



True or False? Septemeber is the Most Risky Month to Invest in the Stock Market (Answer on p.4)

Anthea & Douglas Present:

BUSINESS BY DESIGN



GREAT Rates * Award-Winning Service * For Design Professionals Only

From: Anthea Mumby, Monday 8:12 am, Mumby Insurance

September 2017 VIP Clients

How Do Tax Changes Affect Your Small Business?

Last month, Bill Morneau, the Finance Minister, outlined tax changes that could affect your business. His claim is that some people are using corporation status to pay less than their fair share of taxes, and that tax changes are needed to fix this situation.

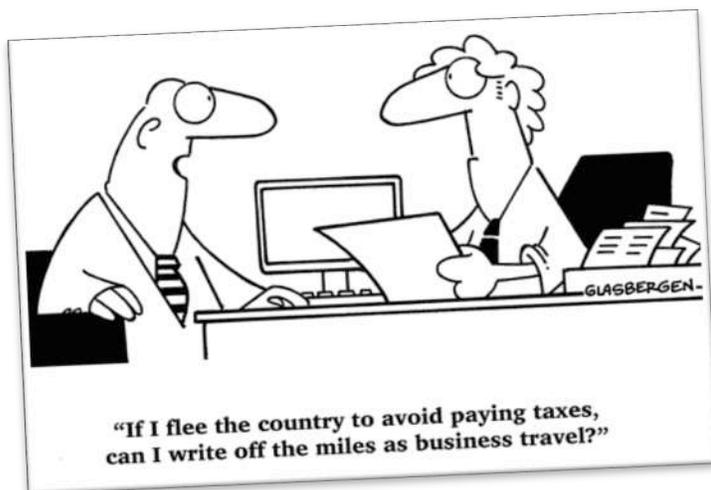
While the proposed changes are meant to affect the wealthy, there will be no shortage of small-business owners, the backbone of the Canadian economy, who will be significantly worse off as a result. Will you?



We love supporting our design professionals! This summer Mumby was a sponsor at several association golf tournaments, like the OALA and CSC events pictured here. We support your businesses in any way we can!

Specifically, there are three tax-planning tactics the government is looking to shut down:

1) **INCOME SPRINKLING**: Some business owners “sprinkle” income to family members by way of salary or wages, or dividends, to reduce the family's overall tax burden. There are already rules in place to prevent unreasonable salary or wages from being paid to family members who are not truly earning the compensation they receive.



There are even “kiddie tax” rules to prevent dividends paid to minor children from being taxed at their lower rates. But, the government now wants to restrict the ability to pay salary or wages, or dividends, to adult children between the ages of 18 and 24, by extending the “kiddie tax” rules to them. The proposals will apply a “reasonableness test” (continued on p.2)

How Do Tax Changes Affect Your Business *(continued)*

that will assess the adult child's contributions to the business in determining whether amounts paid to that child should be taxed at his or her normal tax rates, or at the highest tax rate possible.

2) Passive Income: Corporations are eligible for a pretty attractive rate of tax (about 15%) on the first \$500,000 (federally) of business income. If a business owner doesn't need all of his earnings to support his lifestyle, it's common to leave the rest in the corporation to invest – perhaps in a portfolio earning passive income. ✖



For example, if you earn \$100 in active business income and pay \$15 of that to the taxman, you'd have \$85 left to invest in the corporation. If you had earned that income personally, and you're in the highest tax bracket (a marginal tax rate of about 50%), you'd be left with just \$50 to invest.

So, there's an advantage to earning business income in a corporation if you earn enough that you won't spend it all. The government is exploring how to limit the perceived benefit of leaving excess earnings inside a corporation to grow in a passive portfolio. ✖

3) Converting Income to Capital Gains: Some corporate owners have taken steps to convert what would otherwise be taxed as salary or dividends into capital gains. This has been done using a complex set of steps involving selling shares to another company related to the shareholder.



The government proposes to close these opportunities by tweaking section 84.1 of our tax law, which was intended to prevent this type of planning but doesn't quite do the trick. While the idea behind these proposed changes may make sense, it's been argued that this will lead to a lot of changes that will do nothing but make our convoluted tax law even more complex.

The bottom line: If these proposed tax changes go through, it's likely that your business will be financially impacted on some level. To be proactive, you may want to speak with your accounting and/or legal team for advice about how you can minimize this financial impact. ✖

Have Something Nice to Say?

Since our #1 goal has always been to make our clients (yes, that's you!) as HAPPY as possible, you can imagine how much we love hearing about your positive Mumby experiences.

This is why we started a program to reward you for sharing your stories...

Go to mumby.com/story and tell us about how our expert insurance team helped you, your family, or your business. As a thank-you, we'll immediately send you a FREE PIZZA just for sharing!



Do You Have a Side Gig?

Uber driver? Airbnb host? Touring people in a motorcycle side car like this one Douglas and I enjoyed? ☺

Call us at 1-800-446-5745 to make sure you're covered!





NEWSFLASH: How We're Improving For YOU!

When we began planning for 2017, one of the key areas we looked to improve was with respect to the insurance companies we choose to place coverage with.

We know that your life is complex, therefore we have less patience for insurance companies who only offer cookie cutter solutions. We felt we needed to improve our exclusive insurance protection for all of our clients.

The result?

We've recently partnered with new insurers who offer unique solutions, and of course, competitively priced products for YOU.

If you have any questions about how this could benefit you, give us a call at 1-800-446-5745.



This is the "Dirty Laundry" Vineyard in Kelowna, BC that we visited this summer. If you're a wine collector, have you thought about insuring your collection? Give us a call: 1-800-446-5745

When "Let the Buyer Beware" Is Taken Too Far...

Nobody wants to pay more money than they have to for any purchase, whether it be for food, clothing, a home, a car, or for insurance. We all like to get a "good deal" whenever we can.

But, just because something is cheaper, does it actually make it a better deal?

We could talk all day about deceptive pricing tactics that are used to trick people into thinking they're getting a better deal than they really are, but let's focus on insurance for a moment:

We recently got this message from a client who had been looking for a deal...

"I shopped around for insurance on a new car and had actually signed on with one of the big banks. A day before I was about to get the car, they called to let me know they were increasing my quoted rate by 40%!"

Unfortunately, this "bait and switch" tactic is far too common in the insurance industry.

Another common tactic: Providing a "comparison quote" that is really comparing apples and oranges. Yes, you can get rock-bottom pricing on insurance if you search long enough, but be careful... the coverage offered likely won't come close to matching what you would get with other options that may cost a bit more.

Then the question becomes: "Is saving a few dollars worth the added risk that I am now going to bear?"

If you are aware of the risk and answer "Yes," that's your call. At least you're making an informed decision. Just be warned that many unscrupulous insurance providers will ask you to make an uninformed decision – Don't fall for it!

Michael Attard, our client who got shocked when his bank dropped a last-minute 40% increase in his car insurance quote, continued to write this:

"A friend suggested I give Mumby a try instead. They had a quote for me in less than 5 min, with no hassle. Not only did they offer me the most competitive rate I had ever received - but last year, they actually lowered the cost even further."

We are here to protect you, to serve you, and to give you peace of mind. Give us a call at 1-800-446-5745





STOCK MARKET TRIVIA

Statistics show September is the only month when share prices are likelier to fall than rise.

Why? One theory suggests that investors who vacation in the summer typically return to work and exit positions they had been planning on selling. When this occurs, the market faces increased selling pressure, and thus an overall decline.

Of course, this doesn't mean all trading is risky, but there is a likelihood that prices will fall.

How Can We Make This YOUR Best Day?

"I love how your reception greets every caller with a cheerful, 'How can I make this your best day'... small detail but sends a nice message about Mumby's philosophy.

Also over the years I've always had overall good customer care when I call in either with questions, requests for quotes or claims. Thanks." - Jason P



Tools of Titans: Anthea's Book Review of the Month

Tim Ferris, author of *The 4-Hour Workweek* and *The 4-Hour Body*, has taken dozens of 60+ minute interviews with some of the most successful and interesting people around and boiled them down into 2–6-page action-packed sections that are full of instantly usable thoughts and ideas.

Tools of Titans is my kind of book—no wasted words yet all the emotion and all the action steps. It's straight to the point yet still feels like you're having a conversation with an intelligent friend as you read through each chapter.

The book is divided into 3 sections:

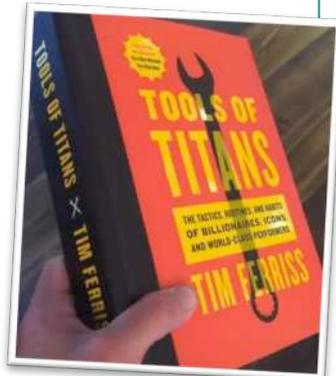
Healthy: Professional athletes, decorated researchers, and world-famous doctors share their best insights, tricks, and tips for getting in shape, performing better, and "hacking" your body to get more results from less time investment.

Wealthy: Many business books are all about a single big idea that's presented in the first chapter followed by a couple hundred pages to prove that point, along with some memorable stories to entrench the idea in your brain.

Not so in this book. **The business section is high-impact and is full of diverse and actionable ideas, advice, and tools for taking your business and financial life to the next level.**

Wise: Learning how to learn is probably the best investment you can make in yourself. This is where Tim's experience and attention to detail kick in. I really appreciate getting to see the way he approaches problems and challenges by breaking things down into manageable steps. Learning to be "wise" in this way is valuable across all areas of life.

Yes, the physical size of this book can seem daunting, but I encourage you to dive in, even if you handpick sections or interview that are of most interest to you.



CALL 519-885-5956 OR 1-800-446-5745 NOW!

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