



The Pen

Pensioned Employees' Newsletter

www.bcgrea.com

Spring 2010

SENIORS SHOULD GET READY TO PAY THE "REGRESSIVE" HST

By Ed Turner

The British Columbia government intends to bring in a Harmonized Sales Tax, (HST), of 12 per cent on July 1.

This HST is termed "harmonized" because it will merge two different tax systems: the current provincially administered 7% Social Services Tax and the federally administered 5% Goods and Services tax. The federal government will administer the new HST.

Under the current provincial tax system, taxes are generally payable on sales and use of what is defined as "tangible personal property".

This means 7% tax is paid on purchases by consumers, subject to a large amount of exemptions established over the past 60-plus years.

Businesses are also required to

pay 7% tax on goods which they purchase for their own use and not for resale.

This would include items such as office supplies, vehicles, furniture, advertising materials, etc.

"Lower and middle income consumers pay a higher percentage of their available income as sales taxes, than do wealthy consumers."

The proposed HST is a very different type of tax.

The HST is considered a "value added" tax system. Under this system, every business generally will charge all of its customers the 12% tax.

However, each business can

then recover all the HST which it has paid to its suppliers from the tax which they collect from its customers, and then remit the difference only to the HST administration.

This means that in the end, business has NO actual HST tax cost and only the final consumer (you and I) actually end up paying the HST.

This new system will therefore result in a "tax shift" from business to consumers, as businesses will have NO tax burden under the HST.

No wonder business wants this tax change implemented!

The HST will have very few exemptions, similar to the current GST.

Therefore most of the exempt items which we currently enjoy

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B.C. Government Retired Employees' Association newsletter



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Lapel pins Available for \$3 each

The association, to mark
its 60th anniversary, has
made up lapel pins.

These handsome pins
may be obtained from
branch executives at a
cost of \$3 each.

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Johnson Inc. Draw

1st Prize, Linda Malpass,
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2nd Prize, Stan Harvey,
Branch 1600, Prince
George (\$100)

3rd Prize, Paul Hammond,
Branch 600, Nanaimo
(\$100)

In order to help us
cut costs, all
branches should
continue to send e-
mail addresses of
their members to
Louise Wright at
wrightplace@shaw.ca

Correction Page 4,
Fall 2009

Dues are \$20 per annum

Pat Irving, Chair of Branch
1900 (Northwest), accepted
the award for Norma King

**Check out our
web site at [http://
www.bcgrea.com/](http://www.bcgrea.com/)**

The opinions expressed in
The Pen are those of the
contributors and not
necessarily those of
BCGRE. You can reword
this if you wish.

PRESIDENT'S REPORT

BCGREA supports anti-HST campaign

By Lawrence Johnson

The BC Government Retired Employees Association is supporting the Council of Senior Citizens of B.C. (COSCO) in their campaign to have the Harmonized Sales Tax repealed.

Members are encouraged to read the comments on the front page about the HST by Ed Turner, a former BC government taxation executive director, and to visit the COSCO website to keep up to date on this campaign.

Your Provincial Table Officers remain busy with their various areas of responsibility.

We met formally once in early March, and arranged to have our legal team -- Albert Peeling, Tom Berger and Gary Nelson -- talk to our 26 directors and 16 observers at the March 24



Lawrence Johnson

Provincial Directors meeting about the upcoming appeal to our Class Action Lawsuit.

We encourage all members to attend their individual Branch meetings for a full report on the business of the Director's meeting.

The directors also considered a motion to increase the meal allowance to help pay the increased cost of the

upcoming HST on restaurant meals.

However this motion was defeated in keeping with the Association's continuing campaign to reduce costs at every opportunity.

We then had the distinct pleasure of bestowing on John Price, the long-serving director from the North Okanagan Branch, the status of "Honorary" membership in recognition of his extraordinary and professional contributions to his branch and to the Association.

We hope that John will continue to provide leadership to the North Okanagan Branch and his opinions and vision for the future of the BCGREA as a director.

The second presentation was from Johnson Inc. Insurance Company and the Alberta Retired Teachers Association.

Lisa Hansen from Johnson Inc. introduced Dr. Ralph Levinson from the Alberta Retired Teachers Association and Gary Sawatsky from the Edmonton office of Johnson Inc.

Their presentation included the availability of an optional Dental Plan and Extended Health Plan which is made available to Alberta Retired Teachers and Alberta Retired Provincial Employees that can be made available to BCGREA members.

This optional benefit will be

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Our legal team former justice Tom Berger, Gary Nelson and Albert Peeling reported to the Directors' Meeting — Terry Prentice photo

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MEET YOUR EXECUTIVE

From baseball to the treasury

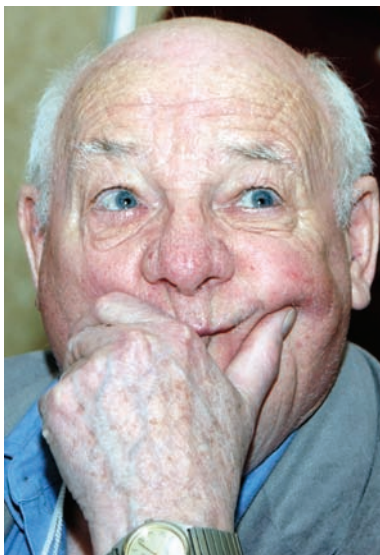
John Cone
BCGREA Treasurer

John was born in 1927, Calgary, Alberta, had two brothers and two sisters.

Moved to British Columbia in 1948, married Betty in Nelson, 1954, two daughters were born there.

First employment with an International food corporation in Calgary, started one day after final High School exam, accounting department.

Then moved to a public accounting practice, served as branch manager, then was employed as accountant for large General Motors car dealer.



John Cone

Became a Civil Servant in 1956. Retired in 1987 after serving 31 years with the Ministry of Finance - Consumer Taxation Branch.

He transferred with this ministry from Nelson to Nanaimo in 1965 and has made Vancouver Island his place of retirement.

Community involvement consisted of volunteering as treasurer for the Nanaimo Golf Club, serving in that capacity for four years.

He was also appointed to fill a term as treasurer of the Nelson Maple Leaf hockey club.

John played golf for sixty five years, until a medical condition ruled that out.

Also played organized baseball for 12 years, starting with five years in a Junior League in Calgary and served as a

(Continued on page 6)

...TIME FOR VACATION!!!

18 Days Circle Hawaii – April 24, 2011 – Sail aboard Holland America's MS Zaandam roundtrip from Vancouver to Hawaii – One of the most popular cruises...don't delay put your deposit down now! Inside cabins from \$2590.74 CAD pp; outside cabins from \$2825.04 CAD pp includes all taxes and is based on double occupancy. \$75 shipboard credit per cabin and dinner at the Pinnacle Grill Restaurant.

18 Day Panama Canal Grand Adventure aboard Coral Princess – Sept 18- Oct 6, 2010 Sail from Vancouver to Fort Lauderdale experiencing the Caribbean, Mexican Riviera, Costa Rica and the engineering miracle, the Panama Canal. Balcony Cabins from \$3247.61 CAD pp including taxes based on double occupancy. \$50 per cabin shipboard credit! Deposits - due now!! Other cabin categories available. One way flights can be arranged or use your points!

Great Canadian War Memorial Tour – Sept 14-24, 2010 - From Paris to London, visit many museums, memorials & special sites that commemorate Canada's contribution in the Great War including the majestic Canadian National Vimy Memorial overlooking the Dvovai Plain from Hill 145, the highest point of Vimy Ridge – Pricing from \$3,059 CAD per person; many meals included; flights not included but can be arranged. Call for more details & complete itinerary.

Rome, Florence, Pisa, Venice, Sorrento Coach Tour – 16 days – 14 nights; 5 nights Rome; 2 nights Florence; 1 night Venice; 1 night San Marino; 2 nights Sorrento; 3 nights Amalfi – 25 meals included. Some features include guided visit of St Peter's Square & Basilica; walking tour of Siena; sightseeing tour of Florence; visit to Isle of Capri...just to name a few! Flights from Vancouver included with July/Aug/Sept departures Pricing approx \$4079 CAD per person based on departure date. Call for complete itinerary and details.

Short Getaways - Fall repositioning cruises available from Vancouver with 3 or 4 night stays in Las Vegas or San Francisco or Anaheim. Call for further details and pricing.



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(if calling prior to May 1st, please use cell number as we are moving to our new office location)

Get ready to pay

(Continued from page 1)

under the provincial legislation will be eliminated as they will be taxed at 12% on July 2.

This type of taxation (on personal consumption) is considered "regressive" taxation.

This means the HST taxes the lower and middle income consumers at a higher effective rate than wealthier consumers.

While it is probably true that wealthier consumers buy higher priced cars, or better furniture, as examples, and therefore pay more sales tax on such purchases, the total HST paid by wealthier consumers, when expressed as a percentage of their available income, will be a lower percentage than the percentage paid by lower to middle income consumers, since this latter group tends to spend most of its available income on basic necessities, most of which will be taxed at 12%.

Simply put, lower and middle income consumers pay a higher percentage of their available income as sales taxes, than do wealthy consumers.

Under the current provincial sales tax however, the government always attempted to minimize the "regressive" nature of its consumption tax by providing exemptions for many basic items which we all purchase, such as various health, safety, and energy conservation items, etc.

These, however, will now all be taxed at 12% effective July 1st.



Terry Prentice photo

Fred Bennett presented John Price with an honorary life

Under the HST, government will attempt to mitigate the regressive nature of the HST by issuing quarterly rebate cheques to only those in the lowest income groups.

You may be aware that the introduction of the HST was controversial.

There was no mention of this major change by government before the May 2009 election

although some claim they were told specifically that an HST would not be introduced.

Therefore, the homebuilders, restaurants, and many tourist businesses are unhappy, as they see this new requirement to collect an additional 7% on the price of meals, or an admission to a tourist facility, as detrimental to their business.

Others are concerned that the 12% HST will increase the "underground economy" which would have an adverse impact on government and many legitimate competitive businesses.

Many also are very concerned about the wisdom of turning over the complete administration of such a critical amount of provincial revenue to the federal government.

For all of these reasons, the HST, when implemented, will likely remain an unpopular tax with B.C. residents for some time to come. -- *Ed Turner is a Certified General Accountant who was employed by the province as Executive Director of the Consumer Taxation Branch, Ministry of Finance, from 1977 to 1993.*

John Cone

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volunteer official, part time, with the Western International Hockey League.

In 1997, John was elected Treasurer of the BCGREA, Nanaimo Branch, and was subsequently appointed Provincial Treasurer of this 10,000 member, then 23 Branch Association in Feb. 1999.

John and his wife Betty have been married 56 years this September.

In addition to the two daughters, two grandchildren are now in the family tree.

Estate planning

By Thom Martell, CFP, CLU

There are a number of tools associated with Estate Planning including — The Will, The Trust, The Inter Vivos Gift and Co-ownership of Property.

It is the latter, Co-ownership of Property and the associated pitfalls of this strategy that are the topic of this article.

Co-ownership most commonly falls under the title of Joint Tenancy.

Transferring assets into joint title is a very effective way to accomplish some or all of the following objectives:

- **Probate planning** – avoiding probate fees as high as 1.5% because transfer of

ownership happens automatic at death of an owner.

- **Confidentiality** – transfers by right of survivorship are not subject to public scrutiny as are probate and wills.

Efficiency – transfers by right of survivorship require little if any legal documentation.

While joint tenancy provides a number of advantages, unintended consequences could be experienced if sufficient care is not exercised.

Pitfalls to be aware of are:

- **Unequal inheritances** – will transfer by right of survivorship produce unequal divisions of the estate to various beneficiaries.

- **Legal issues** – loss of control of property in question because transactions involving the property require all owners' agreement.

- **Taxation** – transferring an asset to joint title is a disposition for tax purposes, this could trigger a tax liability on capital gains or recapture of depreciation.

Creditors – as an asset of the new co-owner, the property is exposed to the new co-owners creditors.

Every estate plan is unique because no two individuals have exactly the same objectives and situations.

Always consult an experienced planner who knows the benefits of the appropriate strategy and how to balance them against the sometimes-hidden costs.



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Support for anti-HST campaign

(Continued from page 3)
explored further.

A paper copy of this presentation was made available to each director so they can report this information to all branches.

Lynda Stewart from Johnson Inc. conducted the first drawing of the 2010 new membership contest from names of new members and from members who have sponsored these new members to sign up with the BCGREA. The three winners came from the Nanaimo and Prince George Branches. Congratulations to the winners.

The next draw will be held at the next Table Officers meeting at the end of May 2010, so if you want a chance to win some nice cash prizes make sure you get out there and sign up a new member before the next draw.

I also encourage all members in the Lower Mainland to make every effort to attend the next "potluck" picnic of the Lower Mainland branches which will be held Wednesday May 26th, 2010 at Williams Park in Langley. Talk to your Branch Picnic Committee member for details.

The Table Officers are scheduled to attend and we look forward to meeting as many members as possible.

If you are from outside the Lower Mainland and find yourself close to Langley on May 26th, we would like to see you there.

This is the first issue of "The Pen" newsletter to be distributed via e-mail.

We encourage more members to sign up for this electronic version of the newsletter which gets your copy to you, two to five days sooner than the

printed version via Canada Post.

Of course this also saves printing and mailing costs.

Special kudos to Sarjit Manhas and Charles La Vertu for the excellent edition of "The Pen" they published after the October 2009 Annual General Meeting.

I want to thank the Association Table Officers for their continuing dedication to this organization and for their hours of hard work.

I know that sometimes that it feels like you have a full time job. It is a pleasure to work with such a dedicated, professional and hard working team.

Additionally let me thank all of the Association Directors for your hard work to keep your branches and this association meaningful and active.

I know that sometimes it feels like you are working in isolation and support seems so very far away.