

NetWorth



Keys to communication and decision making for a family business

While we communicate daily, we don't always consider how our communication style affects conversations, decisions and outcomes. But, when we focus on the quality and efficiency of our communication, we can ultimately improve outcomes and enhance relationships.

Communication

Communication comes in different forms, with each one having its own particular nuances. Individuals also have their own communication styles, developed over time and based on environment and experience.

If you are looking to improve your communication skills, try asking yourself the following questions:

- What are my communication strengths and weaknesses?
- How can I improve the quality and effectiveness of my communication?
- What am I conveying to others with my body language?
- How does my communication style change when I speak with family members, employees or clients?

Decision making

Every day, you make small decisions that do not require much thought because the outcomes feel inconsequential. But for more significant decisions, greater consideration is required to enhance outcomes. How do you make decisions in your business and family?



 Let's connect

Robert Yee Investment Advisory Team BMO Nesbitt Burns

1100, 525 8th Avenue SW
Calgary, AB
T2P 1G1

Tel.: 403-260-9345
Toll Free: 1-800-465-9404

This chart outlines some decision-making styles:

Participatory Management

Leaders Decides		Followers Decide	
Autocratic	Consultative	Group Decides	Delegation
Decide and tell	Decide after consultation and/or recommendation	Followers share in decision	Delegate to others
Style #1: Autocratic • Decide unilaterally and announce decision	Style #2: Consult • Almost decided, check reactions before final decision	Style #4: Majority • Majority vote with leader having one vote, no veto power	Style #6: Delegation • Delegate the decision with clear parameters of freedom
	Style #3: Recommend • Solicit inputs before deciding	Style #5: Consensus • All agree after discussion	

Source: www.primarygoals.org

In group decision making, it is important to be flexible and open to other viewpoints and ideas. Consensus decision making is intended to create team alignment, but it does not mean that everyone will fully agree on the path forward. The process can often be more important than the decision in terms of building and maintaining team unity, and it is critical to give your team a voice in the process.

Communication and decision making in family and business

When communicating and making decisions, consider the following questions:

- **What** decision is required? Is it a family or business decision, or both?
- **Who** should be involved in the discussion? Ensure everyone understands their roles and responsibilities.
- **Where** should the discussion take place? Setting parameters around where you communicate is important.

- **When** speaking to the frequency of meetings, consider; Are you meeting frequently enough and scheduling important talks at the right time?
- **Why** is the decision at hand important? Does everyone have the same base level understanding and access to information?
- **How** are you going to communicate and make decisions? Do you need a formal agenda and are roles and decision-making styles established?

One of the biggest threats to family harmony and business vitality is lack of communication. When people don't feel safe speaking up, issues may arise and opportunities may be missed.

Seek professional advice

A BMO Business Advisory and Transition Planning Specialist can be a trusted resource to help navigate these critical and challenging conversations.

Resiliency and Reaching Gold: A Conversation with Andre De Grasse

In a challenging world, it's become clear that resiliency is critical. To be successful, you need the ability to react, adapt and evolve. That's why it's essential to focus on strategies that encourage positivity and set us up for success through 2022 and beyond. And who better to speak to resiliency than Canadian Sprinter and 10x Olympic and World Championship Medalist – Andre De Grasse.

As an Olympic champion, De Grasse knows about mental preparedness. His gold medal finish in the 2020 Olympics was the

first Canadian Olympic gold in track in 25 years and the first Canadian Olympic gold in the 200m in 93 years.

Sylvain Brisebois, Head of National Sales Strategy for BMO Private Wealth, sat down with De Grasse and Dr. Ryan Todd, psychiatrist and CEO of headversity, a workplace mental health platform that helps organizations build resilience, to talk about the importance of positivity and mindfulness in achieving our goals.

Be mindful, reduce stress

Mindfulness, the practice of focusing on the present, leads to decreased levels of stress and increased productivity, allowing teams to become better equipped for the challenges of today. As an elite athlete, De Grasse is constantly accessing skills like optimism and bravery. Skills that, when applied to business, can change the culture of organizations for the better.

“For me it takes a lot of preparation. You have the physical part, and you go into training every single day, but when it all comes down to it, most of it is mental preparation,” De Grasse said. “At the last Olympics in Rio, I had to adjust to the noise and distractions in all my surroundings, so that’s where all my mental toughness had to come into play. I have to make sure that I’m focused on getting my direction from my coaches, my therapist, and doing all the necessary things to be ready for that moment because the race is only 10 or 20 seconds.”

Set realistic goals

One of the biggest challenges in business is feeling that everything should be done all at once. The key is to set small goals and build from there.

“I tell myself; I know the longer-term goal is that I want to be an Olympic world champion, I want to be able to break records, but I know there are smaller steps and shorter-term goals in order to get there,” De Grasse said.

But having that kind of a mentality takes discipline and strategy. So how does De Grasse embrace the challenge?

“I have to speak it into existence. I have to tell myself in my head every day that this is possible, that there are no limits to what I can do, and that just keeps me going and keeps me motivated. I’ll check things off the list, like this is my short-term goal, did I get it today? If I don’t get it today let’s try back tomorrow, it’s a new day and I’ll refocus.”

Stay balanced

For many of us, we focus on work while neglecting the rest of our lives. While it’s great to strive for success, how do we learn not to exceed our capacity? According to De Grasse, prioritizing, setting boundaries and focusing on what’s important can help.

“It can be overwhelming, but I’ve realized that throughout the years, when I’m trying to balance my sport, balance fatherhood, and balance all my other obligations off the track, I’ve learned to just try to do what I can... it’s a kind of balance I try to find.”

Have a strong support system

In the balancing act of life, having the support of those around you can help you maintain your sanity on your quest for business success.

When asked, what do you wish you had known 15 years ago, De Grasse said, “Family is super important to me and I really depend on those people a lot who have supported me, not just in my career, but life in general. It’s OK to have a shoulder when I’m having a bad day or things aren’t going the way I expect.”

You can watch the full discussion here:

<https://vimeo.com/658987362/52165c75d5>

2022 Tax Tips for Investors

Keeping up to date on how tax rules affect your investments is essential to maximizing your after-tax return. This article provides an overview of select strategies to assist you in reducing your 2022 tax bill.

Reduce tax with income-splitting

The more you earn under our tax system, the more you pay in income taxes. With this in mind, consider spreading income among family members with lower marginal tax rates, lowering your family’s overall tax burden. Some of the more common income-splitting strategies include:

- An interest-bearing loan to family members in a lower tax bracket at the prescribed interest rate.;
- Pension income-splitting between spouses (or common-law partners);
- Gifts to adult family members (other than a spouse or common-law partner); and

- Gifts to minor children to acquire investments that generate only capital gains.

Make your portfolio tax-efficient

In evaluating investments for your portfolio, consider the impact of income taxes since not all investment income is taxed in the same manner.

There are three basic types of investment income: interest, capital gains and dividends. Interest income is fully taxable at your marginal tax rate, whereas you only pay tax on 50 percent of a capital gain. Canadian dividends also receive special tax treatment.

Maximize your tax deferred savings with an RRSP or TFSA

Your Registered Retirement Savings Plan (RRSP) is likely the cornerstone of your overall retirement strategy. Allowable contributions to your RRSP are tax deductible and the income earned within them is not taxed until withdrawn.

The Tax-Free Savings Account (TFSA) is a tax-efficient savings vehicle that allows individuals 18 years of age or older to contribute annually (up to \$6,000 in 2022). Both income earned within the plan and withdrawals are tax-free.

A TFSA is beneficial for saving for both short-term purchases and longer-term goals. TFSAs can also be an effective income-splitting tool allowing a higher income spouse to give funds to a lower income spouse or adult child to contribute to their TFSA.

Use an RESP to save for a child's education

Many parents are concerned about the increasing cost of funding their child's post-secondary education. The benefits of the Canada Education Savings Grant (CESG) and the advantages of the Registered Education Savings Plan (RESP) make an attractive vehicle to fund a child's education. Contributions to an RESP are not tax deductible. However, the income from investments in the RESP is tax sheltered as long as it remains in the plan.

Use an RDSP to save for the financial needs of a disabled child

The Registered Disability Savings Plan (RDSP) is a registered savings plan intended to help parents save for the long-term financial security of persons with severe or prolonged disabilities who are eligible for the Disability Tax Credit. Contributions, up to a lifetime maximum of \$200,000 per beneficiary, can be made to an RDSP until the end of the year in which the disabled beneficiary turns 59, with no annual limit. Contributions are not tax deductible; however, any investment earnings that accrue within the plan grow on a tax-deferred basis.

Donate appreciated securities

While it can be personally satisfying to make charitable donations, you can also use donations to reduce your income tax liability and

maximize the value of your gift. A charitable tax receipt equal to the fair market value of securities donated will reduce your taxes through a donation tax credit. A donation of publicly-traded securities may be preferred over a cash donation of equal value.

Use borrowed funds to invest

Generally, interest expenses are deductible for tax purposes if the funds are borrowed to earn income from a business or an investment vehicle. Therefore, consider paying down non-deductible personal debts (such as RRSP loans, mortgages and credit card balances) before paying down tax-deductible, investment-related debt.

Reduce tax for your estate

Your estate plan can accommodate several tax-saving strategies that may help reduce or defer the amount of tax payable by your estate and maximize the amount available to heirs. Some common planning strategies include establishing a trust in your Will to split investment income with low-income beneficiaries, naming an appropriate beneficiary for your RRSP/RRIF or TFSA, making charitable bequests in your Will, and bequeathing appreciated assets to your spouse/common-law partner (or a qualifying spousal trust) to defer tax on the accrued capital gains.²

Consider U.S. estate tax implications if you own U.S. investments

U.S. estate tax can apply to Canadian residents on the value of U.S. assets owned at death, even if they are not U.S. citizens or Green Card holders. A Canadian may have a U.S. estate tax liability if the value of their U.S. assets exceeds US\$60,000. Failure to file a U.S. estate tax return can result in a denial of treaty benefits and credits.

Seek advice

Please note that this article should not be construed as tax advice and individuals should consult with a tax advisor regarding their personal situation.

¹Be aware that the tax legislation seeks to limit income-splitting with certain adult family members involving private companies, effective for 2018 and the subsequent taxation years.

²Quebec does not allow the ability to name a direct beneficiary for an RRSP, RRIF or TFSA in the contract itself. Instead, a beneficiary can only be appointed in a Will.