

■ Severance survival

What you should do if you're laid off

Takeovers, mergers, and layoffs have become a way of life, and many of us will experience an unexpected job loss at least once in our careers. Loss of employment can be a traumatic experience for most people, and can be accompanied by loss of self esteem, and numerous concerns for the future. Here are some tips to help:

Don't Panic

Focus on your next position, and not on the reasons for losing the last one. Don't burn your bridges. Stay polite and focus on making sure your employer meets their obligations. Make the most of your contacts. The more people in your business or professional life that you tell about your separation, the wider your network, and the sooner you'll be reemployed. Above all, stay positive. The world is full of distinguished and accomplished people who somewhere along the way were terminated.

Know your Rights

If you are dismissed without cause, you are entitled to notice or compensation. The amount of reasonable notice (or payment) depends on age, length of service, degree of responsibility, position, and ease of finding similar employment.

Understand the tax consequences

Any payments received are considered taxable income in the year you receive them. To reduce your tax bill, try to negotiate an "installment payment" with your employer, to spread the payment over two taxation years.

Use your RSP

If you receive a severance package, you may be able to make a special one-time tax deductible "retiring allowance transfer" to your RSP, in addition to your regular contribution, based on last year's earned income and unused contribution room. The formula for this one-time transfer is only applicable if you worked before 1996.

A RSP contribution using your unused RSP room will offset the tax on the income you receive. If cash is needed, your ZLC advisor can help you plan how best to access your funds and pay the least of tax.

Locked in pensions

If your employer has made contributions to a pension plan for you, you can transfer this to a locked-in RSP. While you cannot withdraw cash from the locked in RSP, you can control the investment options, and form of income available to you after age 55.

Review life and health coverage

Many employees receive basic life and health insurance from their employers, but when employment ends, so does the coverage. Consider purchasing individual coverage to protect yourself no matter where you work. Your ZLC advisor can analyze your needs and find the best coverage for your budget. For those who do not qualify for individual coverage (due to poor health), check if you can transfer your existing group coverage to

individual coverage. This option usually ends 30 days after your employment ends.

Financial review

Take the time to review your finances, including a budget and an emergency fund. Talk to your ZLC advisor to decide which income and tax planning strategies best meet your needs.

Consider further education

If you are upgrading your education (or changing careers), consider the Lifelong Learning Plan. Under this plan, you can access money from your RSP without penalty to go back to school, and you do not have to repay the money until you finish your education.

Use outplacement services

If your employer has established outplacement services, take advantage of them. These services rarely find a job for you directly, but they help you prepare your resume, coach you for job interviews, and help you with your job-seeking skills. They also give you free access to computers, phones, fax machines, and job listings.

Once you have considered these options, your ZLC Advisor can help you maximize and preserve your severance package, and help you create cash flow and future security options. ☐

■ Beyond insurance: four strategies for protection

How to protect your business from creditors.

By Bill Finlay, BA, CA, and Gregory Gehlen, LLB

Business owners, whether they are entrepreneurs, proprietors or professionals, face a variety of financial exposure as they build and manage their businesses. In addition to the usual financial risks common to all business enterprises, this group may have personal creditor exposure through situations such as personal loan guarantees or exposure to professional negligence claims.

While the risk of a personal creditor claim can not, in many circumstances, be avoided completely, the consequences of those claims to the business owner and their family can be reduced through careful planning. A number of techniques exist to shelter assets from the claims of creditors, four of which are reviewed below.

In recent years, many professionals have seen their professional liability insurance both increase in cost and decrease in benefit. While professional liability coverage remains a solid cornerstone for this group of business people, it is important to ensure personal assets are protected.

Incorporation

Business incorporation is a good first creditor protection step for entrepreneurs and professionals. While this will not protect professionals from liability due to professional negligence, it will provide protection from general business obligations, such as trade payables and leases of office space, vehicles or equipment. In the event of a business failure, claims from this group would be limited to the assets of the corporation. As part of this strategy, investment assets should not be held in the operating company, and profits should be removed (usually by dividends or bonuses) on a regular basis.

Divesting assets

Non-business assets such as the family home should not be owned in the name of the individual personally, but instead should be owned by some other party such as the individual's spouse or a family trust. By divesting assets in this way, the individual can make it less likely that non-business assets will become subject to business claims. Ownership through trusts can also provide additional benefits such as estate planning.

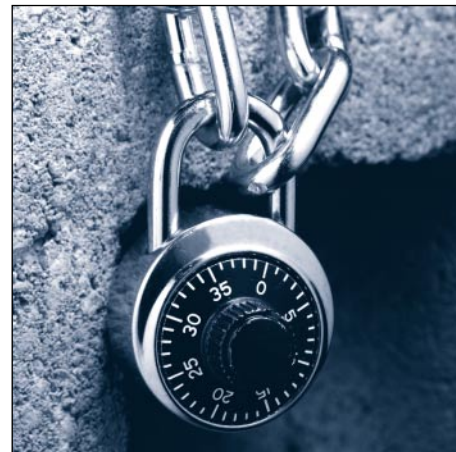
Segregated funds

Strategies to protect investment assets are also commonly used. Insurance-based investments, often referred to as segregated funds, are exempt from attack by creditors by virtue of specific provisions in the provincial Insurance Act, provided a number of requirements are met. The Act provides this protection where a spouse, child, grandchild or parent of the account holder is named as a beneficiary to the account.

These segregated funds bear only a glancing connection with life insurance. They are first and foremost investments, and their returns should be competitive with other comparable investment products. Segregated funds can be held as RRSPs and as non-registered accounts.

Individual Pension Plans

Individual pension plans also provide creditor protection to the account holder, again by virtue of specific provisions in the applicable provincial legislation. To qualify for such a plan, business owners must be an employee of their corporation. Aside from the benefit of creditor protection, these plans also allow for substantially higher current contributions than are available for RRSPs, and can also permit



substantial contributions for past service in the right circumstances.

It is important to note that the techniques reviewed here are not without the risk of themselves being attacked by creditors. For example, transferring your home out of your name into the name of your spouse in the face of a significant creditor claim would very likely be open to attack.

The potential for successfully protecting assets increases when asset protection strategies have been put in place long before any financial difficulties arise. As intention is an important element in attacking asset-protection techniques, it is also preferable to implement such strategies where they have a personal or business purpose, such as tax minimizing or estate planning.

Any asset-protection strategies must be reviewed carefully on a case-by-case basis for each particular individual. If properly implemented, such strategies can provide a measure of protection against an under-insured claim or other financial disaster. Talk to your ZLC Advisor to find out which of these strategies meet your needs.



■ Keeping young athletes in Canada

ZLC helps raise funds for scholarships at UBC

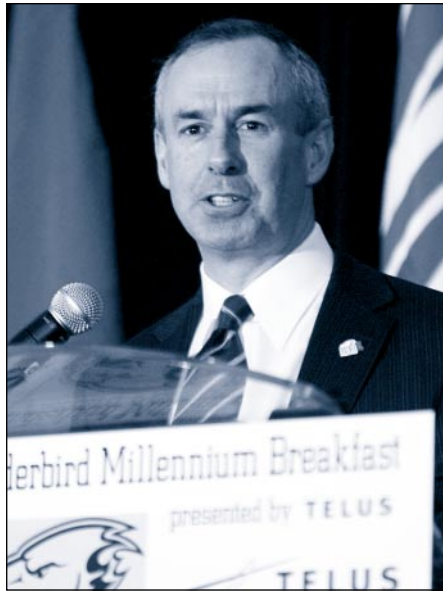
This year, we're proud to announce that the March 2005 UBC Thunderbird Millennium Scholarship Breakfast raised over \$576,000 for student athletic scholarships at the University of British Columbia. That brings the six-year total for the endowment up to \$3.2-million.

Conceived and chaired by Marty Zlotnik since 2000, the Breakfast brings together 1,800 participants in an effort to stem the "brawn drain" of young athletes to U.S. colleges and universities. Thanks to scholarships supported with funds from the Millennium Breakfast, promising young athletes from around the country can stay at home to pursue athletic and scholastic excellence instead of going abroad.

The speaker for this year's event was the well-known hockey commentator Ron MacLean from CBC's Hockey Night in Canada. A vocal supporter of amateur athletics around the country (he is a Level 5 referee for the Canadian Amateur Hockey Association), Mr. MacLean gave the event a dose of humour and lent his support whole-heartedly to the worthy cause.

This effort has brought an extraordinary level of athletic talent to UBC. In fact, in the years since the endowment has been in place, UBC has amassed more than its share of national championships and titles.

In the 2003/2004 academic year, for example, UBC athletics won six national championships. That's more than Ontario, Quebec, and the Atlantic schools combined. Obviously, something is working . . .



Guest speaker Ron MacLean talks up the crowd at the Millennium Breakfast

On an individual level, UBC athletes have excelled in a variety of sports. A total of eight former or current students qualified for the 2004 Summer Olympics in Athens—four swimmers, three rowers, and a coach. That brings UBC's all-time total of Olympic participants to a remarkable 214.

At the same time, the purpose of the endowment has never been solely on athletics. The endowment gives awards based on academics, leadership, and a variety of other categories. By keeping student athletes in Canada, it helps to build them into tomorrow's leaders.

If you'd like to know more about the Millennium Scholarship Breakfast, or if you'd like to donate to the cause, please contact Marty at 604.688.7208. He'd be pleased to explain how the event works, and how it helps our young athletes achieve their goals, both in their sports and their studies. ☑

Meet the manager

Alan Wicks of Elliott & Page

At Zlotnik, Lamb & Company, we view client education as a big part of our responsibilities. Simply put, the better educated our clients are, the better they are able to achieve their financial goals.

As part of that ongoing commitment, we are pleased to welcome well respected fund manager Alan Wicks to the Marine Drive Golf Club on June 8th for an exclusive discussion of market events and opportunities.

Alan Wicks is a fund industry veteran, with over 15 years of experience. He is a Vice President and Senior Portfolio Manager with MFC Global Investment, and is responsible for the Elliott & Page Monthly High Income Fund, the Elliott & Page Value Equity Fund, and the Elliott & Page Dividend Fund.

Alan's position as portfolio manager gives him an intriguing perspective on current market events. As the lead manager of the Canadian equity value team, Alan is in a unique position to provide investors with guidance on what's going on in the Canadian equity market. And as the brains behind the stellar performance of the Elliott & Page Monthly High Income Fund, he can provide valuable insight on achieving steady tax preferred income while preserving capital.

If you'd like to join us for this exclusive presentation, please call your ZLC Advisor at 604.688.7208 to reserve your seat. Seating is limited, so call today! ☑

Zlotnik, Lamb & Company

Since its inception, the goal of Zlotnik, Lamb & Company has been to build strong, lasting relationships with its clients. Our associates and staff have developed a reputation for quality, integrity, and professionalism. Call us today and find out how we can be members of your planning team.

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“Financial advice is only as good as the person you ask.”



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Join us for golf!

Join us for the Zlotnik, Lamb & Company Foundation Charity Golf Tournament on July 11th at the Marine Drive Golf Course.

In addition to a round of golf on a stunning course, the day will include celebrities, a putting competition, a silent auction, as well as raffles and prizes.

Sponsors and participants are encouraged to help raise funds for Juvenile Diabetes Research Foundation and the BC Sports Hall of Fame. Come join the fun and help support a worthy cause. For more information, phone Cindy Leung at 604.688.7208! ☎



A few of last year's participants take a breather in the shade