

3rd Quarter Update 2018



## Understanding your fees

You hear a lot in the news about how much Canadians are paying in fees on their investments. Fees paid on mutual funds whether at a financial institution or DIY can be as high as 2.65 % or more and in addition there may be less obvious front-end and back-end loads, deferred sales charges, and trailer fees.

In 2017 the Investment Management Fee, or IMF, on your CEIRP account were reduced for the 5th time since the inception of the plan and are currently sitting at 0.68% (with the exception of the RRIF which is at 0.78%).

### How can you see how much you're actually paying out of your investments?

Great-West Life does not provide a dollar value of the fee taken from each investment options nor is it shown as a transaction on

the account as the fees are taken directly from the entire fund balance, also known as the Gross Annualized amount.

A daily factor of the Investment Management Fee and Operating Expense (IMFOE) that is published on GRS Access is applied to each fund each day, ie: the annual IMFOE of the Cadence 2040 is 0.71%; a daily factor will be  $0.71/365.25$  that works out to .001944%.



This percentage is then taken from that fund on a daily basis.

The net performance (after fees) of the fund in your account can be seen through the personal rate of return published on GRS Access. The personal rate of return considers the opening balance of the fund, less the daily IMFOE deduction, plus deposits, less withdrawals, plus/

minus the appreciation/depreciation over the period.

The most important thing to understand is that the Investment Management Fee (IMF) is applied to the entire fund balance each day, not to any one individual's account balance. This is the benefit of being in a Group Plan; everyone's collective investments keep the IMFOE fees low, as opposed to what you might pay in a retail account through your bank or other financial firms.

Current IMFOE's under CEIRP are on average .71% of the entire investment holdings per portfolio. This IMFOE rate is far below market average.

Net unit values and Investment Management Fees and your rate of return are available on [www.grsaccess.com](http://www.grsaccess.com).

If you require more information, arrange to speak with an Investment & Retirement specialist by contacting the Great-West Life call centre at 1-800-724-3402.

## Choosing a beneficiary

When you first enrolled in CEIRP and completed the enrolment form one of the things you would have done was **designate a beneficiary**.

But the years do go by and things sometimes change so you might want to take a look at who you have down as your beneficiary.

Take a moment to learn a few facts, and **consult an estate planner** for more information.

You can designate your estate, your spouse, children, or other individuals, or associations such as charities.

There are 3 different classifications for beneficiaries:

- ◆ Preferred
- ◆ Primary
- ◆ Contingent

### Preferred Beneficiary

If the beneficiary is a spouse, parent, child or grandchild, then they are considered to be the "preferred beneficiary". If you've named a preferred beneficiary then the benefit may be protected in the event of

bankruptcy or other action by creditors.

### Primary Beneficiary

The "primary" beneficiary is the person(s) who is the first choice to receive the funds if you were to pass away. With an RRSP, if your spouse is the primary beneficiary, then the funds can simply be transferred to your spouse's RRSP if you were to pass away.



### Contingent Beneficiary

You may also want to consider naming a "contingent" beneficiary.

For example, if you named your spouse primary beneficiary and you both were to pass away at the same time and you had not named a contingent beneficiary, the

funds would by default go to **each estate**, and creditors could make claims against the estates. Naming your child a contingent beneficiary could avoid this.

It's important to note, however, that potential creditor protection depends on court



decisions, which are subject to change and **can vary for each province**. This is why it's a good idea to consult an estate planner.

If your primary or contingent beneficiary is a minor, you need to name an adult as a **trustee** to receive the funds in trust for the child.

## **TFSA— beneficiary or successor holder**

### **Successor Holder**

TFSA Legislation allows you to name a 'successor holder' who would inherit your TFSA at the time of your death (**only spouse or common law partner**). Naming a successor holder is effective in ensuring that income earned after your death is not taxed. Your TFSA will not terminate on your death: your successor simply replaces you as plan holder, and the plan will continue with all rights passing to the Successor.

**This transaction does not impact spouse or common law partner TFSA Room.**



**Quebec members** should note that if you designate your spouse as beneficiary and do not specifically select the box indicating the beneficiary is **revocable**, it will automatically be **irrevocable**. This means that you would not be able to take certain actions on your plan without the irrevocable beneficiary's written consent - most notably you couldn't change the beneficiary or request a withdrawal or transfer.

**Quebec members should also note that due to recent changes in legislation, if your beneficiary is a minor or a person who lacks legal capacity, you should review your options with an estate planner or legal counsel.**

### **Beneficiary - spouse or common law partner**

A TFSA can be transferred to the beneficiary's spouse or common-law partner's TFSA as an exempt contribution before December 31st of the year following death and will not impact their contribution room. Any growth in the TFSA that occurred after death and before the transfer will be taxed as income to the beneficiary.

### **Beneficiary - other than spouse or common law partner**

The TFSA will be collapsed and paid to the beneficiary as cash.

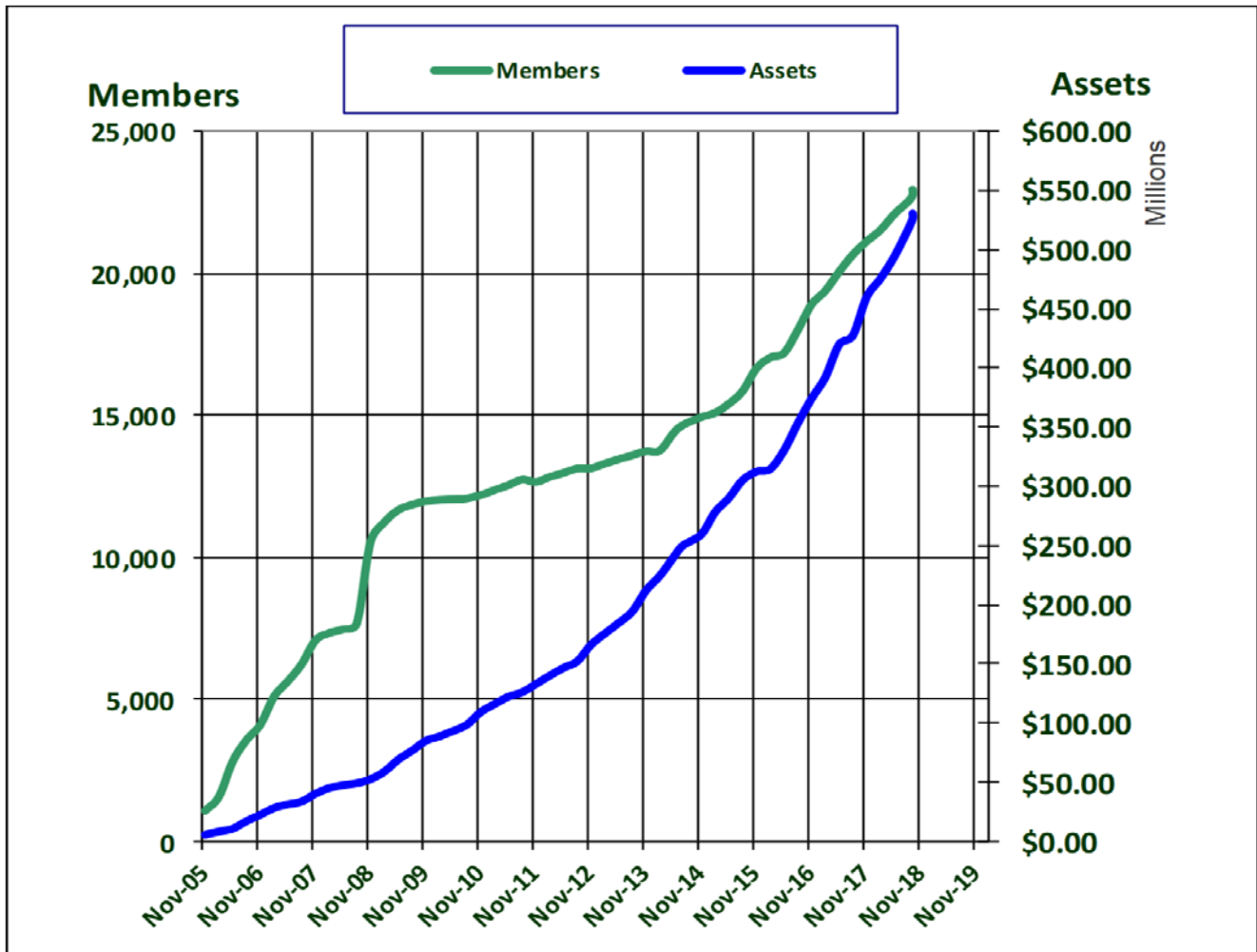
For more information about the TFSA, go to <https://www.canada.ca/en/revenue-agency/services/forms-publications/publications/rc4466.html>

As at September 30, 2018

Members 22,930

Assets \$531,076,886

Totals shown are for all plans (RRSP, RRIF, NRSP and TFSA)



**For more information about the Canadian Entertainment Industry Retirement Plan:**

[www.ceirp.ca](http://www.ceirp.ca)

CEIRP National Office  
22 St Joseph Street, Toronto, ON

M4Y 1J9

Phone: 416-362-2665

Fax: 416-362-2351

**For information on a variety of topics:**

[www.smartpathnow.com](http://www.smartpathnow.com)

iAcquaint through the Learning Centre on  
[www.grsaccess.com](http://www.grsaccess.com)

**For information about your account:**

[www.grsaccess.com](http://www.grsaccess.com)

Great-West Life access line: 1-800-724-3402  
Group plan #62724

**Great-West Life mailing information:**

Great-West Life  
Group Retirement Services  
255 Dufferin Avenue, T540  
London, ON N6A 4K1