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2012-13**

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Crowe Lake Waterway Association, P.O. Box 192, Marmora, Ontario K0K 2M0 www.clwa.ca

Cottage Succession

If you are a member of the CLWA, it likely means that you are the proud owner of a precious commodity – waterfront property. More often than not, this will be a cottage rather than your family home or primary residence. If this is the case, and you wish to keep your vacation property within the family or even if you are prepared to sell it, you will be most interested in some of the information my wife, Sandy (the CLWA's newest director, by the way) collected at a Federation of Ontario Cottagers' Associations (FOCA)-sponsored seminar we attended on July 29th, 2012 in Havelock.

The seminar leader was a lawyer from Peterborough by the name of Peter Lillico of the firm "Lillico Bazuk Kent Galloway". Peter was an extremely engaging speaker who very clearly described the issues surrounding Cottage Succession. I cannot reproduce all of the information he passed on to the audience, but I will do my best to summarize the most valuable points.

At some point in a cottage owner's life (or possibly shortly thereafter), it becomes necessary to consider the disposition (change in ownership) of one's summer home. There are two primary things to think about: family and taxes, and related to this, the timing of the disposition. What follows is a brief summary of these considerations and the questions you should ask before you proceed with the disposition. Prior to doing anything, however, you should discuss your situation with a qualified tax and/or legal professional.

Taxes - One of the constants in life (the other is the fact that the Toronto Maple Leafs will miss the playoffs)

Capital gain represents the increase in value of an asset you own – such as a cottage. If you sell or dispose of this asset at a profit, you will be taxed for 50% of this gain at your current income tax rate. If the asset has lost value, then there will, of course, be no taxes assessed and, in fact, you may use the capital loss to offset other capital gains.

Note that the capital gain for a cottage property is calculated as follows:

Fair Market Value minus the Adjusted Cost Base

Fair Market Value is approximately what you should be able to sell your cottage for right now based upon the sales of other, similar properties in the same area. Fair market value usually requires an assessment by a real estate professional.

The Adjusted Cost Base is the amount calculated by adding the original value of the property plus any capital improvements such as the addition of a room, deck etc. Remember to keep the receipts from such improvements.

Just in case, you were considering possible ways to evade this particular government money grab, here are some issues to consider:

- Gifting the property to a family member (other than a spouse) is still deemed to be a disposition at fair market value;

See *Cottage Succession* on page 3

Winter

Crowe Lake Matters

2013

Words from the President

On behalf of all the members of your CLWA Executive Board, I wish you Happy New Year. This is traditionally the time to make resolutions so, again on behalf of the Board, we resolve to continue to make CLWA grow and be responsive to the needs of our members and to continue to work to protect and enhance the natural resource we all enjoy so much.

At the Executive Board meeting in October, we devoted a lot of time to looking at our membership and our activities. We discovered some interesting information about our members and some of that detail is presented in an article for this newsletter. We also talked about all our programs to see which are beneficial to you and the organization and which should be continued or curtailed.

We know the Fireworks and Boat Parade are popular and they will definitely continue. But is our participation in the Canada Day Parade and at the August Celebrate Marmora Day weekend worth the time and expense?

What new programs could we develop and do we have the resources to do anything new? If you have comments or suggestions, please share them with us. Talk to a Board member, send us a letter, send us an email, or drop a note in the box at the Marmora Insurance.

In the United States, we experienced a tragedy at an elementary school in December. It was a horrible event but it reminded everyone of the importance of family.

I think for many of us, summer and Crowe Lake and family are intertwined.

I hope you will resolve to make this summer a Family Summer on the Crowe Lake Waterway (and maybe to get activity in CLWA).

Ritch Smith

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- Selling the property at a reduced price is still deemed to be a disposition at fair market value. Both you and the buyer may be taxed under these circumstances;
- Dying doesn't help. At the time of a property owner's death the property is deemed to be disposed of at fair market value and tax owing on any capital appreciation is payable by the estate of the deceased. In addition, due to the large value of the cottage, probate fees will likely be assessed.

Do not despair; however, there are strategies which can be used to reduce some of this tax burden. Here are some:

- If the property is left to a family member as specified in a will, the owner can obtain life insurance to help cover the capital gain taxes, and arrange for the beneficiary to pay the premiums.
- The owner can leave a "cottage trust" with funds for taxes and maintenance of the cottage once the original owner "shuffles off his mortal coil".

- Canadian tax rules allow the capital gain on a "principal residence" to be exempt from income tax. The cottage can be deemed to be your principal residence and, hence, exempt from taxes when disposed of at fair market value. This has implications for any other home you own. As these tax rules are complex, it would be best to allow a tax advisor to evaluate the different scenarios for you.
- As mentioned above, capital losses can be used to offset capital gains, therefore the timing of the disposition of the property becomes a major consideration. This is also true if, for example, the value of cottage property is expected to skyrocket in the next 5-10 years.
- It is also possible to transfer the title to a cottage into Joint Tenancy with Right of Survivorship likely to your children or other family members. This would, at least avoid probate taxes at the time of your demise, but would still trigger a capital gain for whatever portion of the cottage property was transferred.

One last, repetitious, comment about disposition of your cottage property and the inevitable tax impact: consult with a professional – tax advisor and/or lawyer - prior to deciding when and what you should do.

See *Cottage Succession* on page 4

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Family – Do you have a black sheep?

Once the tax situation is well in hand and you have decided when and how to dispose of your cottage, you must give some thought as to the recipient of your beloved vacation home.

The logical choice is your children. But are they created equal? Where do they live? Do they have the same financial resources? Would they all use the cottage? Are they all motivated enough to help maintain the cottage? Do you have a “black sheep” who might try to force the sale of the cottage to meet their financial obligations? (Yes, this is apparently possible under something referred to as a “Partition Act”).

One way to ease the Cottage Succession from a familial perspective is to create a Cottage Agreement document. **The Cottage Agreement is designed to protect the parents, provide for the children and preserve the cottage for future generations.** This document, which can be created with the help of a lawyer, would address the following issues:

- How to share the maintenance costs. Budgeting
- Dividing responsibility (e.g.: who drives up to set up the plumbing).
- How to share the usage of the cottage.
- Creation of a dispute mechanism (“I want a new dock!”, “Well, I don’t, because I don’t have a boat!”,...) outlining what can and cannot be done and who pays.
- Protecting the parents, if ownership is transferred prior to their demise.
- Restrictions regarding the transfer of the cottage to in-laws, new spouses, etc.
- Arrange for “family councils”, possibly during the off season, regarding any cottage matters.
- Avoid the possibility of someone invoking the “Partition Act”.

It seems obvious that, as Cottage Agreements are legal documents signed by all participants, they would address many potential areas of dispute before they occur.

Cottage Agreement Worksheets can be obtained from many lawyers’ offices, including that of Peter Lillico. The process to create one can be brief or lengthy, depending upon the nature of the inevitable negotiations. The cost will vary accordingly. Again, to create a Cottage Agreement, it would be best to consult a lawyer.

Four Foundations

In summary, Peter, outlines the Four Foundations of a successful cottage succession.

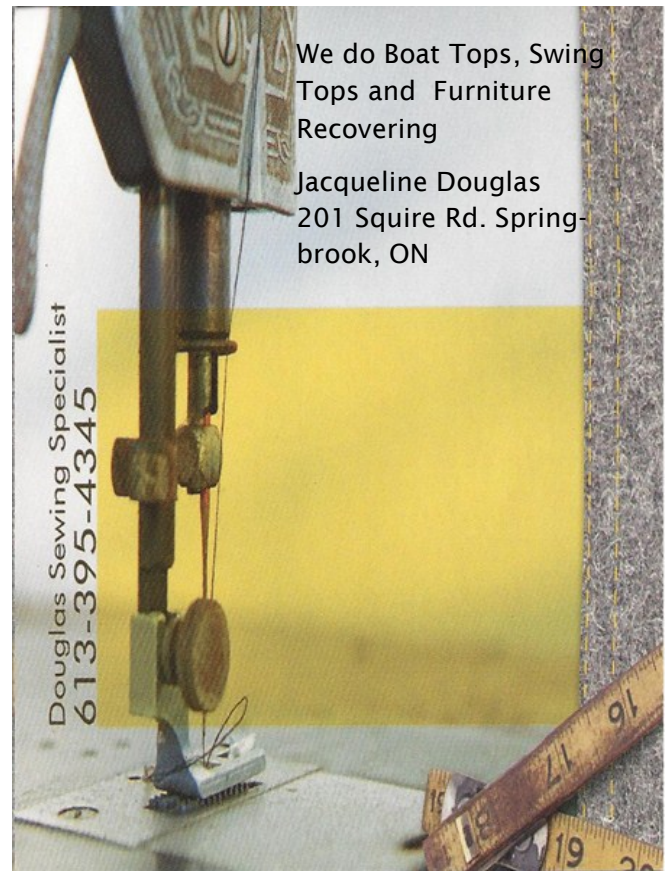
- Retain ownership of the cottage by the parents until it is time for succession.
- Manage the capital gains tax upon succession.
- Choose which children should be the next stewards of the cottage
- Develop a Cottage Agreement to provide a stable structure for shared ownership

I wish to thank FOCA for arranging this seminar and I want to thank Peter Lillico for the informative and entertaining presentation regarding Cottage Succession.

I’m certain all of the CLWA members would have enjoyed it and benefited from it.

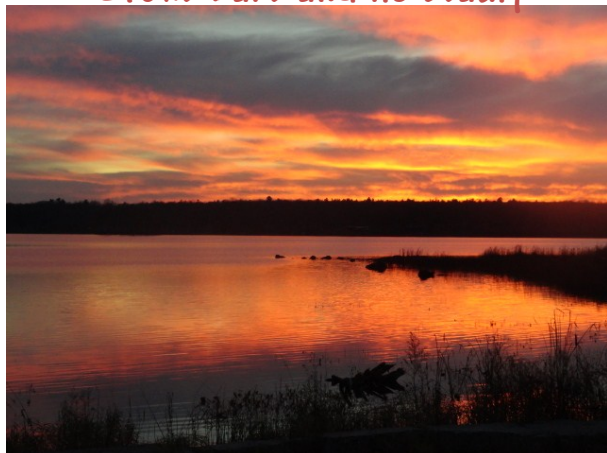
Vesa Koivusalo

Thanks to Sandy and Vesa for helping us understand these complex issues.



More pictures from the photo contest...
(see back page)

Crowe Lake and its beauty



First - Day is done, gone the sun
Photo by Nick Stempkowski



Second - Cottage Sunset
Photo by Lou Wilson



Third - Misty Morning
Photo by Wade Gapes

More pictures from the contest on page 6...

HYPOTHERMIA OR HOW TO FALL THROUGH THE ICE AND SURVIVE

Do you know what to do if you suddenly go through the ice?

How long can you survive in cold water?
5 minutes? 60 minutes?

Hypothermia; a condition in which the normal core body temperature falls below the level necessary for normal metabolism, usually defined at 35 degrees Centigrade (95 degrees Fahrenheit), to a level at which normal muscular and cerebral functions are impaired.

So, you're out walking on the lake or the river and the ice cracks and you find yourself in the water. What do you do?

- Brace yourself and hold your breath. You don't want to inhale cold water.
- Keep calm. Stay calm. Don't panic. The immediate reaction to the cold water will be an involuntary gasping, an increase in blood pressure, and a change in pulse rate. It is easy to panic when all this happens at once. Panic is more dangerous than hypothermia.
- If you went under water, get your head out of water and stay afloat.
- Get control of your breathing as quickly as possible. Breathe normally.
- Position yourself to face the strongest part of the ice. This is the thickest part and could be behind you.
- Get as much of your body as possible out of the water.
- "Swim" your way out of the hole. Lean forward, kick your legs and pull with your arms.
- If no one is around to help immediately and you can't get yourself out of the water, extend your arms onto the ice and let them freeze to the ice. It will hold you in place until help can get to you.

Here's another interesting point found during the research. Heat is lost in proportion to its surface area. That means that large, fat people cool far more slowly than do small, thin or lanky people. And it means that adults cool more slowly than do children.

To Contact CLWA

Website www.clwa.ca

Email info@clwa.ca

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on Forsyth Street in Marmora

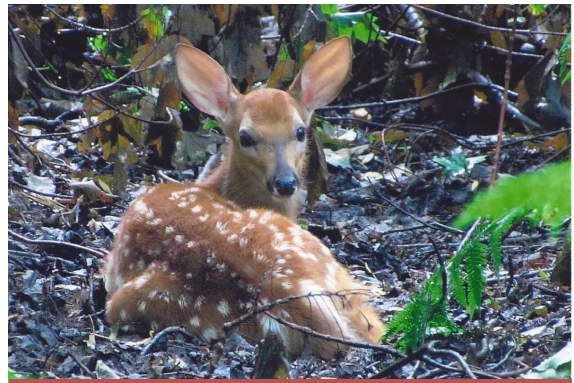


More pictures from the photo contest...
(see back page)

Wildlife Around the Crowe



First - Blue Heron in Flight
Photo by Marianick Tremblay



Second - Caught... Hiding
Photo by Norma Sedgwick



Third - Ducks in a Row
Photo by Jamie Morrison

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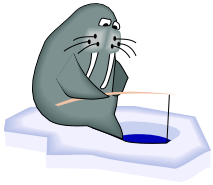
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CLWA PIKE ONLY "Catch 'em and Keep 'em" ICE FISHING DERBY FEB 16, 2013



Once again, CLWA will be holding its '**PIKE ONLY, Catch 'em and Keep 'em' Ice Fishing Derby**' on **Saturday, February 16, 2013** from 8:30 a.m. to 4:00 p.m., to coincide with the Ontario Family Fishing Winter Weekend.

Registration and weigh-in will be at Chris's Live Bait. Anglers may also pre-register any time after January 16, 2013.

Prizes

PRIZES will be awarded in each of 4 categories per division: longest pike, heaviest pike, a mystery weight and a mystery length.

A **BONUS PRIZE** will be awarded to the angler bringing in the **greatest total weight of 6 PIKE**. This Bonus Prize is available to anglers 13 and over holding a sport fishing license.

Contest rules are similar to previous years with the exception of **registration fees** which cover increasing costs:

12 and under (\$5) and 13 and over (\$10).

All money from registration fees is returned to the anglers in prizes.

This derby will proceed only if ice conditions are safe.

We look forward to seeing you! Introduce a friend to ice fishing on the Crowe!

Submitted by Robert Taylor, Director

No Walleye Stocked in 2012

Due to miscommunication within the Ministry of Natural Resources (MNR), **no** walleye fall fingerlings were stocked in Crowe Lake in 2012.

We were anticipating the stocking in 2012 as a follow-up to the stocking done in 2011. As explained to us, another area that had been promised fingerlings in 2011 stepped aside so fall fingerlings could be put into the Crowe to initiate the pilot project of a Put-Grow-Take fishery.

In stepping aside, this area was assured they would get their allotment in 2012. Then, somewhere in the MNR communication lines, this promise was lost until October of this year, and so our allotment had to be given to them.

We attended a Fishery Advisory Council meeting in December and MNR spokesperson Holly Simpson told the Council that Crowe Lake would most definitely be stocked in the fall of 2013.

Submitted by Robert and Norma Taylor

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Fish eating guide, invasive aquatic species information, bait booklets, stickers and guiding and tourist information



GOT THE WINTERTIME BLUES?

Depressed? Sick of winter? It's only February and you are housebound and can't stand the idea of another snowfall? Here are 5 ideas to get rid of the winter blahs.

- Get outside on sunny days. Sunshine and a little activity are great remedies for the blues.
- Light therapy. Open the curtains and let the sunshine or daylight in. Phototherapy has been shown to be as effective as antidepressant drugs in many clinical trials.
- Try winter sports or activities until you find one you enjoy. Make a snowman, start a snowball fight with your neighbours, play Euchre on Fridays at the Marmora library.
- Eat Smart. That cake or muffin is a comfort food but the extra pounds just add to your depression. Try brightly colored veggies instead.
- Do some volunteer activity. Giving back and acts of altruism are strong antidotes to depression at any time. You feel good by doing good.

Website:
www.clwa.ca

Email:
info@clwa.ca

What's Happening

Pike Derby
Feb 16, 2013
(see Page 7 for details)

Fireworks and Boat Parade June
29, 2013
Mark your calendar now!

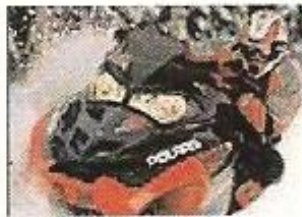
CLWA AGM
July 13, 2013

For information on coming
events, try:

www.marmoraandlake.ca

Check out the electronic sign at
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And watch for flyers posted
around town



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CLWA 2012 MEMBERSHIP DEMOGRAPHICS

Where do CLWA members live and are they permanent or summer residents?

Location	Number Members	% of membership	Summer Residence	Permanent Residence
Blairton/Bayview	6	4	2	4
North Lake	49	29	37	12
Beaver Creek	7	4	6	1
Crowe River	14	8	3	11
South Lake	80	48	48	32
Other	12	7	5	7
Total	168		101	67

Which roads have the most members?

Cook Road 17
High Shore Road 25
Marble Point Road 33

Website:
www.clwa.ca

Email:
info@clwa.ca

FOCA Benefits for CLWA Members

Your CLWA membership includes membership in the Federation of Ontario Cottage Associations (FOCA). As members of FOCA you can get discounts on magazines and other popular items. Here are 4 offers that can save you more than the cost of your CLWA dues.

Cottage Life Magazine: quote "FOCA 12" on the toll free number 1-800-465-6183 or visit cottage.life.com/foca12. The savings are \$6 off the regular subscription price plus two extra issues for free. The regular rate is 6 issues for \$29.75, so you are getting 8 issues for \$23.75, a saving of \$2.00 on each issue. That's \$16 saved.

Boats & Places Magazine: free issues for 2012 - 13 if you contact the FOCA office and mention this offer and CLWA and the code "FOCA". That is a savings of \$10.00.

Have you been to the Canadian Canoe Museum in Peterborough? When you cite "FOCA12" you can get a free 1 year individual membership and lots of savings opportunities on their programs or products. That's a savings of \$30 for an individual or \$45 for a family membership.

CAA Membership: save \$15 on the Basic CAA membership, and more for the other levels, when you sign up through FOCA.

That's 4 offers to save you about \$70.00. Contact the FOCA office at 705-749-3622 or www.foca.on.ca.



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Crowe Lake Matters

Page 9

TADAH!
(THINK TRUMPET)

Photo contest Winners

Recreation on the Crowe Lake waterway



First - Hockey on Crowe Lake
Photo by Judy O'Grady



Second - Cannonball!!
Photo by Wade Gapes

MEET THE EXECUTIVE BOARD OF 2012 – 2013

President: Ritch Smith, High Shore Rd and Alexandria, Virginia (613-472-3490)

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Tom Neal, Marble Point Rd and Toronto

David Savournin, Fire Rt 3A and Markham

Robert Taylor, Big Island Rd

Doug Theuerle, Silver Maple Lane and St Catharines

Thanks to Thomas Neal, David Savournin, Elinor White, Norma Crofts, Ritch Smith, and the anonymous judges for their efforts on the contest.

Winners and finalists can be found on page 5 (Crowe Lake and its beauty) and on page 6 (Wildlife around the Crowe). Other pictures will be used in the newsletter throughout the year.

We had 30 entries for the Photo Contest and the judging was very difficult.

Thanks to the following for submitting entries:

John Crofts, Lynn Gapes, Wade Gapes, Norm Hardy, Jamie Morrison, Jayne Morrison, Judy O'Grady, Tom O'Neill, Clive Peacock, Maxine Prentice, Robert Prentice, Kendra Savard, Norma Sedgewick, Nick Stempkowski, Marianik Tremblay and Lou Wilson.



Third - Maybe We Should Get a Boat!
Photo by Maxine Prentice

More about resolutions

Ritch wrote about resolutions on page 2. The challenge is to think about making a few of your own. Talk it up!

- Perhaps, this year, your family resolves to clean up litter in your area of the Crowe, all year long.
- Perhaps you sort through the old photos to create a cottage history, so far.
- Or maybe you resolve to reread the article on Cottage Succession...
Share the ideas with others.

Upcoming in March is the
2013 Membership Flyer.
Look for it in the mail to every
CLWA member.

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