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# Business Matters

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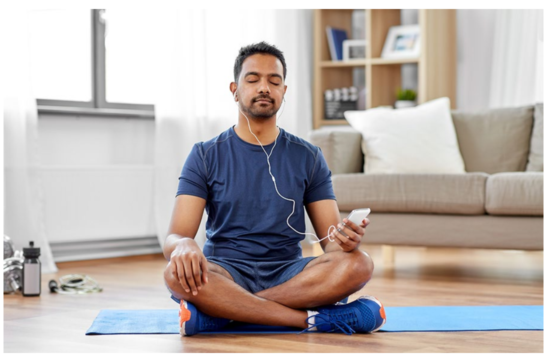
MANAGEMENT

# Six simple ways to cope with stress in the "new normal"



**We can all agree that adapting to the changes brought by the coronavirus has been stressful for all of us. But what does it mean when we acknowledge that we are "stressed out"? And what can we do to cope as we continue to navigate these unusual times?**

For almost a year now, we've had to rearrange our schedules, homeschool our children, isolate from our loved ones and deal with empty store shelves. The most stressful part is likely living with the fear that our loved ones could be harmed by this virus.

Of all the things the pandemic has taught us, we've learned that what is most important to us as human beings is our health and well-being. And while we've been adjusting to keep ourselves and our families safe, we've had to endure an incredible amount of stress along the way. How does that affect our health?

Let's paint a picture … imagine you're camping, and you encounter a grizzly bear. Your family is in the tent, but you're outside making a fire before the sun goes down. You lock eyes with that grizzly bear, and your body immediately releases the stress hormones adrenaline and noradrenaline, and the more critical measure of stress, cortisol – lots of it. Your heart races, your breathing quickens, your pupils dilate, and you focus on nothing else but the situation at hand.

Your automatic response will be one of two things: Stand your ground and scare off the grizzly, or slowly back away and get the heck out of there with your family. This response is what is commonly known as the "fight or flight" response. Now, that's an extreme example, but that same physiological response is triggered on a lesser scale when you encounter daily stressors. When that becomes chronic, your body is constantly in fight-or-flight mode, which can lead to a slew of health problems down the line. There is a reason stress is called "the silent killer."

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## How stress manifests day to day

You might be thinking, “I can handle my life. I don’t feel stressed out.” The problem with chronic stress is that it manifests in small ways that we become so used to, that we don’t even realize it’s happening! Here are some ways you can tell you’re battling chronic stress:

### *Energy*

- You wake up feeling unrefreshed.
- You have difficulties getting out of bed in the morning (even after 8-plus hours of sleep).
- You have difficulties falling and/or staying asleep.
- You find yourself unable to keep up with work the way you used to.
- You are experiencing “brain fog.”
- Exercise makes you more tired.

### *Nutrition and digestion*

- You often crave salty or sugary foods.
- You have difficulty digesting your food.
- You often have heartburn or reflux.
- You are constipated and/or have loose stools.

### *Physical and mental health*

- You are gaining or losing weight (without trying).
- You are less interested in sex.
- You often get sick or acquire infections.
- You are becoming more irritable and impatient.
- You are starting to experience more physical pain.
- You are experiencing low moods, making it difficult to find joy in life.
- You are having panic attacks.

If any of these seem familiar to you, you could be dealing with symptoms of chronic stress and maybe even burnout. The response I talked about earlier – the release of adrenaline, nor-adrenaline and cortisol – is an adaptive response that helps us survive.

The problem is, when we are chronically stimulating the release of cortisol, it affects how our bodies function by influencing changes in our hormones, the function of our gut (think: gut-brain connection) and changes in the neurotransmitters in our gut and brain. This negatively affects our mood, our energy, our sleep quality, our blood sugar and blood pressure, our digestion and so much more.

### *What you can do to ease your stress*

Taking a step back from daily duties to allow yourself to heal would work wonders; but, as a professional, I know that's nearly impossible. Gathering with loved ones, going out for a social outing, or travelling are usually great stress relievers for people, but these, too, are near-impossible in the world's current climate.

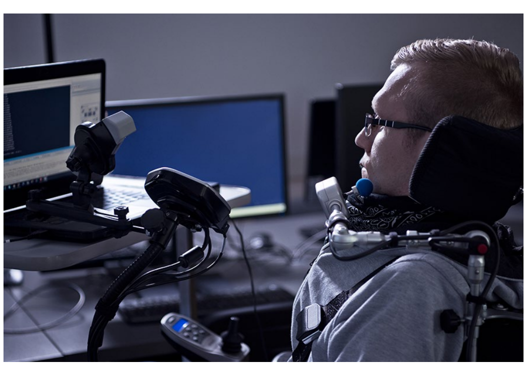
But there are some measures you can take that are proven to decrease stress and help get you back as much normalcy as possible:

1. Meditate! If you haven't yet tried it, or are skeptical, it can be difficult to get into. However, studies have proven that meditation can decrease cortisol levels. As a stress-relief method, it's both effective and free!
2. Try a cortisol-managing supplement. Just remember to always first get advice from a naturopathic doctor (ND) on which supplement is right for you. Each supplement marketed for stress will affect your cortisol levels in different ways.
3. Decrease your caffeine intake. I know, I'm sorry. Caffeine can mimic the symptoms of stress and anxiety. Try to keep it to just one cup of dark roast, black or green tea per day.
4. Have a regular bedtime. Melatonin, the hormone that helps you fall asleep, works on an opposite cycle with cortisol: When melatonin is high, cortisol is low, and vice versa. Try wearing some blue light-blocking glasses to get that melatonin flowing every evening!
5. Do nothing for 15 minutes per day. And I mean nothing. Don't eat, clean, read or use your phone. Find a spare 15 minutes to allow your mind to rest. This is an alternative if you're resistant to meditation.
6. Exercise. Unless you are at the point where exercise exhausts you, 30 minutes of exercise per day is a proven way to decrease your cortisol levels and help manage your stress. You can combine this with the previous 15-minutes tip – go for a walk and, instead of listening to music or a podcast, let your thoughts keep you company.

While we cannot change many of the factors that are causing us stress, these small lifestyle adjustments are still within reach.

TECHNOLOGY

# Online + accessibility = inclusion



**You can no doubt relate to how it feels when you're scanning through links within text and half of them don't work. Or your friend sends you a link to a cool podcast but, when you load it up, you can't hear the speaker over the background noise.**

As a listener, you likely got frustrated and decided to move on to something easier on your ears (and your patience). Seamless user experiences are often something we take for granted, but facing barriers to retrieving online content can be a common experience for people with disabilities.

The key difference? If you're just annoyed or frustrated by a site, you can probably still get information from it, or choose to find something else. But what if you need that information, from that source – right now! – and can't access it properly? If it wasn't designed with accessibility in mind, this would not be a matter of choice

## Assistive technologies help break access barriers

As businesses and organizations have focused on providing virtual services and information many workplaces are already learning how to implement ways for individuals to control and customize their experience. But universal access is about more than just adding closed captioning for persons who are hard of hearing, or about adding control buttons for those wanting to jump through an audio presentation.

People may also bring their own tools to help them access online content (you may notice some now come built-in with your systems), such as software for:

- Screen reading – which reads out loud what's onscreen, announcing navigation elements
- Speech recognition – which will follow spoken commands from the user or type out their dictated words
- Screen magnification – which makes part or all of a screen larger so that words or images are easier to see

If you've ever needed your vision corrected, think about the difference you felt the first time you donned those new glasses or contact lenses. You suddenly could see things you'd maybe missed before, in their full array of light and colour!

Eliminating barriers to access is an integral step toward diversity, inclusion and belonging. The key goal is for everyone, no matter their situation, to have the same experience using the "glasses" that work for them.

## (Dis)ability is a spectrum

According to **Accessibility Services Canada**, accessible information serves the needs of people with "vision, motor and cognitive impairments." This concept acknowledges that the need for help navigating content exists on a spectrum. For example:

- Think of the "brain fog" experienced by people with fibromyalgia, severe food intolerances and even temporary "pregnancy brain."
- Consider visual perception impairments, including colour blindness, migraines, or dry eyes due to menopause.
- Remember that some of us process information differently and need plain-language information that's broken into shorter, more manageable units.

While this list is by no means exhaustive, maybe you already recognize yourself here or know someone whose needs can be overlooked in the design of online content.

## Work on universal online access spans decades

The need for universal access has gained political traction, but it has been on the minds of information designers practically since the Internet began:

**1995:** Initial guidelines are drafted about making an "Information Superhighway" that works for everyone.

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**2005:** The *Accessibility for Ontarians with Disabilities Act* (AODA) is the first provincial act of its kind to become law, with other provinces following in later years. Compliance is encouraged in stages, depending on the type and size of organization. This is in response to research and guidelines for coding and writing web content by the World Wide Web Consortium through its Web Content Accessibility Guidelines (WCAG).

AODA guidelines require that documents and content be updated so that people are able to navigate websites using technologies that make browsing possible beyond looking at the screen or clicking a mouse.

**2008:** The most recent set of approved WCAG guidelines and checkpoints is released, updating the 1999 version 1.0.

**2019:** The federal *Accessible Canada Act* goes into effect.

**2021:** All websites and web content were required to comply with WCAG 2.0 level AA to meet AODA requirements by January 1.

With more training and building our understanding, Canadian workforces are coming together to create a more inclusive experience, no matter how online information is used.

## Learn more

- Watch a **YouTube demo of how a screen reader speaks** out website text
- Here's a **similar demo, this time with a Word document** – hear the difference between how the screen reader processes an accessible versus an inaccessible Word file
- Read more about **how people with disabilities use the Web**
- Learn **about the AODA from Accessibility Services Canada**

Excerpts of this article are republished from CPA Canada's Diversity, Equity and Inclusion series.

TECHNOLOGY

# Take the right steps now, avoid "pension envy" later

**If you work in the private sector and are wondering how you can replicate the "gold plated" pensions of your friends in the public service, envy not! You can enjoy a similar pension experience while complementing your private investment savings (e.g., RRSP, TFSA, etc.).**

My wife, brother and some of my friends are teachers, and my parents are retired teachers, so I am well versed when it comes to what's on the minds of teachers. One topic that never seems to concern them is retirement security – if you bring up retirement and investing, they are happy to boast about their incredible pension.

And why shouldn't they? Teachers' and most other public service pensions are what you call the "gold plated" pensions in Canada, because they are the best available for retirement income. This is mainly because these pension funds are shrewdly managed and have thus yielded historically high returns, and the payout formulas that determine benefits typically work in the recipient's favour. Also, the pensions are backed by the power of the government and, under most circumstances, are protected from inflation.

If you are a private sector employee, your pension might not have all these bells and whistles. For instance, I am helping a client complete her pension package after years of working for one of Canada's big banks; the pension package she received shows the pension is underfunded (meaning they don't have enough assets to cover their obligations to pensioners), no inflation protection at all and underwhelming pension formulas.

## Government pension benefits available to Canadians

In Canada, we are fortunate to have access to two government-sponsored pension plans outside our workplace pensions: Canada Pension Plan (CPP) and Old Age Security (OAS). CPP is based on your earnings while working, while OAS is based on how long you have lived in Canada.

As prospective retirees approach retirement age (say, age 60-plus), understanding when to begin collecting your pensions becomes an important planning point and forms my central argument on how to overcome any pension envy you might have.

## Traditional views of government pension plans

Historically, it seems that most Canadians have decided to start their government pensions as early as possible (CPP at age 60 and OAS at age 65). Reasons Canadians have reported that they elect to start these benefits early are:

- They are predicting a certain life expectancy.
- They do not have enough personal savings to supplement their retirement income until their government benefits start.
- They want to manage any tax consequences.
- They wish to attend to their estate planning.*

In my experience, the other key reason I believe Canadians tend to start their pension benefits early is because, quite simply, they can. If the government is handing out cookies to Canadians in the form of government pension benefits today, it's no surprise that Canadians would not want to wait to start eating them.

## How to reduce your pension envy

It is possible to achieve similar pension benefits to your family and friends in the public service. How? By considering the option to defer your entitled government pensions (e.g., OAS and CPP).

More specifically, you have the flexibility to elect when to start your CPP benefits (between age 60 and 70) and your OAS benefits (between age 65 and 70).

This decision on when to start your government benefits is a critical choice that you only have one chance to make. So, you want to make sure you are making it with your eyes open.

## What is at stake?

How about $83,000 more in retirement income, lower risk of outliving your money and higher-quality income, to start? Consider these factors for help deciding whether delaying your pension benefits might fit in with your overall retirement plan:

- **Enhanced income:** Each month you defer CPP and OAS, you receive an increase in your pension benefits of close to 0.7% per month, or 8% per year.

  Here is how this would look if you lived to be 90: If you are eligible for the maximum of both pensions and defer each pension from age 65 to 70, your retirement income will be $83,390 higher overall, and you will receive greater cumulative dollar value after your 81st birthday.**

- **Lower risk of outliving your money:** Over the last two decades, private sector pensions have shifted from a defined benefit (similar to public service pensions) to a defined contribution pension scheme. This change has meant that retirees may have less certainty of their guaranteed pension income over their lifetime.

  You can lessen this worry by maximizing your government pension sources, as these provide retirement income for life. In this way, Canadians – who are living longer than ever – can rest assured that they will continue to receive a higher retirement income, with annual inflation protection to boot.

- **Higher-quality returns:** As noted in the first point above, each year that you defer your CPP and OAS to the maximum age 70, your retirement benefit goes up by close to 8% per year.

  Going forward, if you are a typical Canadian retiree running a balanced portfolio with your retirement savings (such as in RRSPs), a return of 8% per year is likely to be a difficult target for you to reach without taking on excessive risk. Half of your balanced portfolio invested in fixed income is only earning between 0 and 2% today. More importantly, your returns on your private savings are likely not entirely guaranteed, while your government pension deferral benefit is.

Over the past few decades, changes to pension regimes have highlighted the value of the public service pension plans. As part of your detailed retirement plan, electing to defer your government pensions may help reduce or eliminate your pension envy.

To be sure if this retirement strategy is ideal for you, it is important to work with a financial professional to come up with a plan that is ideal for your unique retirement circumstances.

* “Taking CPP early can come at a steep long-term cost” by Rob Carrick, published in the Globe & Mail print edition on December 9, 2020.

** For the examples used in this article, we assume that the person is eligible for the maximum of both CPP and OAS benefits, with no inflation adjustments in the calculations..

WEALTH MANAGEMENT

# Registered Retirement Savings Plan vs. Tax-Free Savings Account – What's the Difference?


**Both the Registered Retirement Savings Plan (RRSP) and the Tax-Free Savings Account (TFSA) allow you to build savings in a tax-sheltered environment. So, what are the differences between the two – and when does it make sense to invest in one over the other?**

The purpose of the RRSP, as its name states, is for long-term savings for your retirement. The TFSA is a more flexible vehicle to save for more immediate goals, such as buying a new car or a house, or creating an emergency fund. And it may also be used to save for retirement.

## Who is eligible?

The RRSP has no minimum age, but you must have "earned income" in the prior year to create contribution room. Earned income includes income from employment, self-employment and certain other sources, and is reduced by some employment-related expenses, and business and rental losses. The RRSP matures in the calendar year in which you turn 71.

For the TFSA, you can begin contributing as of age 18, and there is no maximum age.

## How much can you contribute?

With an RRSP, you can contribute up to 18% of your earned income in the preceding year, up to a maximum annual limit ($27,830 for 2021). Your contribution room is reduced when you have an employer-sponsored pension plan. The contribution for the year must be made by the 60th day of the following year – so, close to the end of March – and you can carry forward any unused contribution room indefinitely.

Keep in mind that if you overcontribute to your RRSP by more than $2,000, there is a penalty of 1% per month. You can deduct up to the greater of your actual contributions and your contribution limit for the year from your taxable income, reducing the amount of tax you pay on other sources of income.

TFSA contributions must be made by December 31 of the relevant year. Here are the annual contribution limits:

| | |
|---|---|
| 2009-12 | $5,000 |
| 2013-14 | $5,500 |
| 2015 | $10,000 |
| 2016-18 | $5,500 |
| 2019-21 | $6,000 |

Similar to RRSPs, unused TFSA contribution room can be carried forward. For example, if you turned 18 in 2018 and have never contributed to a TFSA, your limit in 2021 is $23,500 ($5,500 + $6,000 + $6,000 + $6,000).

And as with an RRSP, you also face a 1% per month penalty if you go over your contribution limit.

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## What if you want to withdraw from the fund?

With an RRSP, you may be able to withdraw funds to buy your first home or finance a return to school without being liable for taxes right away.

- The Home Buyers Plan (HBP) allows you to withdraw up to $35,000 to help pay for your first home; you pay this money back into your RRSP through instalments over 15 years.
- Under the Lifelong Learning Plan (LLP), you can withdraw up to $10,000 in a calendar year, to a maximum total of $20,000, to finance full-time education or training for you, or for your spouse or common-law partner. These funds must be paid back through instalments over 10 years.

Any unpaid instalments for either the HBP or LLP are added to your taxable income for that year. Any other withdrawals from your RRSP are also included in your taxable income in the year that you receive them, and you cannot re-contribute that amount once you have withdrawn it.

Just as there was no tax deduction for TFSA contributions, you do not pay tax on TFSA withdrawals. You can recontribute the withdrawn funds to your TFSA in a subsequent year (just not the same year you withdrew it). The amount withdrawn gets added to your contribution room for future years.

## How does having a spouse help you get the most out of these plans?

If you have a spouse or common-law partner, you can invest up to your contribution limit to a spousal RRSP. Generally, the amounts your spouse withdraws from these plans would be included in their taxable income, rather than in yours. Some restrictions apply.

If there is a significant difference between the incomes of two spouses, the spousal RRSP can minimize the total tax that the family pays in retirement by splitting income between one spouse in a higher tax bracket and the other in a lower tax bracket.

There are no spousal TFSAs. However, you can give money to your spouse for their own TFSA contribution and the income earned will not be subject to tax.

## When does it make sense to invest in one vs. the other?

There are many factors that would affect whether investing in your RRSP rather than your TFSA may make sense, and these can be quite complex. Here are some general factors that you may consider helpful.

### *Your tax bracket*

If you are in a higher tax bracket when you are making the contribution and expect to be in lower tax bracket when you will be withdrawing the funds, the RRSP can offer significant advantages. But if you are in a lower tax bracket when contributing, those benefits will not be as great – though you still benefit from deferring tax from the year you made the contribution to the year that you withdraw the funds.

### *Your timeline for withdrawal*

The timeline for when you expect to need the funds is another important factor. When your RRSP matures in the year that you turn 71, you have two options for relief from being liable for taxes immediately: You may transfer the balance in the account to a Registered Retirement Income Fund (RRIF), or use it to purchase an eligible annuity.

RRIF plans require that you withdraw a minimum amount each year, based on your age. It's also worth noting that any RRSP or RRIF withdrawals or annuity payments are added to your taxable income and may trigger a 15% clawback of the Old Age Security for income above a certain amount ($79,845 in 2021).

While the HBP and the LLP offer you some flexibility to access your RRSP funds without paying tax, the TFSA is much more flexible since you can withdraw funds on a tax-free basis and recontribute them in a future year.

### *Your investment type*

Your choice of investment type may also affect your choice of RRSP vs. TFSA. For example, if your portfolio includes United States stocks, their Internal Revenue Service (IRS) recognizes the RRSP as a retirement savings account and does not withhold tax on the dividends you receive.

On the other hand, the IRS does not recognize the TFSA in the same way, so there will be 15% withholding tax charged on those dividends. There is no foreign tax credit to offset that 15%, as there would be for investments in a non-registered account.

The RRSP and the TFSA are both important savings vehicles for Canadians. Understanding the differences between the two can help you make the decision when to use either (or both!) to meet your savings goals.



**Authors:**

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| Six Simple ways to Cope with Stress in the "new normal" | Dr. Alisa Murli, ND |
| Online + accessibility = inclusion | Michelle Black, MEd. |
| Take the right steps now, avoid "pension envy" later | Adam McHenry, CFA |
| Registered Retirement Savings Plan vs. Tax-Free Saving Account – What's the Difference? | Susan Cox, CPA, CA |