

ADVISORPRACTICE

tems in place to deliver that value consistently to each client, you're ready to capture big opportunities. It's worth mentioning that many advisors skip the first two steps of the ASC model and go straight to capturing opportunities. In our experience, the only result worth mentioning is a revolving door of clients and a lot of bad will.

Once you've taken care of Articulate and Systemize, you'll have the time freed up to capture as many opportunities as desired. Here are some of them:

Referrals – from your existing client base, or from a list of qualified prospects.

Centres of influence – professional sources who represent a referral source.

Hidden revenue – encourage existing clients to consolidate, or to involve you in more complex financial solutions.

Niche – capture new business based on a common theme among your top 30 clients.

Associations – represent niche target markets that can provide a life-long source of business.

As each year passes this ASC model becomes a catalyst for further growth: the more you implement the model, the more your ideal clients will be attracted to you. Invest in the model this year and you will lay down a foundation for every subsequent year. As the years pass as you tweak your system your "investment" will continue to produce bigger results for your practice. **AER**

Jeff Thorsteinson is the creator of YouFoundation, an organization that helps investment advisors build world-class practices through innovative concepts, tools, and systems. With over 3,000 investment advisor projects and cases behind him, Jeff now also delivers practice-building workshop to financial advisors. Contact jeff@youfoundation.com or 1 800-223-9332, ext. 1, for more information about YouFoundation, or visit the web site at www.youfoundation.com

CRA Warns On RCA Abuses

BY DOUG WATT

An internal letter obtained from the Canada Revenue Agency suggests the tax authority intends to crackdown on what they consider abusive use of retirement compensation arrangements.

A recent newsletter from Retirement Compensation Funding Inc. highlighted the CRA's response to a question from an assessment office on the deductibility of employees' contributions to an RCA. In its newsletter the firm said the tax authority used the question as a "platform to address what they consider to be abusive in the use of RCAs for tax planning purposes and to instruct CRA employees what facts to consider when reviewing an RCA."

The CRA letter reads, "It has

recently come to our attention that innovative tax plans purported to be RCAs are being marketed and promoted to allow both employers and employees to avoid tax and offer further benefits to employees over and above those offered to registered plans.

"For this reason, excessive contribution amounts and/or suspicious activities involving the use of an RCA . . . should be flagged for further review."

RCAs are designed to provide supplemental pension benefits for senior executives and owner-managers. They are also used to provide pension benefits to an employee or an employee group in situations where a company does not have a registered pension plan in place.

RCF says it has examined

some employer/employee contribution arrangements being marketed, which would be considered "clearly abusive" by CRA.

The CRA's letter supports a conservative position on RCAs, RCF adds. For example, if a company had a money purchase pension plan that required employee and employer contributions, and an RCA was established to cover employees hurt by the cap on money purchase plan contributions, it would be acceptable for the RCA to require employee and employer contributions in the same proportion, provided the employee's contribution does not exceed 50%.

In its newsletter, RCF strongly recommends that clients only use RCAs for legitimate pension purposes. "In questionable areas, seeking an advance tax ruling is the most prudent decision one could make." **AER**



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As at Dec 31/05	1 Yr	3 Yr	5 Yr	10 Yr	20 Yr	55 Yr
Fund Return	20.9%	17.0%	10.3%	15.0%	10.6%	10.1%
Quartile Rank*	1	2	1	1	1	1

*Source: Morningstar Paltrak



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