



# the Capital Partner

*"Preserving, Protecting & Propagating Capital through Prudent Planning"*

## Health & Safety Remain Focus For New School Year in BC

**BC** STUDENTS will return to school next month and can look forward to full-time, in-person learning and resuming sports, music and other extracurricular activities, while mask requirements and other health and safety measures remain in place to keep schools safe.

"We know how excited students and families are about being back in school with extracurricular and sports programs, and how important it is for children to be connected to their teachers and friends on a full-time basis," said **Jennifer Whiteside, Minister of Education**. "We also know we can do this safely, even as the pandemic continues to present

challenges. B.C. was one of the few jurisdictions in Canada to keep schools open and safe last year thanks to the monumental efforts of everyone in the education system. The precautions we are announcing today allow students to continue learning in school with safeguards in place, so they have every opportunity to achieve their best."

Research by the **BC Centre for Disease Control (BCCDC)** last year noted a significant impact on students from remote learning, including interrupted learning, increased child stress, decreased connection, increased loneliness and mental and emotional health effects. Studies by

*(Continued on page 3)*

## Province of Alberta Setting Students Up for Financial Success

**A**lberta Education is enhancing student financial literacy through partnerships with **Enriched Academy** and the **Canadian Foundation for Economic Education**. Both organizations have track records of delivering quality and engaging financial literacy resources to Canadian students.

"In the upcoming school year, many students will learn about concepts such as costs, interest, debt, investing, insurance, and how the economy can affect their lives. Financial literacy for students is a commitment we made to Albertans. It's an important skill set for students to have inside and outside the classroom," said **Adriana LaGrange**,

Minister of Education.

In April 2021, Alberta's government released a call for proposals totaling **\$1 million** to deliver financial literacy programming to junior and senior high school students in the fall. As the successful applicants, **Enriched Academy** will receive **\$700,000** and **Canadian Foundation for Economic Education** will receive **\$300,000**.

The two organizations will provide grades 7-12 students with a variety of opportunities to learn about financial literacy topics, such as money management, budgeting, credit and student loans. The programming will serve Alberta's diverse student populations in

*(Continued on page 3)*

### BACK TO SCHOOL ISSUE

#### A NEW SCHOOL YEAR

As students, families, teachers & staff prepare for another year, safety issues are still a concern as a 4th Covid wave takes hold.

*page 1*

#### THE CAPITAL PARTNER INTERVIEW

For 3 years, **Chantelle Desrosiers** has been a school trustee for School District #23. With an annual budget of \$272 million, the CP thought we'd inquire about how the District is managing.

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#### STREET LEGAL

An Alberta case highlights the need to provide reasons when deciding students' administrative fates in Education.

*page 6*

#### SCHOLARS & DOLLARS

How to save for your child's post-secondary education and life beyond school.

*page 8*

#### GRUMPY ACCOUNTANT

Book review about a bean counter and our taxing tax system.

*page 10*

## GORDO'S CAPITAL COMMENT



*Back to School...*

## Go Grade Hound, and Leave the Learning To Us

**T**HIRTY YEARS AGO, I traveled from Saskatoon to BC aboard a Greyhound bus. I had just graduated from university with two degrees. I was recently married and I thought I had the world by the tail.

Then, my father-in-law gave me a copy of **David Chilton's** *The Wealthy Barber* to read en route. I did. It was a good way to pass the time aboard that canine coach. It was also good material for a new son-in-law to digest.

Once I finished reading, I pondered how little I knew about money management and personal finance. How could that be? I had graduated public school, two reputable universities and I didn't know an RRSP from an aardvark.

There began a lifelong inquiry and a career in the financial services industry. My mission? Use my skills as an Educator to teach financial literacy and broader financial concepts. That was 30 years ago. As this publication will attest, I'm still at it. And, financial literacy has scarcely improved.

I thought it fitting the September issue have a back to school theme.

The news stories on page one report on some of the safety issues

confronting school administrators and staff. And, another story reports on how the province of Alberta is introducing the financial literacy into their curriculum.

This month's interview is with **Chantelle Desrosiers**, one of the more enlightened trustees to serve on the Central Okanagan School District Board of Trustees. A global pandemic has not made the job of the trustees any easier (see page 4).

Guest contributors **Nadia Rowe** and **Michael Larsen** write about an Alberta legal case that saw an expelled student take university and program administrators to court. The case serves as a reminder to principals and administrators to dot their "i's" and cross their "t's" when deciding the fate of students.

Two strategies for saving for a child's education and future are explored on pages 8-9.

And, a book review of "**the Grumpy Accountant**" by **Neal Winokur** is found on page 10. It's a timely book and an enjoyable read.

Greyhound's motto was, "Go Greyhound and leave the driving to us." But, when it comes to learning finance, maybe it's best to ensure you're in the driver's seat. Best wishes to students & teachers. ○

### the Capital Partner

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## BC Students Return...

(Continued from page 1)

the Vancouver Coastal Health Authority & Fraser Health Authority showed that after a resumption of in-class learning, schools were not significant sources of COVID-19 transmission.

In addition to the continuation of indoor mask requirements for all K-12 staff, visitors and students in grades 4 to 12, changes to the health and safety measures also include the ability for health authorities to introduce additional regional measures specific to individual schools or school districts in instances where local transmission rates are higher.

There will be greater opportunities for school sports and extra-curricular activities, continued increased ventilation and improvements in schools, and daily cleaning and disinfecting protocols, along with a continued focus on hand hygiene.

Students will continue to be required to complete daily health checks and stay home when feeling sick. Rapid response teams will continue to operate throughout B.C., working with health authorities and school districts to provide support and review school communicable disease plans to keep schools safe.

A total of \$87.5 million has been used to improve school ventilation in B.C. schools, including **\$77.5 million** through provincial routine capital funding specifically for HVAC system upgrades or replacements in 2020-21 and 2021-22. ○

***“The best way to prevent the spread of COVID-19 is for all British Columbians who are eligible to get vaccinated. Health authorities will target students, teachers and school staff in vaccination campaigns over the coming weeks.”***

*BC Ministry of Education*

## Alberta Curriculum Includes Financial Literacy

(Continued from page 1)

both urban and rural communities, including First Nations, Métis and Inuit students. Both organizations will also provide professional learning opportunities for teachers and school leaders, including additional resources to facilitate financial literacy learning.

“Enriched Academy is excited to continue helping Alberta students learn the essential life skills of money management and looks forward to bringing our innovative

and engaging approach to personal finance to even more students this year. We saw incredible engagement from students, parents and teachers over the last 12 months and we applaud the efforts of the Government of Alberta and the educators involved for building on that initiative and taking such a proactive approach to delivering these critical life skills,” said **Kevin Cochran**, President and co-founder of Enriched Academy. ○

### Quick Facts

- There are approximately 1,900 K-12 schools in B.C. In the 2020-21 school year, 40 schools closed temporarily for a short period of time due to COVID-19.
- Two studies conducted by health authorities during the 2020-21 school year found: in Vancouver Coastal Health, 92% of school-associated cases of COVID-19 were acquired from outside of the school environment; and in Fraser Health, 87% of school-associated cases were acquired through community/household transmission, not from the school setting.
- The COVID-19 Immunity Task Force released a report in June that found there was no greater risk to school staff acquiring COVID-19 in a school setting compared to their community.



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## THE CAPITAL PARTNER INTERVIEW...

# A Trusted Trustee on the Business of Education

Prior to being elected school trustee in the Fall of 2018, **Chantelle Desrosiers** was a mom, chair of the local Parent Advisory Council (PAC) and an international business consultant in the Financial Services Industry. She was well versed in parenting and social issues, but this trustee also knows how to read a balance sheet, budget, set priorities and allocate limited resources. Those are useful skills to have during a global pandemic and in an age of competing wants & needs. Is it any wonder her fellow trustees made her Vice-Chair?

It's rare these days to find insightful, competent, leaders willing to step into the public service. It's why the CP thought she would be a good person to interview in this back to school issue.



***TCP.** I wanted to begin our interview with some basics about the district. School District #23 is the fifth largest district in the province of BC and is tasked with educating 23,500 students. What are some of the unique challenges faced by the board and what are some advantages you're able to offer?*

**C.D.** Let's start with the size and nature of the district. Our region includes the cities of Kelowna, West Kelowna, the districts of Peachland and Lake Country, Westbank First Nations and the Central Okanagan Regional District (CORD).

The district covers rural and urban landscapes. The geography and the topography are not uniform, so that presents some planning challenges.

For instance, when transporting students to and from school there are a few more issues requiring consideration.

Then, there's grade re-configuration. A few years ago, the district began re-aligning the grades. Elementary schools include Kindergarten to grade five. Middle Schools cover grades six to eight. And, high school includes grades nine to twelve. It's created

some different dynamics but everyone seems to be adapting to the changes.

At senior levels, our district allows students to "cross-enroll." This allows them to take advantage of some of the unique program offerings in the district.

Mount Boucherie Secondary School (M.B.S.S) offers a Fire Fighting Academy. Students learn and train with the district fire fighting staff and it counts as a part of their P.E. credit.

Rutland hosts a Lifeguard Academy and an Equine Learning Program for students. We have a strategic partnership with Okanagan College so students can earn their level one in a number of trades or certificate programs like Emergency Response.

And, our relationship with Westbank First Nations means students can learn about Indigenous art and culture.

***TCP.** Prior to becoming a trustee, you were active on Parent/Teacher Advisory Councils at local schools. You also had a background in business. What experiences proved useful when serving as a school board trustee?*

**C.D.** Well, no one saw COVID-19 coming, so that wasn't something any one could have prepared for.

Ensuring the safety of students, teachers and staff has been paramount.

We've also been concerned about students' mental health and trying to maintain connections with families.

Being a parent has been helpful. I understand parents fears and concerns. My business background has also proved helpful when having to reconsider line items in the budget.

***TCP.** How much cohesion is there on the board? Are you able to reach a consensus on most issues or do some members have an ideology driving their agenda?*

**C.D.** It's been a functional board. We've worked through some tough issues in difficult times but we've managed to do it in a respectful way. I think it's been successful because all of the trustees agree that students' interests are the number one priority.

We have a new trustee, **Wayne Broughton**, who was elected in a by-election and sworn in on July 13th. He's a Mathematics professor at UBCO and we're looking forward to hearing his perspectives as well as having him contribute as a trustee.

*(Continued on page 5)*

## THE CAPITAL PARTNER INTERVIEW...

(Continued from page 4)

**TCP.** What sorts of relationships does the board have with the province and other levels of government?

**C.D.** We have solid, meaningful relationships with the local civic governments mentioned earlier.

Two of those governments - Lake Country and West Kelowna are among the fastest growing areas in the country. That growth & development presents some challenges.

We have 119 portables across the district which is among the highest - if not the highest, percentage of portables in the province. Our schools at all levels are well over capacity.

M.B.S.S. was built for 1,300 students but over 1,700 students are enrolled. They're at 130% of capacity and there are 13 portables on campus. That's space not used for sports and extra-curricular activity.

Elementary schools in the Mission area are at 136%. And, roughly 46% of students at Rutland Middle receive instruction in portables.

Our capital budget needs puts a bit of stress in our relationship with the province. The Ministry of Education has a policy not to build new schools until two adjacent schools are at 150% of capacity so a new school can function at 100% capacity from day one. For a district like ours, the funding process has challenges. The reality is this district is in dire need of capital funding to build schools.

*This year's operating budget for School District #23 is \$272,000,000. That's about \$11,575 per student. 83.4% is spent on instruction (i.e. teachers). 13.4% is allocated to operating facilities and buses, etc. 2.8% is allocated for administration. Are students, staff, administration, and taxpayers receiving value for the dollars spent? Could funds be better spent with charter schools or private schools?*

**C.D.** First, it's not quite that simple. The standard allocation per student is \$7,885.00 per year. French immersion

students receive an additional \$1,585. Indigenous students receive an additional \$1,565 in funding.

Then, there are 3 levels of funding for special needs students. "Level one" students receive \$44,850. "Level two" students receive \$21,280. Level three students receive \$10,750.

Level one students require constant support, so that funding typically pays for an Educational Assistant or equipment, etc. There's a concerted effort to ensure funds are really allocated where they're needed.

There are a few private schools in our district. One of those schools charges parents tens of thousands of dollars in tuition fees, but their scope and resources are limited. I'm not convinced students and parents are receiving better education value. In some instances, I think it's probably even worse.

**TCP.** The province of BC prescribes how most of the funds are to be spent. What sort of support is provided? How much discretion is given to the board when allocating funds? Where are most of those dollars spent?

**C.D.** There are three "buckets" of designated funding. The first bucket provides "operational" funding, normal expenses like teacher's salaries, etc. The second bucket is designated for "targeted funding." That includes things like indigenous education, technology and covid related expenses. The third bucket is for capital spending. That includes new schools, additions but it is also used for renovations & retrofits. It's how the MERV13 filters were paid for.

Spending is fairly prescribed. Every district board, all ministry staff and administrative personnel must comply with the BC School Act.

**TCP.** What trends in Education do you see that give you reason for optimism and/or apprehension?

**C.D.** There's a recognition that students need skills beyond rote learning. There's an emphasis on critical thinking skills and working collaboratively. Team work receives more attention in the new curriculum.

It's quite different today. Students have information at their fingertips. Technology is embedded in everyday life. We talk a lot about what students are interested in now and what they might pursue in the future.

**TCP.** So, how is this fall looking? Will there be a return to normalcy or what should students and parents expect?

**C.D.** Well, things are still subject to change. We'll be following the health orders as provided by the Ministry of Health and Interior Health Authority.

There will be lots of hand sanitizer around and portable hand washing stations. Grades 4-12 will require masks. There will still be enhanced cleaning and daily health checks. Staff will be looking for fever and/or other symptoms.

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**Celebrating student's gifts and talents. Trustee Desrosiers helps a young attendee retrieve a lollipop from the School District #23 booth during a local community event.**



## STREET LEGAL

by Nadia Rowe &amp; Michael Larsen

# Tell Me Why? Why? Why?:

Alberta Case Highlights the Importance of Providing Reasons in Education & Post-secondary Administrative Decision Making



**T**HE RIGHT OF an affected party to receive reasons explaining an administrative decision is a well-established rule of procedural fairness. The result in a recent case before the Court of Queen's Bench of Alberta, **Andres v. the University of Lethbridge**, highlights the importance of this rule in post-secondary administrative decision making.

In *Andres*, the court reviewed a decision of the University of Lethbridge's School of Graduate Studies Executive Committee (the "Committee") to require a graduate student to withdraw from their program of study (the "Final Decision"). Upon judicial review of the Final Decision, the court ultimately decided to send the matter back to the Committee for reconsideration. Why?

In short, because the reasons the Committee gave for the Final Decision were deficient.

## Background

Following a decision of the Dean of the Faculty of Education, a graduate student in the University's Master of Counselling Program (the "Program") was required to withdraw from the Program on the basis that she had failed to meet the Standards of Professional Conduct required of students. The University Calendar sets out the Standards of Professional Conduct and states that students may be required to withdraw if they fail to meet them. The Calendar did not set out the procedure for how to make a decision that a student failed to meet the Standards of Professional Conduct.

In this case, an instructor felt the student had failed to meet the

Standards of Professional Conduct. The student, over a long period of time, had expressed concerns about the Program by using increasingly strong language, and alleged that abuse and trauma had been inflicted on her by faculty members. Her instructor then wrote to the Dean requesting that the student be required to withdraw on this basis. After hearing from various instructors and the student, the Dean issued his decision requiring the student to withdraw from the Program (the "Faculty Decision").

The student appealed the Faculty Decision to an appeal committee on the basis that the Faculty Decision was unfair and contrary to the principles of natural justice. The appeal was dismissed. The student then appealed to the Committee. The Committee held a hearing de novo (in other words, with new evidence allowed) and ultimately dismissed the student's appeal in the Final Decision.

The Committee made a number of findings in the written Final Decision, including that:

- i. the student was not denied procedural fairness for the Faculty Decision, and
- ii. the Faculty Decision requiring the student to withdraw was reasonable.

The student then applied to the Court of Queen's Bench of Alberta for a judicial review of the Final Decision.

She argued that she was denied procedural fairness in the Faculty Decision, and that the Final Decision upholding her withdrawal was not reasonable because it provided no meaningful justification for why the Committee concluded it was reasonable to require her to withdraw. In other

words, she argued that the reasons given for the Final Decision were deficient.

## Application for Judicial Review –

### Was the Final Decision reasonable?

In assessing the Final Decision, the court first determined the appropriate "standard of review" (i.e. the level of deference shown by the court to the decision being reviewed) was one of reasonableness. This meant that the "Final Decision" need only be reasonable for the court to uphold it, even if the court would have made a different decision if it were in the place of the Committee.

## Decision –

The court found that the portion of the Final Decision stating that the student was not denied procedural fairness was not reasonable because the **Committee failed to include reasons addressing what the appropriate level of procedural fairness was, and why it was met.**

While the Committee did include reasons as to why the Faculty Decision exhibited procedural fairness, the Committee never engaged the issue of what degree of procedural fairness was owed to the student in the circumstances.

The court also found that the portion of the Final Decision that required the student to withdraw (by upholding the Faculty Decision) was not reasonable for two reasons.

The first reason was that the Committee applied the wrong standard of review to the Faculty Decision and as a result, the reasons given for the Final Decision were deficient.

The second was that the Final

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Decision failed to articulate what Standards of Professional Conduct the student actually failed to meet, which meant the Final Decision provided no justification for the requirement that the student withdraw from the program.

The court allowed the application for judicial review on the basis that the Final Decision was not reasonable and determined that the appropriate remedy was to send the decision back to the Committee for reconsideration.

#### Takeaways –

Not only are sufficient reasons a key aspect of procedural fairness, but reasons also provide the means for courts to determine whether an administrative decision was reasonable or not. Reasons, as stated by the Supreme Court of Canada in **Canada v. Vavilov**, are “the primary mechanism

by which administrative decision makers show that their decisions are reasonable - both to the affected parties and to the reviewing courts”.

Accordingly, administrative decision makers would be well advised to:

- i. carefully consider their reasons in rendering a decision, with the help of legal counsel, if necessary;
- ii. ensure such reasons are justifiable, transparent and intelligible; and
- iii. where the impact of a decision on an individual is significant, ensure the depth of those reasons appropriately reflect what is at stake.

And, of course – after all is said and done, write those carefully crafted reasons down and provide them to the affected parties. ○

## Desrosiers Interview Concluded

(Continued from page 5)

Sports teams can practice but still can't play competitively according to current orders. Theatrical groups can rehearse but can't perform to large audiences just yet.

I recognize students aren't getting an optimal school experience, but everyone has really been trying their best: students, teachers, staff and parents.

I've been amazed at how teachers have adapted. They've figured out creative ways to deliver instruction

and still make the curriculum a positive experience for students.

I've also been impressed with how patient and supportive students and families have been. It's sort of brought out the best of humanity in everyone.

*TCP. That's great. Thanks for sharing the information and those insights, Chantelle. Best wishes to you, the board and all of the students as you prepare for the new school year.* ○



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# Two Strategies to Use When Saving for a Child's Post Secondary Experience & Beyond



## The RESP Option

**A**N RESP is an obvious way to save money for your child's post-secondary education.

Like a registered retirement savings plan (RRSP), money grows tax sheltered until it is withdrawn. Then, it is taxed in the hands of the student beneficiary who will likely be in a lower tax bracket. Funds can then be used to cover all education related costs like tuition, school supplies, food, lodging, transportation, etc.

Unlike an RRSP, there is no tax deduction for contributions.

### Who can open an RESP?

Parents, grandparents, godparents, uncles, aunts and friends... anyone can open an RESP for a child. You don't have to be related. And, a child can be the beneficiary of multiple RESPs provided contributors stay within the contribution limits.

You also have the option to change beneficiaries once the plan is in force. Contributions can then continue to be made up to the end of the plan term determined according to the age of the new beneficiary.

### What Can You Invest In?

Funds contributed to an RESP can be invested in any number of investment assets including: term deposits, GICs, bonds, stock equities, REITs, ETFs or mutual or segregated funds. Because interest rates are at record lows, most RESP donors invest in equities or funds in order to take advantage of long term compounding.

### How much money can you save?

The maximum lifetime contribution is set at **\$50,000** per child and there are no annual contribution limits. You can tailor your contributions as your budget allows, provided you stay within the lifetime maximum permitted.

## Government Grants

As an added bonus, the federal government has created the **Canada Education Savings Grant (CESG)** to encourage parents to invest as early as possible in their children's post-secondary education. With the CESG, the government will match 20% of donors contributions to a maximum of **\$500** per child per year and a lifetime maximum of **\$7,200** per child.

The B.C. Government will also contribute **\$1,200** to eligible accounts (i.e. after a child reaches the age of 6) through the B.C. Training & Education Savings Grant (**BCTESG**).

Other provinces offer grant programs but both Alberta and Saskatchewan have phased out their Education Savings grants.

Federal and provincial grants are paid directly into the RESP and grow alongside donor/owner contributions. These little extras can provide a big boost to your child's education savings.

If your child decides not to pursue postsecondary studies, you can still:

- Designate a new beneficiary
- Withdraw the money
- Transfer the money into your RRSP
- Donate to an educational institution

Wonder what future values look like? See illustrations on opposite page.

## The Lifetime Equity Plan

**I**N HIS BOOK, *the Grumpy Accountant*, (reviewed on the next page), **Neal Winokur** argues the current retirement savings plans - RRSPs, RRIAs, TFSA's, should be phased out due to their complex and convoluted nature. Instead, the author suggests an ideal savings vehicle would

be called the **Canada Savings Account (CSA)**. That's not a bad idea.

The CSA would function much like a TFSA except there would be lifetime contributions limits versus annual limits that are determined by the party holding power in Ottawa (this happens).

The problem is, TFSA's can only be started once a person reaches the age of majority - 19, in the province of B.C. Much compounding is foregone during the first two decades.

Here's another idea that falls close to the mark.

### An Alternative Plan

Purchase a **whole life** insurance policy on your child or grandchild.

A policy can be purchased after their first birthday. No para-medical exams will be required. You can establish the amount of the benefit. Minimum contribution amounts are established by the financial institution and they're flexible. No maximum contribution limit exist (in the May CP, **John Wordsworth** told of parents purchasing such a policy for **\$72 million**). Future contributions can be made-after having received a windfall, work bonus or an inheritance.

Funds are "creditor protected" and will grow tax exempt over the life of the child. As cash values build, the equity can be collateralized or accessed for any purpose a policy owner decides.

Ownership of these policies is easily transferred by naming a "Successor Owner" on the policy (sign a form, done) or via instructions in a will (requires legal work). And, they transfer tax efficiently.

To see how funds might accumulate, view illustrations on next page.



## CAPITAL PARTNER STRATEGIES

# Long Term Saving Illustrations

## Lifetime Equity Plan Illustration

**Assumptions:** Illustration assumes a \$104/monthly premium for an RBC, "20-Pay," Whole Life policy. Premiums are paid for 20 years. Projected cash values & benefits are based on current dividend rates of 6% (not guaranteed in future).

Year	Age	Annual Premium	Guaranteed Cash Values	Projected Cash Values	Value of Benefit
1	2	\$1,256	\$0	\$17	\$60,232
2	3	\$1,256	\$0	\$53	\$60,711
3	4	\$1,256	\$0	\$108	\$61,405
4	5	\$1,256	\$0	\$184	\$62,303
5	6	\$1,256	\$134	\$414	\$63,404
6	7	\$1,256	\$292	\$693	\$64,709
7	8	\$1,256	\$499	\$1,046	\$66,214
8	9	\$1,256	\$756	\$1,476	\$67,910
9	10	\$1,256	\$1,064	\$1,987	\$69,804
10	11	\$1,256	\$1,426	\$2,582	\$71,886
11	12	\$1,256	\$2,060	\$3,485	\$74,163
12	13	\$1,256	\$2,797	\$4,526	\$76,622
13	14	\$1,256	\$3,640	\$5,711	\$79,271
14	15	\$1,256	\$4,594	\$7,050	\$82,113
15	16	\$1,256	\$5,663	\$8,547	\$85,143
16	17	\$1,256	\$6,849	\$10,210	\$88,364
17	18	\$1,256	\$7,776	\$11,663	\$91,773
18	19	\$1,256	\$8,030	\$12,498	\$95,365
19	20	\$1,256	\$8,292	\$13,399	\$99,147
20	21	\$1,256	\$8,562	\$14,369	\$103,109
21	22	\$0	\$8,842	\$15,407	\$107,201
22	23	\$0	\$9,133	\$16,508	\$111,349
23	24	\$0	\$9,434	\$17,677	\$115,561
24	25	\$0	\$9,748	\$18,918	\$119,833
25	26	\$0	\$10,072	\$20,233	\$124,167

**L**ET'S ASSUME a member of a family could allocate \$100 - \$200 per month for a child's future (you could do more). How much might accumulate using the different financial vehicles available? How might funds be used in the future?

The illustration on the left shows the growth of funds within a whole life insurance policy. Dividends are used to buy more insurance. Premiums are paid for only 20 years.

Future values are based on current rates - roughly 6% per year. In the early years, values don't grow much. But, after 15 & 20 years, the magic

of compounding has worked its magic. The policy cash values (i.e. equity) are **\$8,547** and **\$14,369** respectively. In the 25<sup>th</sup> year, cash values have grown to over **\$20,000**. That equity can be tapped for travel, business, real estate, a wedding, etc.

Benefit values have also grown.

- **Year 25**, the benefit is **\$124,167**.
- **Year 40**, the benefit is **\$199,916**
- **Year 50**, the benefit is **\$265,514**
- **Year 60**, the benefit is **\$348,016**
- **Year 75**, the benefit is **\$525,448**
- **Year 100**, the benefit is **\$1,077,318**

## RESP Illustration

**Assumptions:** Illustration assumes a \$100/monthly contribution to an RESP and compound annual growth rate of 6% (including 20% CESG & the BCTESG in year 6/7). CESG stops after age 16. Note: Values will fluctuate if invested in ETFs, mutual or seg funds.

Year	Age	Value Beginning of the Year	Annual Contribution w CESG + BC Grant	Growth of Principal @ 6%	Value @ End /Year
0	1	\$0.00	\$1,473.50		\$1,473.50
1	2	\$1,473.50	\$1,473.50	\$1,561.91	\$3,035.41
2	3	\$3,035.41	\$1,473.50	\$3,217.53	\$4,691.03
3	4	\$4,691.03	\$1,473.50	\$4,972.50	\$6,446.00
4	5	\$6,446.00	\$1,473.50	\$6,832.76	\$8,306.26
5	6	\$8,306.26	\$1,473.50	\$8,804.63	<b>\$10,278.13</b>
6	7	\$10,278.13	\$2,673.50	\$10,894.82	\$13,568.32
7	8	\$13,568.32	\$1,473.50	\$14,382.42	\$15,855.92
8	9	\$15,855.92	\$1,473.50	\$16,807.27	\$18,280.77
9	10	\$18,280.77	\$1,473.50	\$19,377.62	\$20,851.12
10	11	\$20,851.12	\$1,473.50	\$22,102.19	<b>\$23,575.69</b>
11	12	\$23,575.69	\$1,473.50	\$24,990.23	\$26,463.73
12	13	\$26,463.73	\$1,473.50	\$28,051.55	\$29,525.05
13	14	\$29,525.05	\$1,473.50	\$31,296.56	\$32,770.06
14	15	\$32,770.06	\$1,473.50	\$34,736.26	\$36,209.76
15	16	\$36,209.76	\$1,473.50	\$38,382.34	<b>\$39,855.84</b>
16	17	\$39,855.84	\$1,233.50	\$42,247.20	\$43,480.70
17	18	\$43,480.70	-\$4,766.50	\$41,037.05	\$41,037.05
18	19	\$41,037.05	-\$12,000.00	\$30,779.27	\$30,779.27
19	20	\$30,779.27	-\$12,000.00	\$19,906.03	\$19,906.03
20	21	\$19,906.03	-\$12,000.00	\$8,380.39	\$8,380.39
21	22	\$8,380.39	\$8,380.39	\$0.00	\$0.00

The illustration on the right shows how values grow alongside the CESG and the BCTESG (i.e. added in year 6). The illustration assumes a **\$6,000** withdraw in the year where the child turns 18 and presumably has to pay for the first semester of post secondary. Withdrawals in the amount of **\$12,000** are assumed in subsequent years. With a balance of **\$8,380.39** available for the final semester.

Note: An RESP can be used to fund students in trades & certificate programs also. For more information, contact: [gord@think-income.com](mailto:gord@think-income.com)

## BOOK VALUE

# Curmudgeon Bean Counter Offers Candid Account of Canadian Tax Rules

Accountant Neal Winokur provides entertaining narrative about how Canadians are taxed and how we ought to simplify our tax regime.

## The Grumpy Accountant: One Fed-Up Tax Pro's Practical Plan to Fix Canada's Senselessly Complicated Tax System

by **Neal Winokur** (©Neal Winokur, 2020).  
ISBN 97817772264-0-4 (paperback)  
ISBN 97817772264-1-1 (e-book)

**T**HERE'S A PASSAGE from the book of **Matthew** (18:15-17) where the Lord outlines a process for resolving interpersonal conflict. When that process fails (it happens), he suggests treating the offending party like a pagan or a tax collector.

Reading that passage as a youth, I wondered why tax collectors were singled out and why they merited their own special "reprobate" status. Had someone offered me a copy of **Neal Winokur's**, "**The Grumpy Accountant**," I would have been provided a definitive answer.

Winokur's book tells the life story of **Jerry** and **Elaine** from the perspective of **George**, their grumpy

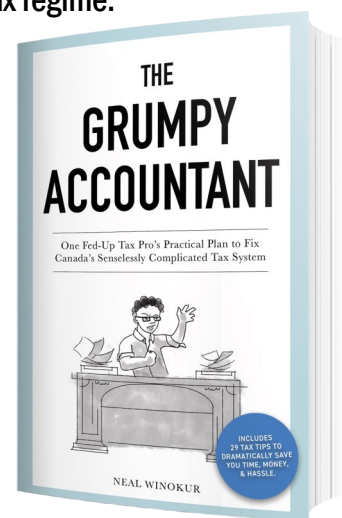
accountant. Under their bean counter's tutelage, they work through various tax issues at different life stages: beginning to end.

That Winokur chose the names of characters from the 90's sitcom **Seinfeld** is no joke. That wildly popular show was a favourite because it mocked the absurdities of everyday conventions in modern life. So too, Winokur makes light of how crazy the Canadian tax regime has become. For example:

**The Canadian Income Tax Act** (CITA) has over **3,000 pages** and a million words of text. Buried inside are countless deductions, credits, exemptions, etc. (the bible has 1,086 pages, fewer exemptions and it was 4,000 years in the making).

Canadians will spend upwards of **\$7 billion**, (that's \$7,000,000,000.00) every year, employing accountants and tax professionals to help them with their annual tax filings.

Then, taxpayers will spend a further **\$4.3 billion** employing



40,000 employees tasked with enforcing the Income Tax Act. This is a colossal waste of Canadian's time, energy, money and resources.

Canada is somewhat unique in our approach to collecting taxes. Other countries manage to collect taxes without all of the costs of filing with our present system. Winokur's view, until the system is overhauled and simplified, the taxing life story of Jerry and Elaine will ring true for most Canadians. He's right.

The book includes twenty-eight relevant tax tips for anyone earning a pay cheque in Canada. The tips are explained in easy to read, everyday verbiage. The concepts and their applications are easy to understand.

The book makes a great gift for any individual looking to prudently manage their financial affairs or become more knowledgeable of our tax system.

As we're now in the middle of a fall election campaign, you may wish to throw the book at candidates. Ask how they might simplify our tax system. If they refuse to answer, treat that politician like you would a pagan... or a tax collector. ○ ☹☹☹☹



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## CAPITAL PARTNER BUSINESSES

# Business Briefs & Earnings Updates

## Canadian Banks & Financials Reporting Q3-2021 Results

**F**or the third quarter ended July 31, 2021, **BMO Financial Group** recorded net income of \$2,275 million or \$3.41 per share on a reported basis, and net income of **\$2,292 million** or **\$3.44** per share on an adjusted basis

Return on equity (ROE) was **17.5%**, an increase from **9.4%** in the prior year.

YTD, BMO has earned (adjusted) **\$6,425 million** on revenue of **\$20,584 million** (1<sup>st</sup> 3 quarters of fiscal 2021).

**Bank of Montreal** is the longest running dividend paying company in Canada. Their policy is to pay out 45-55% of its earnings in dividends to shareholders over time.

On August 25<sup>th</sup>, the **Royal Bank of Canada (RY)** on TSX reported net income of **\$4.3 billion** for the quarter ended July 31, 2021 (Q3). That's up **\$1.1 billion** or **34%** from the prior year. Diluted EPS were **\$2.97**, up **35%** year over year (yoy). Their capital position remained robust, with a Common Equity Tier 1 (CET1) ratio of **13.6%** supporting strong client-driven volume growth and **\$1.5 billion** in common share dividends paid.

On August 26th, **TD Bank Group** announced its financial results for the 3rd quarter ended July 31, 2021. Reported earnings were **\$3.5 billion**, up **58%** yoy. Adjusted earnings were \$3.6 billion, up 56%.

EPS for Q3 were \$1.96. YTD, TD has earned **\$5.68** /share, up **63.7%** from \$3.63 Q3-20 EPS. Return on common equity was **15.3%**.

On August 24th, **Scotiabank** reported **Q3-2021** net income of **\$2,542 million** compared to \$1,304 million in the same period last year. Diluted earnings per share (EPS) were **\$1.99**, up **91%** from \$1.04 in the previous year. Return on equity was **15.0%**, up from 8.3% in the previous year.

## Other Canadian Large Caps

On July 20th, **CN Rail** announced operating income of **\$1,382 million**, an increase of **76%**, or nine per cent on an adjusted basis. Revenues were **\$3,598 million**, an increase of **\$389 million** or **12 %**. Diluted EPS were **\$1.46**, an increase of **90%**.

Operating ratio was **61.6%**, an improvement of 13.9 points, or an increase of 1.2 points on an adjusted basis.

On May 21, 2021, **CN & Kansas City Southern - KCS** announced an agreement to merge in a transaction valued at **US\$325** per KCS share, or approximately **US\$33.6 billion**.

Under the terms of the merger agreement, KCS shareholders will receive **US\$200** in cash and **1.129** CN common shares for each share of KCS common stock, if approved by the STB.

On July 28, 2021, **CP Rail (TSX: CP)** announced second-quarter operating results that included

record Q2 revenues of **\$2.05 billion**, an operating ratio of **60.1%** and record diluted earnings per share ("EPS") of **\$1.86**.

On July 29, 2021, **TC Energy Corporation (TSX, NYSE: TRP)** (formerly TransCanada) announced net income attributable to common shares for second quarter 2021 of **\$982 million** or **\$1.00** per share compared to net income of \$1.3 billion or \$1.36 per share for the same period in 2020.

TC Energy's Board of Directors also declared a quarterly dividend of **\$0.87** per common share for the quarter ending September 30, 2021, equivalent to **\$3.48** per common share on an annualized basis.

On July 30th, **Enbridge** announced Q2-21 earnings of **\$1.4 billion** or **\$0.69** per common share, compared with GAAP earnings of \$1.6 billion or \$0.82 per share in 2020.

Distributable Cash Flow (DCF) was **\$2.5 billion** or **\$1.24** per share versus \$2.4 billion or \$1.21 per common share in 2020

The BoD reaffirmed 2021 full year guidance range of EBITDA of **\$13.9 billion** to **\$14.3 billion** and DCF per share of \$4.70 to \$5.00.

**Manulife** reported Q2-21 results. Net income was **\$2.6 billion** driven by continued growth in Asia and Global Wealth & Asset Mngmnt. ROE was **22.2%** in Q2-21. End of quarter, LICAT ratio was **137%**.

BV was \$550 million, up **57%**.

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## Business Briefs Continued (REITs)...

On Aug. 05, 2021, **RioCan REIT** announced financial results for the 3 & 6 months ended June 30, 2021. (Q2-21)

Net income was **\$145.3 million** for the quarter and **\$252 million** for the 1st six months, up from **-\$247 million** yoy.

FFO/unit improved to **\$0.40** from **\$0.35** in Q2-20 and from **\$0.36** for Q1 2021. An accelerated capital recycling program has seen **\$841.6 million** in closed, firm or negotiated deals.

On August 12, **CAP REIT** (TSX: CAR.UN) announced continuing strong operating and financial results for the 3 and 6 months ended June 30, 2021. Net operating income ("NOI") increased by **2.9%** and **2.7%**. Net rental revenue net of dispositions for the 12 months ended June 30, 2021 was **\$849.4 million** (June 30, 2020 – \$798.0 million).

### Sample Annuity Rates

Rates are as of **August 31, 2021** & based on a non-registered \$100,000 premium. Payments are **Guaranteed for LIFE** & include a 10- year guaranteed payment stream (i.e. balance paid to beneficiaries). Rates change daily. Quotes available upon request. E & O.E.

# of Lives, Age & Gender	Monthly Income	Annual Payment as % of Premium
65 Yr Male	\$ 474.02	5.70%
65 Yr Female	\$ 443.97	5.33%
65 Yr Joint	\$ 402.11	4.83%
70 Yr Male	\$ 545.20	6.54%
70 Yr Female	\$ 506.79	6.08%
70 Yr Joint	\$ 455.15	5.46%
75 Yr Male	\$ 611.59	7.40%
75 Yr Female	\$ 564.10	6.22%
75 Yr Joint	\$ 517.88	6.69%
80 Yr Male	\$ 723.79	8.69%
80 Yr Female	\$ 671.49	8.06%
80 Yr Joint	\$ 613.66	7.36%

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