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Did you know...

...the maximum RRSP limit for 2005 is \$16,500. Contributions need to be made by March 1, 2006 to be deductible against 2005 taxable income. The limit increases to \$18,000 for 2006. As annual contributions are based on 18% of the previous year's earned income, an income level of \$100,000 in 2005 will allow for the maximum contribution of \$18,000 in 2006. RRSP limits are reduced for clients who are members of pension plans, and there are penalties for over contributions, so it's important to verify your RRSP limit prior to contributing.

2005 Year in Review

2005 marked a year of continuing growth for JV Financial Group.

We are grateful for the numerous referrals we have received from our clients and network of professional advisors. Our most significant areas of growth continue to be with self-employed professionals (including physicians, dentists, accountants, and engineers) and successful small business owners from a variety of industries.

We have expanded our insurance services with the addition of Tammy Lough. Tammy supports Donna Wraith in providing professional and objective reviews of our clients' life, disability, office overhead and critical illness insurance needs.

In addition to attending numerous professional development courses and conferences, we were pleased to continue to support our network of professional advisors this year. Our support activities included a well attended presentation for accountants and lawyers on estate planning and tax strategies featuring well known tax expert, Jamie Golombek of AIM Trimark Investments. We also attended and participated in the organization of CA Forum North – a professional development and networking conference for Alberta's Chartered Accountants.

Some of our team members had the pleasure of supporting and participating in numerous charitable activities throughout the year including the Valley Zoo's "On Safari", "Mission in the Mall" for the Winnifred Stewart Association, the Canadian Cancer Society's "Jail 'N Bail", and "Run for the Cure" and "Be Seen in Jeans Day" for the Canadian Breast Cancer Society. Additional information on these events can be found on our website.

Speaking of websites, ours was substantially overhauled during the year with professional help from Incite Solutions. We invite you to check it out at www.jvfinancialgroup.com.

One thing that hasn't changed is our dedication to our clients and our planning principles. We remain committed to coordinating your financial plan with your tax and other advisors, maintaining a disciplined approach to building a diversified investment portfolio regardless of market conditions and media hype, and continuing to add value by identifying appropriate estate, tax, and retirement planning strategies.

We are thankful for the support and appreciation we receive from our valued clients and their accounting, tax and legal advisors throughout the year. We appreciate the trust you put in us and look forward to working with you in 2006 and beyond.



A Potential Effective Tax Planning Tool: Multiple Testamentary Trusts

“Death and Taxes” - nowhere are the two certainties of life more intertwined than with estate planning. But if your will is appropriately structured, you may be able to reduce overall tax imposed on the beneficiaries of your estate.

Upon your death, you may not want assets intended for particular beneficiaries to be transferred to them outright. Instead, you may prefer that the assets be placed in trust for the beneficiaries. The use of a trust (called a “testamentary trust” since it arises upon death) allows the assets placed in trust to be controlled by the trustees who you may consider more dependable than the beneficiaries in managing the assets.

If the assets which you wish be held in trust are of sufficient value (for example, at least \$200,000) and you wish several beneficiaries to obtain the benefit of various assets, it may be prudent for your will to provide for several testamentary trusts to be established upon death. Each trust would have a different beneficiary or combination of beneficiaries.

Unlike a trust created during one’s lifetime (an *inter vivos* trust) which pays tax on its income at the highest marginal tax rate, a testamentary trust pays tax at the graduated rates that apply to individuals. Therefore, instead of establishing only one testamentary trust with one set of graduated tax rates, you might establish several testamentary trusts, each with its own set of graduated tax rates, thereby allowing the same amount of income to be subjected to less tax.

For example, assume you have three children (A, B and C). Instead of establishing only one testamentary trust in your will for all three children, you might provide in your will that particular property goes to a trust for A, certain property goes to a separate trust for B, and other property goes into yet another trust, for C.

However, caution must be exercised in how the trusts are structured in the will. If the conditions of the trusts are such that the income from one trust accrues or will accrue to the same beneficiary, or group or class of beneficiaries, as income from another trust, then the Canada Revenue Agency may tax both trusts as one single trust with only one set of graduated tax rates. It is therefore important that if separate testamentary trusts are established, the income beneficiaries be carefully designated to reduce the likelihood that the trusts will be considered to be one trust. For instance, where separate trusts share some common beneficiaries between them, it is not so clear that their status as multiple trusts will be respected.

In conclusion, with careful planning, multiple graduated tax rates may apply to income from assets left to beneficiaries on death, thereby reducing the tax bill on that income and increasing the value which those beneficiaries ultimately will have for their benefit.

*This article was contributed by Garnet T. Matsuba, Tax Counsel with Field Law.
If you have any questions regarding testamentary trusts, please call our office.*

JV’s Open House

JV was pleased to host over 100 of our clients, friends and colleagues at our annual Open House on Wednesday December 14th. Our offices were transformed with dozens of poinsettias, lights, banquet tables, music and a Christmas tree into a wonderfully festive environment. The JV team enjoyed the opportunity to socialize and celebrate the holidays with all of you and were pleased to meet the guests that many of you brought as well.

Thank you to Cencomp Systems Solutions, Tricycle Asset Management, Clarington Funds, AIM/Trimark, Standard Life, Funky Petals and Fidelity Investments for their generous donations of door prizes. Thank you to all of you for taking the time to join us and contributing to our donation box for the Edmonton Food Bank at this busy time of year.

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