

# Tax Free Savings Accounts ...

## Caring for your future Part 2



Last month we got a thumbnail view review of the Tax Free Savings Account (TFSA).

This month we will explore a powerful and effective use of the TFSA, which can help you plan your future.

In 2011, the first of the baby boom generation turned 65. At Age 65, most people turn their thoughts to retirement, while slowing down an active career and focusing on longer term planning matters such as the cost of future care. Needless to say, the impact of a growing population of over 65-ers on healthcare costs, increases in Canada Pension Plan (CPP) and Old Age Security (OAS) benefits over the next decade will be noticeable.

The one area I have seen neglected most in financial plans is the future cost of care in the later much later years. The challenge for all is the rising cost of care, be it at home or in a facility.

There are three potential solutions, excluding reliance on government assistance programs:

1. **Sufficient financial assets** for you and any surviving spouse or dependents indexed with growth to meet the future costs of care.
2. **Insurance protection** which provides financial benefit for long term care and/or critical illness. With the shifting, aging demographic these programs are becoming “gold”.

While we have been successful in obtaining these insurance programs for clients over the years, we have also seen the list of restrictions to qualify for coverage increase substantially by the insurance companies. If you can obtain coverage, it can be one of the best solutions for funding future care.

### 3. **The Tax-Free Savings Account**

Many people may not have considered it for such a use, but it is a great tool for longer term investments planning, such as your future care. Over a ten-year period of contributions into the plan, a couple can accumulate approximately \$100,000 plus any investment growth in after tax-dollars. These funds can then be used to fund future care. It is crucial that financial plans are reviewed in this area, for yourself as well as members of your family.

#### **Submitted by Dixie Allen**

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