



# AT YOUR SERVICE®

• OGILVY & OGILVY INSURANCE BROKERS / FINANCIAL SERVICES FIRM • VOLUME VII • ISSUE 2

• INSURANCE AND FINANCIAL-RELATED INFORMATION FOR OUR CLIENTS •



Your Best Insurance  
is an Insurance Broker

## A fast-paced world needs fast-paced solutions

In the service world, an insurance broker is evaluated everyday based on the service provided. That service is measured in terms



of the value of our consultation, our polite, courteous, professional response to inquiries, the quality and variety of insurance products offered and the ease with which we do business together.

We also acknowledge the speed of life and your desire to make a request once and have that request completed based on your instructions. To a large degree, your insurance business is conducted over the phone and therefore those instructions are often verbal. Unfortunately, insurance is still largely a paper-based industry. While we acknowledge the importance of having paper-based documentation to be provided to you, we also would like to take advantage of available technology to make our service faster and easier. In an ongoing effort to improve operations and service, we have installed new phone systems in our offices. The highlight of the systems is the call recording feature. By recording all calls we have the ability to reduce the number of signed documents requested from you and we are able to make most policy changes on your verbal instructions alone. This improvement will reduce the service time and eliminate the extra paperwork for you.

In the end, we expect to be able to dedicate more time to being available to answer your questions, review your coverage, and searching for better alternatives to suit your needs. ☒

## Professional Practice Compliance

The *Autorité des Marchés Financiers (AMF)*, the insurance brokers' regulatory body in Quebec, has mandated a change in broker operations. Insurance brokers are now required to advise consumers if they have a "business relationship" with insurance companies. The regulation defines a business relationship as an ownership interest, the granting of a financial benefit or loan, or a concentration of business placed.

Please note:

- No insurer holds a direct or indirect interest in the ownership of Ogilvy & Ogilvy;
- Ogilvy & Ogilvy has not received a loan or other financing from an insurer;
- Ogilvy & Ogilvy does not maintain a high concentration of policies with any ONE insurance company.

Our independence is in your best interest. ☒

## New RRSP Rules

With the change to 71 as the maximum age for holding a RRSP (vs. 69 currently), you can accumulate more funds toward retirement.

To illustrate, here is a scenario of a 69-year-old investor, who is in the top tax bracket with a \$120,000 income, and holds \$100,000 in his RRSP. How well off would he be at the end of 2009, both under the old (69) and new age limits (71)?

First, under the old limit of age 69, our investor can contribute \$19,000 to his RRSP this year. But in 2008 he must make a RRIF withdrawal of \$5,664 and a further withdrawal in 2009 of \$6,667. After factoring in a conservative 6% investment growth, the result at the end of 2009 is that his retirement asset will be valued at \$128,999.

Under the new limit of age 71, he will be able to make new contributions of not only \$19,000 this year, but also \$20,000 in 2008 and \$21,000 in 2009, and he doesn't have to make any withdrawals. At the end of 2009 (assuming the same 6% investment return) that leaves him with retirement assets of \$186,662.

That's \$57,463 more than he was able to accumulate under the age of 69 limit.

### Q&A

*Can I make a contribution to an RRSP in 2007, if I'm 70 or 71 years of age?*

Yes, you can make contributions to an RRSP until the end of the year in which you become 71 years of age.

*If I'm 70 or 71 years of age at the end of 2007, under the proposed changes to the age limit, can I transfer the funds from my RRIF to an RRSP?*

Yes, you can transfer the funds from your RRIF to an RRSP. However, you must convert the RRSP to a RRIF before the end of the year in which you become 71 years of age. ☒

# Long-Term-Care Insurance (L.T.C.)

## What is Long-Term-Care (L.T.C.) insurance?

L.T.C. provides the insured with the financial resources to take control of their future health and personal care services and maintain full and independent lives, right in the comfort of their own home or in a residence of their choice.

L.T.C. insurance will pay a daily benefit if the insured: loses the ability to care for him or herself, due to cognitive impairment or a condition that results in the inability to perform two (2) or more activities of daily living such as bathing, dressing, transferring, toileting, eating, and instrumental activities of daily living such as, laundry, taking medication, shopping, housekeeping, ability to arrange for transportation, cooking/meal preparation, ability to use the telephone, ability to handle personal finances.

### Facts about Long-Term-Care Insurance

- 42% of Canadians are concerned about having to care for their parents when they get older.
- 47% of Canadian baby boomers (born between 1946 and 1965), 6.7 million by year 2021, are concerned about becoming a burden to their children.

*Can government health insurance plans deal with this growing elderly population?*

The cost of a non-subsidized retirement home ranges from \$2,500 to \$7,000 per month. As to in-home services, a registered nurse, a medical services aid or a personal support worker will charge between \$15 and \$30 per hour. (At 40 hours a week that is \$600 to \$1,200 per week or \$2,400 to \$4,800 per month or \$28,800 to \$57,600 a year. Ten years of this service will cost between \$288,000 and \$576,000.)

*What does it cost for a benefit of \$3,000/monthly or \$36,000 annually?*

#### Male / Female

Age 50	\$1,781/year or \$160/month
Age 60	\$2,927/year or \$264/month
Age 70	\$5,609/year or \$505/month
Age 75	\$9,978/year or \$898/month
Age 80	\$12,962/year or \$1,167/month

#### Example of Cost versus Benefit

- You are age 60.
- You want a benefit payment of \$3,000 per month.
- Your cost is \$2,927 per year.
- If you need LTC as of age 75 it would have cost you \$2,927 x 15 years = \$43,905 by age 75.
- If you needed in-home care and/or residence care for 5 years the insurance company would pay \$3,000 per month x 12 months = \$36,000 x 5 years = \$180,000
- For 10 years = \$360,000
- For 15 years = \$540,000

For a quotation based on your individual needs, contact Sam Oliel at Ogilvy & Ogilvy. ☎

## ARE YOUR INSURANCE LIMITS KEEPING UP WITH THE RISING CONSTRUCTION COSTS?

Companies and individuals are surprised to learn after having their property evaluated that the estimate to reconstruct their building or home is much higher than the original cost to build only three years ago. Just in the past two years the costs of building materials have increased substantially:

Copper	61%
Rebar	41%
Lumber	27%
Gypsum	19%
Plastic	18%
Concrete	11%

According to a recent survey published in Engineering News-Record, the price of steel has doubled since June 2003.

These increased construction costs naturally drive up replacement-cost values, so it is important to be aware of what the true value is so that you can insure accordingly and not be surprised should a loss occur. We are available to work with you in answering your valuation questions and to assist you in obtaining an appraisal if needed. We have many tools available to help you ensure proper protection. Contact one of our representatives. ☎

## SNOWBIRD TRAVELERS

### Health Insurance:

Are you losing your group benefits due to retirement?

Do you want to keep your health benefits to protect yourself and your family?

We can help! Call Suzanne Langlois 30 days prior to your termination of employment.

### Travel Insurance:

Are you traveling this winter? We have the most competitive prices and the best service. Call Suzanne and her team now!

### OUR CO-ORDINATES

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Or visit our website at: [www.ogilvy.ca](http://www.ogilvy.ca)