B.C./TERRITORIES REGION WINNER

THE ADVISOR OF THE YEAR AWARDS

PLANNING FOR ONE

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Angus and Arlene Robertson, ages 81 and 79 respectively, were rocked by the news that Angus had an inoperable cancer and had less than a year to live. They felt they needed to get their house in order quickly to protect everything they had worked for since they had emigrated from Scotland over 50 years ago.

They had followed a lifelong regime of "thrift," always saving a bit of their income, which had afforded them a comfortable retirement and the security of home ownership. Angus had always managed the "big picture" financial decisions with Arlene's involvement, while she had taken the lead in household budgeting and cash management. Now they were facing a lot of unknowns, and were seeking professional advice to put all the pieces together as they approached their last months together.

Not only did the Robertsons want to "get their affairs in order," but Angus also wanted peace of mind that Arlene would be able to enjoy her remaining years in a similar standard of living and to simplify their investments so it would be easier for Arlene to manage. He wanted to determine if they could afford to give some financial gifts or assistance to their two adult children and five twentysomething grandchildren. Angus wanted to ensure his estate would not be highly taxed at his death, and finally, he wanted to ensure his wife had a reliable and trustworthy advisor who could help her manage the financial changes at his death and afterward.

After an initial information-gathering meeting discussing their situation and goals with Cathie Hurlburt, several challenges emerged. Arlene did not want to continue to live in their condo once Angus was gone as it was at ground level and she would not feel safe in it alone. Unfortunately, the Vancouver condominium market was in a slump and they did not expect that their unit would sell quickly. As Arlene did not drive, her next home would have to be close to shopping, activities and friends. She particularly wanted to know if she should buy or rent her next home, given that a number of Angus's pensions would end at his death, including one from the United Kingdom.

MINI-PROFILE

Years in the business: 16
Number of clients: 150 families
When I first entered the business, I wish I had known: what I wanted my business to look like in 10 years; how much I would be willing to work in the evenings.
Best advice received: Always provide holistic advice in the shape of a financial plan because every decision is related to every other decision.

Photography by Robert Karpa

Arlene wasn't interested in monitoring investments. All she wanted to know was what budget amount she should expect to live on each month once she was on her own.

All the planning meetings were conducted with both of the Robertsons and at least one, but usually both, of their sons. As it turned out, Angus's health declined faster than had been expected, leading to rapidly changing costs in medical care and an increased sense of urgency to get everything done while there was still time. All of the financial planning was done against a background of profound sadness about Angus's condition and rate of deterioration. He died within eight weeks of the outset of the advisor/client engagement.

Hurlburt identified which income streams would change as a result of Angus's death and how Arlene's expenses would change once she was on her own.

In consideration of the short timeline, Hurlburt first confirmed ownership of the condo and the non-registered mutual funds as joint with right of survivorship. She also checked with the municipality for the outstanding amount of the deferred property taxes including interest, which would be payable on the sale of the condo. She confirmed that Arlene was the beneficiary of the existing RRIF and life insurance policies.

Hurlburt assisted the couple in reviewing their wills with an estate lawyer. Uncertain of Angus's longevity, she recommended they both obtain powers of attorney, naming each other first and their two sons as alternates in the event that either of them became incapacitated.

Hurlburt provided long-term cash flow analysis to prove that Arlene would have enough income and capital to live out the rest of her days. This included identifying which income streams would change as a result of Angus's death and how Arlene's expenses would change now that she would be on her own, as well as showing her differences between the "rent versus buy" housing scenarios. Hurlburt was able to show the Robertsons that they could safely give each of the grandchildren $1,000 (which had to be invested in an RRSP) and each of their sons $5,000. Hurlburt and Arlene would meet together with the family members to establish these savings plans. Once the condo was sold and Arlene had determined what housing solution she would pursue, Hurlburt would assist her to determine larger gifts to her two sons.

To simplify Arlene's retirement income process, Hurlburt proposed that the couple's RRIFs be invested in managed product portfolios offered by an insurance company. The portfolio granted the security of a capital guarantee and the added bonus of easy transfer to Arlene on Angus's death outside of his will.

On Angus's death, his estate was transferred without a great deal of cost. Most assets passed outside of the will through joint ownership and the beneficiary designation. Hurlburt assisted Arlene in the estate settlement process, including transferring the RRIF to her name, settling the life insurance policy, claiming the CPP death and survivor benefits, assisting with the U.K. pension documents and informing the annuity providers of Angus's death. She was also involved with the completion of the final tax return and consulted with Arlene's tax preparers.

Although the condo had not sold, Arlene moved into another condo five months after Angus's death. She rented the empty condo to her newly married granddaughter while she waited for the market to improve. When the condo finally sold two years later, Arlene met with Hurlburt and determined that, from the proceeds of the sale, she could afford to make an additional gift of $75,000 to each of her sons, and $1,000 to each of her grandchildren's RRSPs. The remaining balance of approximately $100,000 was conservatively invested in a non-registered managed wrap portfolio.

To this day Arlene is satisfied with her investments and her new home. Although Angus passed away very quickly, he died knowing that his affairs were in order, that Arlene would be financially secure and that he had been able to participate in most of the macro financial decisions. —*Michael Berton*

what the judges said

"This is an excellent and succinct listing of objectives, challenges and solutions. It involved the family at a pace that worked for Arlene."
—Carl Abbott, president, Abbott Financial Services Inc., Kamloops, B.C.