



THE INSTITUTE OF
ADVANCED FINANCIAL
PLANNERS

IAFP[®]

MAY THE WEALTH BE WITH YOU

WARS

2024 IAFP SYMPOSIUM CASE STUDY



IAFP[®]

MAY THE WEALTH BE WITH YOU

WARS



ANAKIN SKYJOGGER



PADMÉ AMIDALA

CLIENTS



LUKE SKYJOGGER



MARA JADE



BEN SKYJOGGER

Luke Skywalker (age 55) and Mara Jade (age 53) are navigating the complexities of the Force Family Trust and personal financial challenges within the economic landscape of Canada in the year 2024. Added to these are concerns about assisting their son, Ben, in homeownership and understanding the new trust reporting rules in Canada.

- Luke and Mara are increasingly concerned about the volatility of their investment portfolio, particularly in light of the economic uncertainties and market fluctuations in Canada and around the world over the past couple of years. As Luke's advisor, what advice would you have for Luke, who still is at least 5 years away from retirement?

Mara has a sense of financial insecurity where she sees the need to have more money, because she was traumatized by her parents bankruptcy when she was a child.

A son with homeownership goals: Ben, Luke and Mara's son, is turning 20 and attending Jedi university (an out of country qualified institution). Luke is contemplating how to assist Ben in stepping into homeownership, considering Ben's current use of a Registered Education Savings Plan (RESP). The current value of the RESP is \$50,000 of which \$25,000 are Luke and Mara's contributions and the rest are grants and growth. Luke estimates that he will need \$15,000 of the RESP to fund remaining education expenses as well.

How best can Luke help Ben achieve his home ownership goal, recognizing that Ben is eligible for TFSA and FHSA accounts, and also has \$14,000 of RRSP contribution room. Luke is open to assisting Ben with getting a mortgage even if it means Luke needs to be on title as a joint owner or co-sign on a mortgage. Luke has seen a few news articles about bare trusts and the underused housing tax is wondering if this will apply and whether there will be any other reporting obligations of a joint ownership structure.

- **The Force Family Trust:** Luke's parents, Anakin and Padme, established a fully discretionary family trust called the Force Family Trust. The trustees are Anakin, Padme, and their close friend Yoda who is a non-resident trustee who lives in Dagobah, a tax haven.

Anakin (a Canadian citizen and resident, residing in Ontario) was an absentee parent for the majority of Luke's childhood after going through some dark times, has recently reconnected with Luke. Unfortunately, Anakin is now starting to experience cognitive decline. Anakin and Padme have previously created both financial and health power of attorney documents, where they have named each other as their attorneys and agents. Padme is dealing with the challenging thoughts about what to do as her caregiving responsibilities increase. She feels like she can manage today, but she's not sure if she will be able to if Anakin continues to decline, both physically and mentally.

As a beneficiary of the trust along with his twin sister Leia Organa and his son Ben, Luke is curious if his father can continue to be a trustee. Luke is not sure what assets are in the trust but he has heard that it could include financial assets in varying currencies of approximately \$2,500,000 but historically he hasn't seen any detailed reporting. The trust holds common shares in Sith inc., a passive private company which Anakin used to earn active business income within. Luke estimates the Sith inc. shares to have an ACB of \$1,000,000 and a FMV of \$1,750,000.

- **Luke's Injury:** Luke recently lost his right hand in a work place accident, leading him to file an AD&D claim and potentially workers' compensation, affecting his income and financial stability. Luke seeks advice on managing the financial impact of his AD&D claim. Luke has both short and long term disability coverage from his employer, however he does not have any private coverage.
- **A Friend in Need:** To add even more financial pressure, Luke's close friend Han Solo is currently out of a job, and his financial institution, the Bank of Jabba, is putting pressure on him to reduce his debts or else they threaten to repossess his ship which he has put up as collateral. Luke wants to help his friend but isn't sure if it's a smart thing to do.



NET WORTH & FINANCIAL DETAILS

BANK ACCOUNTS

- \$7,000 - Mara's personal chequings
- \$15,000 - Mara's savings. She would like new furniture.
- \$120,000 - Luke's personal chequings
- \$0.37 - Luke's personal "high interest" savings
- \$8,000 - a joint account

INVESTMENT ACCOUNTS

\$150,000 – Mara's non-registered account that she inherited from her mother. It is invested in all blue-chip public stocks that she would like to continue to hold as homage to her mom, who picked them herself. You've done some light due diligence and have no initial concerns about any of the holdings.

~All of the below only hold mutual funds and some cash~

- \$35,000 – Federal Locked-in RRSP (Luke)
- \$160,000 - SK LIRA (Luke)
- \$85,000 - AB LIRA (Luke)
- \$480,000 Spousal RRSP (Luke)
- \$800,000 IPP (Mara)
- \$130,000 – TFSA (Luke) (includes \$10,000 USD in a US listed stock)
- \$125,000 – TFSA (Mara)

INSURANCE

Luke has a robust benefits plan, and they both have life insurance there, having bought up additional life and dependent life before Luke lost his other hand. Mara has a health spending account set up for herself and her team, but no other personal insurance.

HOUSE

\$2,000,000 charming log cottage, allowing them a charming rural life.

PERSONAL ASSETS

- \$35,000 - 10 year old truck
- \$65,000 – a brand new SUV. They plan to keep it for about 12 years
- \$2,500 - set of kayaks
- \$8,000 - an old quad with a blade for pushing snow
- \$102,000 - a four-seat airplane that just happens to be valued above the luxury tax benchmark
- \$25,000 - two sleds
- \$85,000 - sci-fi movie paraphernalia. Luke is somewhat of a collector.

LIABILITIES

- \$0 – Maya's credit card
- \$0 – Luke's credit card

LOC

\$15,000 – LOC at Prime + 1% - money they had borrowed from their LOC to lend to Han Solo previously. Han is making the interest payments on it.

MORTGAGE DEBT

\$0 currently, but with Luke's new injury it's nearly impossible for him to shovel snow and operating heavy machinery on their rural property. They're thinking about selling and moving closer to Anakin, which would have them buying in at \$1M over the sale price of their current home.