theft sounds like fun and games – phishing, spoofing and pharming to name a few – but the stakes are high if someone wrongfully accesses your computer and fraudulently uses your personal data.

Protect yourself from identity thieves. Here's how:

- Never reply to an e-mail requesting your personal account information
- Carry only the identity and credit cards you need and never your social insurance number
- Shred personal papers, receipts and junk mail
- Remove mail from your mailbox promptly
- Check credit card and bank statements immediately
- Use passwords on your computer and change them frequently
- Be alert during transactions at the bank, store, etc.
- Check your credit report every year

For further information, contact Brian Kreisman, CA, CFE, CA-IFA at (514) 908-3617 or [briank@bgk.ca](mailto:briank@bgk.ca).

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