



CA School of Business

Communication and Critical Thinking Guide

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Table of Contents

Purpose of this Guide	4
Frequently Asked Questions	4
What is the <i>CASB Communication and Critical Thinking Rubric</i> ?	4
Why is the rubric used?	4
What do the levels in the rubric mean?	4
Should students be able to achieve the highest level for each skill?	4
Does the rubric determine whether students pass a task?	4
How does the rubric compare with the criteria CASB uses for module evaluation?	5
What can students do to improve their skills and ratings?	5
CASB Communication and Critical Thinking Rubric (revised Feb. 22, 2010)	6
Appendix A: Skill A – Spelling, Grammar, Punctuation, and Word Usage	9
Skill A Checklist	9
Word Usage	9
Hyphenation	11
Pronouns	11
Additional Guidance	11
Appendix B: Skill B – Sentences, Paragraphs, and Organization	13
Skill B Checklist	13
Conciseness	13
Additional Guidance	14
Appendix C: Skill C – Formatting	15
Skill C Checklist	15
Formatting Requirements for CASB Tasks	15
Memo Formatting	15
Spreadsheet Formatting	16
Letter Formatting	16
Email Formatting	16
Additional Guidance	16
Appendix D: Skill D – Tone	17
Skill D Checklist	17
Examples of Unprofessional vs. Professional Tone	17
Additional Guidance	18

Appendix E: Skill E – Audience.....	19
Skill E Checklist.....	19
Audience for a CASB Task.....	19
Sophisticated Users	20
Unsophisticated Users	20
Additional Guidance	20
Appendix F: Skill F – Critical Thinking	21
Skill F Checklist: Identifying the Nature of the Problem and Viable Alternatives.....	21
Skill F Checklist: Exploring Information, Alternatives, and Issues	21
Skill F Checklist: Weighing Issues and Priorities for Reaching Well-Founded Conclusions ...	22
Outline vs. List.....	22
Discuss vs. Define.....	23
Additional Guidance	23
Appendix G: Sample Task with Responses and Rubric Ratings	24
Sample Narrative and Task.....	24
Sample Task: Additional Information that is Relevant to Student Performance	25
Sample Task: Sample Answer	27
Sample Task: Response of Student #1	29
Sample Task: Ratings and Comments for Response of Student #1	30
Sample Task: Response of Student #2	31
Sample Task: Ratings and Comments for Response of Student #2	32
Sample Task: Response of Student #3.....	33
Sample Task: Ratings and Comments for Response of Student #3	34
Sample Task: Response of Student #4.....	35
Sample Task: Ratings and Comments for Response of Student #4	37
Sample Task: Response of Student #5.....	38
Sample Task: Ratings and Comments for Response of Student #5	39
Sample Task: Response of Student #6.....	40
Sample Task: Ratings and Comments for Response of Student #6	41

Purpose of this Guide

The purpose of this guide is to help CASB students develop professional communication and critical thinking skills and to present the *CASB Communication and Critical Thinking Rubric*.

Frequently Asked Questions

What is the *CASB Communication and Critical Thinking Rubric*?

The *CASB Communication and Critical Thinking Rubric* gives students a rated feedback on their mastery of the following six pervasive skills, which are essential to their success as a CA:

- A – Spelling, Grammar, Punctuation, and Word Usage
- B – Sentences, Paragraphs, and Organization
- C – Formatting
- D – Tone
- E – Audience
- F – Critical Thinking

Why is the rubric used?

The rubric gives students feedback on their communication and critical thinking performance on selected tasks during the CASB program. The purpose of the feedback is to:

- Provide students with detailed assessment of performance on six essential skills
- Help students gauge their progress in developing more professional skills
- Encourage continuous improvement by providing students with a roadmap outlining their stages of progress towards more professional skills
- Prepare students for increased standards as they progress through the CASB program and assume greater responsibilities in their careers

What do the levels in the rubric mean?

A higher level in the rubric means a greater degree of professional communication and/or critical thinking. The highest level for each skill in the rubric corresponds with “Level A” proficiency in the *UFE Candidates’ Competency Map*.

Should students be able to achieve the highest level for each skill?

The highest level for each skill is the expected performance for a CA. Therefore, students should strive to have achieved the highest level in each skill by the end of the CASB program. It is expected that this achievement will take time, patience, and a considerable amount of work.

Does the rubric determine whether students pass a task?

The ratings that students receive on the rubric do not directly affect whether they pass a task. However, the minimum standards for a task often include communication and/or critical thinking elements. Better performance on the rubric makes it less likely that a student will be asked to revise a task. More importantly, better performance will enhance the student’s ability to pass the Uniform Evaluation (UFE) and will increase their value to employers.

How does the rubric compare with the criteria CASB uses for module evaluation?

The rubric addresses the same skills as the pervasive competency criteria for business simulation cases. Improved performance on the rubric therefore, should lead to improved performance on business simulation cases.

What can students do to improve their skills and ratings?

There are several ways in which students can improve their skills and performance ratings:

- Refer to the rubric when completing a task.
- Use the questions and resources in Appendices A-F while preparing a response to a task, to think about the communication and critical thinking aspects.
- Use the rubric ratings received to identify areas for improvement. To avoid becoming overwhelmed, students should focus on improving each skill just one level at a time. It is better to make incremental improvements than to become frustrated by trying to make too many changes all at once.

CASB Communication and Critical Thinking Rubric (revised April 12, 2010)

Skill	Level 1	Level 2	Level 3	Level 4
A – Spelling, Grammar, Punctuation, & Word Usage	<ul style="list-style-type: none"> • Errors in spelling, punctuation, word usage, or grammar interfere with understandability • Use of acronyms or abbreviations interfere with understandability 	<ul style="list-style-type: none"> • Errors exist in spelling, punctuation, word usage, or grammar. Although the errors do not interfere with understandability, they make the communication unprofessional • Acronyms or abbreviations are understandable, but their overuse is unprofessional 	<ul style="list-style-type: none"> • Very few, minor errors exist in spelling, punctuation, word usage, or grammar • Acronyms are used sparingly and only when appropriate 	<ul style="list-style-type: none"> • No errors exist in spelling, punctuation, word usage, or grammar • Acronyms are used sparingly and only when appropriate (same as Level 3)
B – Sentences, Paragraphs, and Organization	<ul style="list-style-type: none"> • Introduction or statement of purpose is missing or is not understandable • Sentences and paragraphs are incomplete, rambling, or awkward • Transitions that would help the reader follow the progression from one idea to the next are lacking • No structure is apparent; ideas and points are disconnected; main points are difficult to identify • Conclusions and/or recommendations are missing or are not understandable 	<ul style="list-style-type: none"> • Introduction or statement of purpose could be stated more clearly or concisely • Sentences and paragraphs are constructed correctly • Transitions are sometimes missing, forced, or artificial • Response is logically organized, but some key points are difficult to identify • Conclusions and/or recommendations could be stated more clearly or concisely 	<ul style="list-style-type: none"> • Introduction or statement of purpose is clear and concise • Sentences and paragraphs are purposeful and concise • Transitions smoothly connect each idea to the next • Response is logically organized and key points are clearly stated • Conclusions and/or recommendations are clear and concise 	<p>In addition to the characteristics described for Level 3:</p> <ul style="list-style-type: none"> • Unnecessary words are eliminated, resulting in the most concise response possible • Overly long sentences and paragraphs are avoided
C – Formatting	<ul style="list-style-type: none"> • Standard formatting is not followed (e.g. memos, letters, reports, working papers, schedules, spreadsheets, etc.) • Additional formatting features that would improve readability are lacking (e.g. headings, spacing, tables, and bullet points) • If headings are used, the text does not match the heading 	<ul style="list-style-type: none"> • Standard formatting is followed • Additional formatting features are used, but could be used more effectively to enhance readability • Bullet points are not adequately explained 	<ul style="list-style-type: none"> • Standard formatting is followed (same as Level 2) • Additional formatting is used effectively, making the document easy to read and helping to convey meaning 	<p>Not applicable: This skill has only 3 levels</p>

(continued)

CASB Communication and Critical Thinking Rubric (continued)

Skill	Level 1	Level 2	Level 3	Level 4
D – Tone	<ul style="list-style-type: none"> • Language used is unprofessional (e.g. offensive, overly familiar, or too casual) 	<p>Tone is generally professional, but:</p> <ul style="list-style-type: none"> • Lacks respect or objectivity (e.g. overly critical when reviewing others' work or "lectures" to user) • Lacks confidence (e.g. fails to provide advice when appropriate) 	<ul style="list-style-type: none"> • Language used is professional (e.g. conveys respect, courtesy, sincerity, objectivity, integrity, and fairness) • Provides advice in a confident, yet sensitive manner • Functions as the user's trusted advisor; anticipates requirements 	<p>Not applicable: This skill has only 3 levels</p>
E – Audience	<ul style="list-style-type: none"> • Writes to the facilitator or to no audience instead of to the user(s) required by the task (i.e. the character(s) in the narrative) • Recites technical terms or other technical material from professional rules or standards without the necessary explanations • Does not identify or address audience strategic objectives • Provides almost no detail or background information; detail consists primarily of quantitative data and/or rules 	<ul style="list-style-type: none"> • Attempts to write to the correct user(s), but style and language are sometimes inappropriate for the user(s) and situation • Restates technical material in own words, but language is either too technical or overly simplified for the user(s) • Only partially identifies and addresses audience strategic objectives • Provides insufficient detail and background for the user(s) and situation 	<ul style="list-style-type: none"> • Style and language are appropriate for the user(s) and situation • Thoroughly identifies and analyzes audience strategic objectives including potential conflicts among stakeholders and/or conflicts of strategic objectives • Provides enough detail and background information for the user(s) and situation, but does not adequately prioritize the most important information (i.e. provides too much information) 	<p>In addition to the characteristics described in Level 3:</p> <ul style="list-style-type: none"> • Adequately resolves potential conflicts among stakeholders and/or conflicts of strategic objectives • Appropriately prioritizes level of detail and background information for the user(s) and situation

(continued)

CASB Communication and Critical Thinking Rubric (concluded)

Skill	Level 1	Level 2	Level 3	Level 4
<p style="text-align: center;">F – Critical Thinking</p>	<p>Overall Evaluation: The response does not identify sufficient information and lacks analysis and judgement.</p> <p>Common Characteristics:</p> <ul style="list-style-type: none"> • Identifies primarily quantitative data, rules, and/or standards • Provides naïve interpretations of quantitative data (e.g. a negative inventory turnover trend proves a misstatement) • Does not identify qualitative factors, or addresses qualitative factors simplistically (e.g. student identifies financial statement users without linking the users to any other aspect of the analysis) • Cites irrelevant information, such as unnecessary definitions • Provides contradictory or illogical statements <p>Reader’s Impression: The response seems to proceed as if the goal is to provide a single, “correct” answer that does not involve analysis or judgement.</p>	<p>Overall Evaluation: The response is partially complete and contains some professional insights, but requires increased objectivity and depth of analysis.</p> <p>Common Characteristics:</p> <ul style="list-style-type: none"> • Identifies relevant data, rules, and/or standards • Only partially identifies qualitative factors • Discusses relevant qualitative factors in a generic manner without consideration of details that are important to the situation at hand • Omits important relevant information, particularly information that might contradict conclusions • Provides an incomplete analysis • Provides arguments that support conclusions, but that are biased because alternatives are not considered objectively <p>Reader’s Impression: The response seems to proceed as if the goal is to prematurely reach a conclusion; one that is supported by evidence but that ignores contradictory information or alternatives.</p>	<p>Overall Evaluation: The response contains thorough analysis, but lacks focus on the most important issues and criteria for drawing conclusions.</p> <p>Common Characteristics:</p> <ul style="list-style-type: none"> • Identifies a comprehensive range of relevant data, rules or standards, and qualitative factors • Provides thorough, logical, objective, and critical analysis of the advantages and disadvantages of each viable alternative • While presenting a thorough analysis, fails to adequately prioritize the most important factors and issues; thus may fail to provide well-supported conclusions and/or recommendations • Provides an excessively long response <p>Reader’s Impression: The response seems to proceed as if the goal is to fully analyze relevant information and to provide a balanced view of alternatives.</p>	<p>Overall Evaluation: The response is complete and insightful and could be used as a model response to the task.</p> <p>Common Characteristics:</p> <ul style="list-style-type: none"> • Focuses attention appropriately on the most important information and issues for the situation • Highlights the most significant advantages and disadvantages of each viable alternative following a thorough, logical, objective, and critical analysis • Addresses underlying issues that are made apparent only through careful and insightful analysis • Provides reasonable support for recommendations and/or conclusions • Identifies solution limitations • Deals appropriately with solution limitations <p>Reader’s Impression: The response seems to proceed as if the goal is to provide well-founded recommendations and/or conclusions based on thorough and objective analysis of information and alternatives.</p>

Appendix A: Skill A – Spelling, Grammar, Punctuation, and Word Usage

Skill A Checklist

While responding to a task or creating other written communications, students can use the following checklist to focus on Skill A.

	Place "X" in Appropriate Box		
	Yes	No	Not Applicable
Was a spell checker used, even for spreadsheets?			
Was correct punctuation used? Consider capitalization, commas, periods, semicolons, and so on.			
Was a grammar checker used? If you have problems identifying grammar errors, consider using more than one grammar checker.			
Are acronyms and abbreviations used sparingly and only when the user would readily understand them?			
Are hyphens used appropriately for compound modifiers? Correct examples include: "tax-free distribution" and "lump-sum payment." For additional suggestions, refer to <i>Hyphenation</i> .			
To ensure the most appropriate choice of words, was a dictionary or thesaurus consulted?			
Was the response proofread to spot typographical or other errors that resulted in a correctly spelled, but wrong word? Examples include "principle" versus "principal", "loose" versus "lose", "there" versus "their", and "defiantly" versus "definitely". For additional examples, refer to <i>Word Usage</i> .			
Would you be comfortable sending this response to a client or other professional user without additional review for spelling, grammar, punctuation, or word usage?			

A number of specific suggestions are provided below.

Word Usage

- *Advice/Advise*
 - "Advice": noun, a recommendation (Example: "The client sought her advice.")
 - "Advise": verb, to give advice (Example: "She advised the client on tax rates.")
- *Affect/Effect*
 - "Affect": verb, to influence (Example: "The news affected my innermost senses.")
 - "Effect": as a noun, a result (Example: "That was the desired effect.")
 - "Effect": as a verb, to cause or produce (Example: "He hoped to effect change.")
- *Among/Between*
 - "Between" introduces two terms and "among" introduces more than two terms (Example: "She has to choose among three main courses and between two desserts.")

- *Assure/Ensure/Insure*
 - “Assure”: to give confidence; to inform positively (Example: “I assure you we can finish the work tonight.”)
 - “Ensure”: to make sure of (Example: “Please ensure you turn off the lights.”)
 - “Insure”: to secure against a loss (Example: “I insure my bike against theft.”)
- *Because/As/Since*
 - To express an unequivocal reason or cause, use “because” instead of “as” or “since”. (Proper example: “She was very excited because her vacation started in two weeks.” Poor usage examples: “She was very excited as her vacation started in two weeks”; “she was very excited since her vacation started in two weeks.”)
- *CAs/CA’s*
 - “CAs”: plural, more than one CA (Example: “CAs provide tax advice.”)
 - “CA’s”: possessive form of CA (Example: “The CA’s computer was broken.”)
- *e.g./i.e.*
 - “e.g.”: for example (Example: “Identify significant balance sheet accounts, e.g. accounts receivable, inventory, and accounts payable.”)
 - “i.e.”: that is; in other words (Example: “The equity accounts, i.e. share capital, contributed surplus, and retained earnings, are on the balance sheet.”)
- *If/Whether*
 - “If”: indicates a condition, choice, or concession (Examples: “If the client does this, the result will be ... If not, the result will be ...”)
 - “Whether”: indicates a choice between two or more circumstances (Example: “The client must decide whether to invest in the company.”)
- *Its/It’s*
 - “Its”: possessive form of it (Example: “The firm improved its competitive position.”)
 - “It’s”: contraction of “it is” or “it has”; used in casual communications (Example: “It’s expected to rain.”) In professional writing, do **not** use this contraction.
- *Fewer/Less*
 - Use “fewer” with nouns that can be counted. (Example: “There are fewer errors than expected.”)
 - Use “less” with nouns that cannot be counted (Example: “He felt less fear.”)
- *Loose/Lose*
 - Loose: adjective – slack, opposite of tight (Example: “The company has loose internal controls.”)
 - Lose: verb – miss, opposite of win (Example: “I always lose my keys.”)
- *More than/Over*
 - More than: use “more than” when you can quantify the amount (Example: “That cat weighs more than 15 pounds.”)
 - Over: “over” is a spatial relationship (Example: “My hand is over the table.”)
- *Principal/Principle*
 - Principal: adjective – major, primary, leading; or noun – head of a school, leader, high-level individual, owner (Adjective example: “Tania’s principal objective is to achieve business growth”; noun example: “Tania is the principal of Mogen Flowers.”)
 - Principle: noun, fundamental law, rule, or theory (Example: “Accounting methods often rely on the cost principle.”)

- That/Which
 - Use “that” with restrictive clauses, needed for the sentence to make sense. (Example: “The cat went through the door that was red.”)
 - Use “which” with non-restrictive clauses, not required for the sentence to make sense. (Example: “The door, which was red, was open.”)
- Who/Whom/That
 - “Who”: object and person (Example: “The partner who is in charge of audit met with the client.”)
 - “Whom”: indirect object and person (Example: “The client to whom the letter was addressed met with the partner.”)
 - “That”: things, organizations, and groups (Example: “The letter that was sent to the client identified the major recommendations.”)

Hyphenation

- Use hyphens for most compound modifiers (e.g. tax-free distribution and lump-sum payment).
- Close up compound words and prefixed words wherever possible, except where a double vowel is created (e.g. pro-active, pre-existing).
- Hyphenate words with “related” and “specific” when used as modifiers (e.g. company-related data, client-specific requirements).

Pronouns

- Use “his or her,” “himself or herself,” and “he and she.” When referring to one person whose gender could be male or female, do not use “their,” “themselves,” or “them.”
- Use “it or its” and not “they, them, or their” when referring to a company or other organization.

Additional Guidance

Additional guidance for spelling, grammar, punctuation, and word usage can be found in the following resources:

- *Canadian Oxford Dictionary*
- Canadian Press books (available in print or online subscription at www.thecanadianpress.com/products_and_services.aspx?id=86):
 - *The Canadian Press Stylebook*
 - *The Canadian Press Caps and Spelling*
- C.B. May and G.S. May, “Standard English: Grammar, Punctuation, and Spelling,” Chapter 5 in *Effective Writing: A Handbook for Accountants* (8e), Upper Saddle River, NJ: Pearson Prentice Hall, 2009.
- Web sites, such as:
 - University of Toronto, *Advice on Academic Writing*:
 - *Punctuation* (www.writing.utoronto.ca/advice/style-and-editing/punctuation)
 - *Plurals* (www.writing.utoronto.ca/advice/style-and-editing/plurals)
 - *Hit Parade of Errors* (www.writing.utoronto.ca/advice/style-and-editing/hit-parade-of-errors)
 - *Using Articles* (www.writing.utoronto.ca/advice/english-as-a-second-language/articles)

- *Guide to Grammar and Style*
(<http://andromeda.rutgers.edu/~jlynch/Writing/contents.html>)
- *Daily Writing Tips* (www.dailywritingtips.com/)
- *Online Writing Lab* (<http://owl.english.purdue.edu/owl/>)
- *When Do You Need to Use a Hyphen for Compound Words?*
(www.apastyle.org/tipweek102901.html)

Appendix B: Skill B – Sentences, Paragraphs, and Organization

Skill B Checklist

While responding to a task or creating other written communications, students can use the following checklist to focus on Skill B.

	Place "X" in Appropriate Box		
	Yes	No	Not Applicable
Does each sentence contain a complete thought?			
When appropriate, are sentences written in an active voice?			
When appropriate, are complex sentences revised so that separate thoughts are placed in separate, simpler sentences?			
Has the response been rewritten to avoid clumsy sentences or misleading phrases? Consider proofreading the response out loud or having a computer program read the response to you.			
Are all unnecessary phrases deleted? As a test, delete a phrase and consider whether any intended meaning is lost.			
Does each paragraph cover only one topic?			
Have long paragraphs been revised and broken down into multiple, shorter paragraphs, or bullet points?			
Is the response logically organized? Memos and similar responses should typically contain an introduction, a series of key points, and a conclusion.			
When appropriate, do transition words or phrases help the user follow connections between sentences, ideas, or paragraphs?			
Will the user be able to easily locate all key points?			
Are all key points adequately explained?			
Would you be comfortable sending this response to a client or other professional user without additional review for writing clarity or organization?			

A number of specific suggestions are provided below.

Conciseness

Writing concisely will improve the professionalism of communications and will make it easier to respond to CASB tasks within designated page lengths.

To write more concisely:

- Determine the audience to whom the communication is directed.
- Modify the amount of detail, based on audience knowledge.
 - If explaining a technical issue to a non-accountant audience, avoid jargon and acronyms. However, provide enough detail to explain basic concepts.

- If communicating to a CA, use technical terminology and avoid explaining issues the CA should already know.
- Ensure the communication addresses only relevant issues.
- Reduce wordiness (see suggestions below).

To reduce wordiness, try the following techniques:

- Question the usefulness of every word and phrase
- Avoid redundancy (see examples below)
- Replace passive verbs with active verbs
- Use specific, rather than vague words
- Convert clauses or phrases into single words
- Combine two or more sentences into a single, more concise sentence
- Remove unnecessary explanations
- Omit repetition

Some examples of redundancy are:

- The methods are **both** alike
- A **total** tax of 25% will be assessed
- This method is **exactly** the same as the other method
- This audit practice is **absolutely** required
- Last year's audit **previously** found
- If the errors are small **in size**
- The requirements are **one and** the same
- The treatment must be **completely** consistent

(Adapted from "How Do You Avoid Redundancy?" (www.apastyle.org/tipweek071601.html))

Additional Guidance

Additional guidance for sentences, paragraphs, and writing basics can be found in the following resources:

- C.B. May and G.S. May, "The Flow of Thought: Organizing for Coherence," Chapter 3 in *Effective Writing: A Handbook for Accountants* (8e), Upper Saddle River, NJ: Pearson Prentice Hall, 2009.
- C.B. May and G.S. May, "A Sense of Style: Writing with Conciseness and Clarity," Chapter 4 in *Effective Writing: A Handbook for Accountants* (8e), Upper Saddle River, NJ: Pearson Prentice Hall, 2009.
- Web sites, such as:
 - University of Toronto, *Advice on Academic Writing*:
 - *Wordiness: Danger Signals and Ways to React* (www.writing.utoronto.ca/advice/style-and-editing/wordiness)
 - *Hit Parade of Errors* (www.writing.utoronto.ca/advice/style-and-editing/hit-parade-of-errors)
 - www.dailywritingtips.com/
 - <http://owl.english.purdue.edu/owl/>, including:
 - *Conciseness* (<http://owl.english.purdue.edu/owl/resource/572/01/>)
 - *Eliminating Words* (<http://owl.english.purdue.edu/owl/resource/572/02/>)
 - *Changing Phrases* (<http://owl.english.purdue.edu/owl/resource/572/03/>)
 - *Things to Avoid* (<http://owl.english.purdue.edu/owl/resource/572/04/>)

Appendix C: Skill C – Formatting

Skill C Checklist

While responding to a task or creating other written communications, students can use the following checklist to focus on Skill C.

	Place “X” in Appropriate Box		
	Yes	No	Not Applicable
Does the response follow standard formatting (e.g. memo, letter, schedule, working paper, spreadsheet, and report)?			
Are schedules or spreadsheets properly labelled so that the user can understand the content?			
When appropriate, are headings and subheadings used to make it easier for the user to navigate through the text?			
When appropriate, are bullet points used to make it easier for the user to identify key points?			
When bullet points are used, is an adequate explanation provided? Will the user understand the content of the bulleted item?			
Does spacing contribute to appearance and readability?			
Does the response follow all directions given in the task for formatting and maximum page length?			
Would you be comfortable sending this response to a client or other professional user without additional formatting revisions?			

A number of specific suggestions are provided below.

Formatting Requirements for CASB Tasks

CASB policy: All Word documents must be single-spaced, with 12-point Arial font and one-inch margins. This policy ensures that task length requirements are applied consistently.

If the above requirements are not met, the facilitator will reject the submission without review and the task will be recorded as REVISION REQUIRED.

Memo Formatting

A memo contains some or all of the following elements:

- A standard form (To:, From:, Date:, Subject:). A memo should NOT contain a salutation or a closing signature.
- An organization name and job titles. This is optional for internal memos, but recommended for memos to outside recipients.
- An introduction or statement of purpose; analysis and/or points; and recommendations and/or conclusions.
- Headings and bullet points, to improve readability. All bullet points should contain complete thoughts. *Note: The Board of Examiners has complained about inadequate explanations in bullet points on the UFE.*
- Computations, which might be presented in the text or in an attached spreadsheet

- Tone, which might be formal or informal, depending on the audience and situation
- A closing segment, such as “Please contact me if you would like to discuss these issues.” (Optional)

For an example of proper memo formatting, refer to *Sample Task: Sample Answer* in Appendix G (page 26).

Spreadsheet Formatting

Spreadsheets should be formatted so that the recipient can readily understand the calculations and information presented. To enhance comprehension, use headings and explanations.

The amount of calculation detail shown depends on the audience. During case evaluations, calculations must be understandable without reading cell formulas. Cell referencing however, should be used to make calculations.

For an example of proper spreadsheet formatting, refer to the attachment to *Sample Task: Sample Answer* in Appendix G (page 27).

Letter Formatting

In addition to the requirements described above for a memo, a letter requires a formal salutation and both a typed and handwritten signature. A letter is usually more formal than a memo and provides more detail and in-depth explanation.

Email Formatting

Email is a fast and efficient way to communicate. However, email messages require as much attention to the quality of communication as any other form of business writing.

Additional Guidance

Additional guidance for formatting of business communications can be found in the following resources:

- C.B. May and G.S. May, “Format for Clarity: Document Design,” Chapter 6 in *Effective Writing: A Handbook for Accountants* (8e), Upper Saddle River, NJ: Pearson Prentice Hall, 2009.
- Web sites, such as:
 - *Revising and Editing* (www.writing.utoronto.ca/advice/style-and-editing/revising)
 - *Writing for Results* (http://writingforresults.net/Acro_3/4_msg/2_format/0_frmt.pdf)
 - *Best Practices for Bullet Points* (www.businesswritingblog.com/business_writing/2005/12/the_best_of_bul.html)
 - *How to Write a Business Memo* (www.hodu.com/memo-writing.shtml)

Appendix D: Skill D – Tone

Skill D Checklist

While responding to a task or creating other written communications, students can use the following checklist to focus on Skill D.

	Place "X" in Appropriate Box		
	Yes	No	Not Applicable
Does the response avoid unprofessional language that is offensive, overly familiar, too casual, or discriminatory?			
Is the response courteous and sincere?			
Is the response written at an appropriate level of formality versus informality and friendliness? Examples include "cannot" versus "can't" and "I trust the above resolves your questions" versus "I know this is a lot to consider."			
Does the response convey confidence, but not arrogance?			
Is the response respectful and objective, even when communicating a negative message such as criticism of someone else's work or idea?			
Does the response maintain the profession's overriding commitment to integrity?			
By demonstrating leadership and addressing important issues beyond the user's immediate concerns, does the response fulfill the professional role of a trusted advisor?			
Would you be comfortable sending this response to a client or other professional user without additional review for its tone?			

A number of specific suggestions are provided below.

Examples of Unprofessional vs. Professional Tone

Unprofessional:	Professional:
Sales increased by a whopping 80%.	Sales increased by 80%.
You can't take a deduction for...	You cannot take a deduction for...
Be sure to keep in mind that...	Note that... (Or, for conciseness, delete the phrase)
The importance of this issue cannot be overrated.	This issue is important because...
You need to be able to look at both sides of the coin.	This approach has advantages and disadvantages.
I've gone over your question...	I have analyzed...
I do believe that taking the deduction now would be more beneficial...	Taking the deduction now would be more beneficial because...
The accountant completely forgot to...	The accountant did not...

Additional Guidance

Additional guidance for tone within a business context can be found in the following resources:

- C.B. May and G.S. May, "Tone," pp. 68-69 in Chapter 4, "A Sense of Style: Writing with Conciseness and Clarity," *Effective Writing: A Handbook for Accountants* (8e), Upper Saddle River, NJ: Pearson Prentice Hall, 2009.
- Web sites, such as:
 - *Tone in Business Writing* (<http://owl.english.purdue.edu/owl/resource/652/01/>)

Appendix E: Skill E – Audience

Skill E Checklist

While responding to a task or creating other written communications, students can use the following checklist to focus on Skill E.

	Place "X" in Appropriate Box		
	Yes	No	Not Applicable
When appropriate, was the user (i.e. the audience) clearly identified?			
Would all terminology in the response make sense to the user?			
For an unsophisticated user, was technical language and jargon replaced with nontechnical words and explanations?			
For a sophisticated user, was technical language or jargon appropriate for the circumstances?			
Given the user's knowledge of the subject matter, is the degree of detail appropriate?			
Does the response focus on the user's strategic objectives? <i>Note: The objectives might not be explicitly stated in the narrative or task.</i>			
Does the response resolve or prioritize any conflicts among stakeholders or strategic objectives?			
Would you be comfortable sending this response to a client or other professional user without additional review to ensure that it meets the needs of the audience?			

A number of specific suggestions are provided below.

Audience for a CASB Task

The audience is the intended user of any communication required by a task. Users include the recipient and other stakeholders who might rely on the communication.

When completing the task:

- Consider the knowledge level and expectations of the audience.
- Develop a mental picture of the users.
- Unless the task calls for a direct quote, write using your own words rather than quoting from professional resources.

You might choose to focus on two broad categories of audiences: *sophisticated* and *unsophisticated* users, and adjust your writing style accordingly.

Sophisticated Users

A sophisticated user, such as a CA, already has at least a basic understanding of the issues or topics being discussed. There is no need to explain terminology or matters that someone with an accounting background would already understand; however, a sophisticated audience typically expects explanations and in-depth analyses for complex technical material and critical issues.

Unsophisticated Users

An unsophisticated user expects the CA to explain terminology and complex issues in plain language. It is best to avoid jargon, such as CCA, defalcation, or CICA Handbook, and instead to use terms that are readily understandable to one who lacks accounting knowledge. Enough detail should be provided so that the user understands the major issues and can act on that information.

Additional Guidance

Additional guidance for audience within a business context can be found in the following resources:

- C.B. May and G.S. May, “Analyzing the Readers,” pp. 16-18 in Chapter 2, “The Writing Process: An Overview,” *Effective Writing: A Handbook for Accountants* (8e), Upper Saddle River, NJ: Pearson Prentice Hall, 2009.
- Web sites, such as:
 - *Audience Analysis* (<http://owl.english.purdue.edu/owl/resource/629/01/>)
 - *Effective Workplace Writing: Rhetorical Awareness and User-Centered Design* (<http://owl.english.purdue.edu/owl/resource/624/01/>)

Appendix F: Skill F – Critical Thinking

While responding to a task or other requirement, students can use the checklists below to focus on Skill F. Three checklists are provided for the following aspects of critical thinking:

- Identifying the Nature of the Problem and Viable Alternatives
- Exploring Information, Alternatives, and Issues
- Weighing Issues and Priorities for Reaching Well-Founded Conclusions

Skill F Checklist: Identifying the Nature of the Problem and Viable Alternatives

	Place "X" in Appropriate Box		
	Yes	No	Not Applicable
Does the response describe the problem?			
Does the response identify all of the viable alternatives?			
<p>Additional questions for reflection:</p> <ol style="list-style-type: none"> 1. When recommending a course of action, does the problem have a single viable solution, or does it have more than one viable alternative? How did you decide? 2. When performing financial analyses and/or risk assessment, does the problem have a single appropriate conclusion, or does it have more than one potentially appropriate conclusion? How did you decide? 			

Skill F Checklist: Exploring Information, Alternatives, and Issues

	Place "X" in Appropriate Box		
	Yes	No	Not Applicable
<p>Does the response address a comprehensive range of relevant information and issues? Relevant information might include:</p> <ul style="list-style-type: none"> • Rules or standards • Quantitative data • Qualitative factors • Data from previous weeks' narratives or tasks 			
<p>When evaluating alternatives, does the response analyze the advantages and disadvantages of each viable alternative?</p> <p>Analyses might include:</p> <ul style="list-style-type: none"> • Likely outcomes • Feasibility of implementation • Effectiveness for addressing the problem <p><i>Note: Analyses should NOT usually be performed for impractical or inappropriate alternatives.</i></p>			

When performing financial analyses and/or risk assessment, does the response consider a range of factors? Factors might include: <ul style="list-style-type: none"> • Changes in economic circumstances or business operations • Degree of validity and reliability of measures used • Comparability of data to prior periods, industry, or other benchmarks • Whether results are unusual 			
When applicable, does the response consider different interpretations of the rules or standards for the facts and situation?			
<p>Additional questions for reflection:</p> <ol style="list-style-type: none"> 1. Are you satisfied that you adequately explored the relevant information for this problem? In your answer, explain what it means to “adequately explore” information for a problem. 2. When you began working on this problem, did you have a preference for one conclusion? When identifying information and conducting analyses, how did you maintain objectivity? 			

Skill F Checklist: Weighing Issues and Priorities for Reaching Well-Founded Conclusions

	Place “X” in Appropriate Box		
	Yes	No	Not Applicable
Does the response identify and address the user’s needs and strategic objectives? <i>Note: The needs and objectives might not be explicitly stated in the narrative or task.</i>			
Are the recommendations or conclusions consistent with the user’s strategic priorities?			
If conflicts exist among stakeholders or strategic priorities, are appropriate criteria established for reaching conclusions?			
Does the response identify and address important limitations to the recommendations or conclusions?			
<p>Additional question for reflection:</p> <ol style="list-style-type: none"> 1. Explain how you weighed issues and priorities to provide a recommendation or reach a conclusion for this problem or task. 			

A number of specific suggestions are provided below.

Outline vs. List

An outline is a series of points accompanied by brief explanations.

A list is a series of points, such as relevant facts or considerations. Unless stated otherwise, no explanations or definitions are expected.

Discuss vs. Define

In the context of business communication, “discuss” means to identify the topic or problem, consider both positive and negative issues, and provide an objective recommendation.

In the context of business communication, “define” means to identify an issue and provide a comprehensive description.

Additional Guidance

Additional guidance for critical thinking can be found in the following resources:

- C.B. May and G.S. May, “Critical Thinking,” Chapter 7 in *Effective Writing: A Handbook for Accountants* (8e), Upper Saddle River, NJ: Pearson Prentice Hall, 2009.
- Web sites, such as:
 - *Tutorial* (<http://www.wolcottlynch.com/Tutorial.html>)
 - *Becoming a Critic of Your Thinking* (www.criticalthinking.org/articles/becoming-a-critic.cfm)
 - *Critical Thinking: Distinguishing Between Inferences and Assumptions* (www.criticalthinking.org/articles/ct-distinguishing-inferences.cfm)
 - *Universal Intellectual Standards* (www.criticalthinking.org/articles/universal-intellectual-standards.cfm)
 - *Developing as Rational Persons: Viewing Our Development in Stages* (www.criticalthinking.org/articles/sts-developing-rational-persons.cfm)

Appendix G: Sample Task with Responses and Rubric Ratings

This appendix provides a sample narrative and task, facilitator assessment resources, six sample student responses and, for each response, rubric ratings with comments.

Sample Narrative and Task

Tania Mogen is the proprietor of Mogen Flowers in Regina, Saskatchewan. Tania is 37 years old, married, and has three children, aged 3, 7, and 9. Tania's husband, Aaron, is a 43 year-old salesperson for a Toyota car dealership. Tania was a high school teacher for 12 years before she decided to embark on a career change and opened Mogen Flowers, which has now been in business for two years. Tania's only source of income is from the business. Depending on the demand for automobiles, Aaron earns between \$25,000 and \$80,000 a year.

The CA firm of Paget and Sorkin (P&S) provides a number of services for Tania and her business, including a review engagement on the proprietorship's financial statements, preparation of personal tax returns, business consulting, and general financial planning.

Tania plans to expand her business by moving to a larger location with more pedestrian traffic. At the end of last year, Tania had P&S prepare a cash flow forecast for the current year. Until now, Tania has relied on other family members for financing. While they have been very supportive, Tania does not wish to burden them with any additional financial responsibility or risk. She has approached her bank for a loan, and the bank appears to be quite willing to provide the requested funds at an interest rate of 9% per annum.

This week you will be an associate with P&S.

This morning you open up an email from Stuart Kellogg, the partner in charge of the Mogen Flowers account.

To: Associate
From: Stuart Kellogg
Date: January 14, 2008

RE: Tania Mogen, Mogen Flowers

Tania is having second thoughts about taking out a bank loan for her business expansion. She has approximately \$65,000 in her teacher's pension that she could withdraw. Under the terms of the pension plan, Tania must withdraw the entire amount and forego any entitlement to regular pension payments when she turns 60. If she transfers her pension to an RRSP, it would have to be transferred to a locked-in RRSP where she could not withdraw any funds until the age of 60. Tania currently does not have an RRSP. Her husband, Aaron, has an RRSP currently worth approximately \$255,000. Tania is not sure whether it is better to cash in her teacher's pension now – to

avoid the bank loan – or to keep the pension intact and receive pension payments starting at age 60.

Please prepare a memo to Tania outlining the implications of her decision. She has a meeting with her banker in a couple of days, and she's wondering whether she should cancel it.

Task: Tania is thinking about withdrawing the money from her pension plan instead of taking out a loan to finance her business expansion. Prepare a response to Tania.

Your memo should be NO LONGER than two (2) pages.

Sample Task: Additional Information that is Relevant to Student Performance

Student role:	Staff associate at the CA firm of Paget and Sorkin (P&S)
Audience:	Tania Mogen, proprietor of Mogen Flowers
Resources students were required to use:	None
Additional resources that students should use:	<i>Canadian Tax Principles</i> or other tax advisory guide
Other relevant factors:	<p>Students have not previously addressed a task involving withdrawal of funds from a pension plan. However, students have previously prepared a tax return using tax preparation software.</p> <p>Students should access the following relevant pieces of information from narratives and tasks for previous weeks:</p> <ul style="list-style-type: none"> • Last November, you prepared the cash flow forecast and estimated that, before financing, Mogen Flowers will have a cash deficiency of \$42,170. Some of the assumptions used in the forecast are as follows: <ul style="list-style-type: none"> ○ Tania expects net income from the business this year to be about the same as last year. ○ The significant impacts of the expansion are not expected to occur until next year. • Net income for Mogen Flowers was \$17,500 last year.

Sample Task: Minimum Response Elements for Technical Knowledge

To be deemed a competent response, the student **MUST** provide, as a minimum, each of the following elements:

- An explanation that the pension withdrawal would be taxed at Tania's marginal tax rate(s) whereas, if the money is left in the plan or is converted to a locked-in RRSP, no taxes would be paid until retirement
- An estimation of the tax effect using the marginal rate(s), which is affected by other sources of taxable income:
 - Tania's income from self-employment of \$17,500 (based on the assumption from the previous cash flow forecast)
 - Both federal and provincial taxes and tax credits
- A determination as to whether the after-tax cash flow from withdrawing the pension plan assets would be sufficient to meet the company's forecasted cash flow deficit of \$42,170 (calculated during the previous week)
- An explanation and identification of at least two qualitative factors; at least one of the qualitative factors must be related to an issue other than taxes. Qualitative factors might include the following:
 - The likelihood of a lower tax rate if the pension is drawn down after age 60
 - Qualification for a \$2,000 pension income credit if not withdrawn until age 60, resulting in additional tax savings
 - The ready availability of a bank loan at 9%, with a lower after-tax rate
 - The need to repay the bank loan even if the business expansion is unsuccessful
 - The need to save for retirement, affected by additional factors such as:
 - Tania's current age of 37
 - An increased ability to save for retirement later, if the business is successful
 - A tax-free growth of assets resulting from leaving money in the pension plan
 - Aaron's expected annual range of income
 - Aaron's RRSP
- Recommendation(s) consistent with the issues discussed. Depending on quantitative calculations, qualitative factors discussed, and assumptions about Tania's priorities, the actual recommendation(s) might vary from student to student.

Note: Performance on a task is not evaluated exclusively on technical knowledge; some tasks also have minimum response elements for communication and critical thinking.

Sample Task: Sample Answer

Paget and Sorkin, Chartered Accountants
MEMO

To: Tania Mogen
From: Associate
Date: January 18, 2008

Re: Implications of Withdrawing Pension Funds to Finance Expansion

You have asked us to provide you with information about the effects of financing your business expansion by withdrawing money from your pension plan instead of borrowing from the bank.

Your teacher's pension plan is currently worth \$65,000. You may withdraw only the full amount in the pension plan, and the proceeds would be taxed immediately. Based on the calculations shown in the attached schedule, we estimate that you would pay taxes of \$21,069, which amounts to more than 30% of the distribution. After taxes, the net cash available for investing in your business would be \$43,931 (\$65,000–\$21,069). According to the cash flow forecast we prepared last November, this amount exceeds your estimated cash requirement of \$42,170. Therefore, if you withdraw money from your pension plan, you could probably avoid borrowing any money from the bank.

Nevertheless, for several reasons we recommend that you borrow from the bank instead of withdrawing money from your pension plan. These reasons are as follows:

- The taxes you pay now are at a higher rate than you would probably pay in the future. Not only would you likely be in a lower tax bracket after you retire, but you would also receive a pension income credit. Based on current tax regulations and as shown in the attached schedule, the pension income credit would save you \$410 per year.
- Interest on the bank loan will reduce your taxable income, so the loan would cost you less than 9%. Assuming a combined federal and provincial tax rate of 26%, the bank loan would cost you only 6.7% after tax savings.
- Saving for retirement is important for your future financial well-being. Although Aaron has sizable savings in his RRSP account, leaving your pension account alone or transferring it to a locked-in RRSP, which is your only other option, would provide you with a more secure future.

The most significant drawback of borrowing from the bank is that, if your business is unsuccessful, you would still personally owe the money to the bank. The financial success of your business depends primarily on your ability to generate forecasted sales revenue. If you have major doubts about the forecasted revenues, then you may want to rethink the business expansion.

We will be happy to discuss these issues with you in detail in order to help you make a decision that meets both your short-term and long-term goals.

(Attachment)

	Current Year Tax	
	No Withdrawal	Withdraw Pension
Self-employment income	17,500	17,500
Withdrawn pension		65,000
Deduction for CPP on self-employment earnings	(693)	(693)
Taxable income	16,807	81,807
Federal tax		
up to \$37,885 (15%)	2,521	5,683
\$37,886 to \$75,769 (22%)		8,334
more than \$75,769 (26%)		1,570
Federal tax personal credits		
Personal amount (\$9,600 x 15%)	(1,440)	(1,440)
CPP on self-employment earnings ((\$17,500-\$3,500) x 9.9%)	(1,386)	(1,386)
Provincial tax		
up to \$39,135 (11%)	1,849	4,305
\$39,136 to \$111,814 (13%)		5,547
Provincial tax personal credits		
Personal amount (\$12,945 x 11%)	(1,424)	(1,424)
CPP on self-employment earnings	(693)	(693)
Taxes payable	(573)	20,496
Incremental tax effect of withdrawal (\$20,496-(\$573))		21,069
After-tax incremental proceeds of withdrawal (\$65,000-\$21,069)		43,931

Calculation of Pension Credit:			
	Base	Rate	Credit
Federal	2,000	15%	300
Provincial	1,000	11%	110
Total			410

Sample Task: Response of Student #1

To: Tania
From: CA Student
Re: Pension plan

Dear Tania,

Your two options for financing your business expansion are to borrow funds from the bank at 9% per annum or take a lump-sum payment now from your teacher's pension. If you borrow money from the bank you can leave money in your pension plan and begin receiving payments when you are 60 years old in instalments.

If you decide to receive your payments monthly once you turn 60 years old, you will have to report the amount as other income on your tax return. The amount you accumulate each year will be taxed at the normal rate, which is 26%. This rate is based on information you supplied us when we completed your cash flow projection.

If you decide you want to withdraw the entire amount in one lump-sum, you will be taxed at a higher rate, shown below:

10% on the first \$5,000
20% on the next \$10,000
30% on over \$15,000

In your case:

.10 x \$5,000 = \$500
.20 x \$10,000 = \$2,000
.30 x \$50,000 = \$15,000

Total \$17,500 taxes withheld on amount

You should consider both options before you make a decision.

Regards,

CA student

Sample Task: Ratings and Comments for Response of Student #1

Skill:	Rating:	Comments:
A – Spelling, Grammar, Punctuation, and Word Usage	3	<ul style="list-style-type: none"> Hyphenation error: “lump-sum payment” is correctly hyphenated but “one lump-sum” is not In the third paragraph, the word “taxes” is used instead of “taxed”
B – Sentences, Paragraphs, and Organization	1	<ul style="list-style-type: none"> The first paragraph contains two subjects that seem to be disconnected The purpose is unclear The conclusion is vague
C – Formatting	1	<ul style="list-style-type: none"> The date is missing The client’s first and last names should be used in the address The memo includes some features of a letter The table of numerical calculations should be indented or provided as an attachment The numerical table is hard to read, particularly for a non-accountant, and does not clearly convey the difference in tax rates
D – Tone	2	<ul style="list-style-type: none"> The absence of recommendations suggests a lack of confidence as the user’s trusted advisor
E – Audience	2	<ul style="list-style-type: none"> Strategic objectives beyond a lower cost alternative are not addressed Some information is extraneous, such as telling the client that pension payments are reported as other income The user’s desire to finance the business expansion is not addressed adequately
F – Critical Thinking	1	<ul style="list-style-type: none"> Only quantitative data are addressed It is not clearly stated that after-tax proceeds from a pension withdrawal are expected to be greater than the money needed for business expansion (i.e. $\\$65,000 - \\$17,500 > \\$42,170$) The option having the higher tax rate is identified without providing an explicit recommendation <p><i>Note: The error in calculation of the tax effect is part of the technical competency and does not affect the critical thinking rating.</i></p>

Sample Task: Response of Student #2

To: Tania
From: Associate
Subject: Bank Loan vs. Pension plan withdrawal

Registered pension Plan is the plan established by a contract between the employer and employee to provide an annual contribution by the employer that will provide a benefit that will be based on the funds available at the time of retirement. If you would withdraw your pension plan it would be taxable upon receipt. Your husband already expects income of between \$25,000 and \$80,000 in the year and you have the income from your business that put you in a high tax bracket.

The \$65,000 withdrawal will create additional tax liability for your family. If you take money from your pension plan you will have to pay \$28,405 which is 43.70% (29%+14.7%) of federal and provincial taxes.

You can avoid this high taxation on the pension received from the plan at the time you retire by taking smaller amounts each month.

Withdrawing pension plan will also leave you without pension payments for retirement.

Taking bank loan of \$65,000 creates a long-term liability but you will be able to deduct interest expense on a loan for tax purposes and this way reduce your income taxes payable and still have your pension for the time of retirement. Taking loan will provide you with more value for your money.

Sample Task: Ratings and Comments for Response of Student #2

Skill:	Rating:	Comments:
A – Spelling, Grammar, Punctuation, and Word Usage	1	<ul style="list-style-type: none"> There are several errors, some of which make the text difficult to understand (e.g. the first seven words of the memo contain five errors)
B – Sentences, Paragraphs, and Organization	1	<ul style="list-style-type: none"> There is no introduction or statement of purpose The definition of a pension contract is unnecessary and seems unrelated to the rest of the memo The organization of material into paragraphs often seems to be random Two paragraphs contain only a single sentence each The conclusion is attached to the end of a paragraph that discusses an issue
C – Formatting	1	<ul style="list-style-type: none"> The date is missing The client’s first and last names should be used in the address
D – Tone	2	<ul style="list-style-type: none"> The tone is that of providing a set of “facts” rather than providing advice
E – Audience	2	<ul style="list-style-type: none"> The user’s main objectives are addressed Partly Level 1: The initial definition is not needed by the user
F – Critical Thinking	2	<ul style="list-style-type: none"> Fails to point out that after-tax proceeds from pension withdrawal are expected to be less than the amount of money needed for business expansion (i.e. \$65,000-$\\$28,405 < \\$42,170$), which leads to an inappropriate and biased conclusion Beyond the tax effects of pension withdrawal, two qualitative factors are provided (the need to save for retirement and the tax-deductibility of loan interest) Partly Level 1: An unnecessary definition of a pension contract is provided <p><i>Note: The error in calculation of the tax effect is part of the technical competency and does not affect the critical thinking rating.</i></p>

Sample Task: Response of Student #3

Paget and Sorkin, Chartered Accountants

To: Tania Mogen
From: CA Student
Date: January 18, 2008
RE: Possible Pension Plan Withdrawal

Withdrawing your teacher's pension funds as a lump-sum will have immediate tax consequences as the \$65,000 withdrawal will be considered taxable income. For the sake of simplicity, I will assume that your only other income will be from Mogen Flowers, which is approximately \$17,500. I am ignoring any investment income you may receive, any RRSP contributions you will make and any tax credits you may be entitled to.

If you borrow money from the bank, you will leave your pension funds in the plan and receive your pension cheques beginning at age sixty. This has no immediate income tax effects for the pension plan. You can defer the tax bill until you begin making withdrawals at age 60. The main benefit would be to allow your savings to grow at a tax free rate until you begin making withdrawals.

If you leave the pension in, you will pay federal tax of 15% and provincial tax of 11% for a total tax rate of 26%. Your tax bill will be approximately \$4,550 ($\$17,500 \times 26\%$). If you take the \$65,000 out of your pension plan, your taxable income will be approximately \$82,500. At this level of income, your tax bill is calculated in the attached excel spreadsheet. Your total tax bill would be approximately \$25,439. This amount of tax effectively reduces the "loan" you are taking out of your pension plan. The interest rate of 9% that you will pay on a bank loan will be nowhere near \$25,439. The interest you would pay on the bank loan is also tax deductible business expense.

You have a little more than 20 years until you reach age 60 and can begin receiving your pension cheques. The value of tax free accumulation of your pension funds should not be overestimated. We recommend that you keep your pension funds locked in until age 60 and take out the bank loan.

[The spreadsheet schedule showing calculations is omitted here.]

Sample Task: Ratings and Comments for Response of Student #3

Skill:	Rating:	Comments:
A – Spelling, Grammar, Punctuation, and Word Usage	3	<ul style="list-style-type: none"> Hyphenation errors: “lump-sum” should not be hyphenated and “tax free” should, as in “tax-free rate” and as in “tax-free accumulation”; “tax deductible” should be hyphenated, as in “tax-deductible expense”
B – Sentences, Paragraphs, and Organization	2	<ul style="list-style-type: none"> The introduction focuses on the pension withdrawal rather than on the decision as to how to finance the business expansion The concluding paragraph seems disconnected from the rest of the response
C – Formatting	2	<ul style="list-style-type: none"> Some of the text, particularly the third paragraph, is dense and could be reformatted for better readability
D – Tone	2	<ul style="list-style-type: none"> The tone is confident and is generally appropriate except: <ul style="list-style-type: none"> The memo includes some lecturing: “The value of tax free accumulation of your pension funds should not be overestimated.” The wording sometimes suggests low-quality analysis: “For the sake of simplicity...” The use of “nowhere near” is too casual
E – Audience	2	<ul style="list-style-type: none"> The user’s desire to finance the business expansion is not addressed adequately Partly Level 3: Appropriate language and degree of detail for the user is present
F – Critical Thinking	2	<ul style="list-style-type: none"> Beyond the tax effects of pension withdrawal, two qualitative factors are provided (the tax-free accumulation of pension plan savings and tax deductibility of loan interest) Fails to point out that after-tax proceeds from pension withdrawal are expected to be less than the amount of money needed for business expansion ($\\$65,000 - \\$28,405 < \\$42,170$), which leads to an inappropriate and biased conclusion <ul style="list-style-type: none"> The conclusion is not adequately explained <p><i>Note: The error in calculation of the tax effect is part of the technical competency and does not affect the critical thinking rating.</i></p>

Sample Task: Response of Student #4

To: Tania Mogen
From: Student #4
Re: Pension Plan Options

Dear Tania,

I am writing in regards to your questions about whether to take a lump-sum payment from your teacher's pension plan instead of taking out a loan from the bank. You have two options to consider for the pension plan: withdraw a lump-sum of \$65,000 now, or receive pension cheques once you reach the age of 60. There are various factors that you must consider when making this decision.

Firstly, there are tax issues that must be considered. If you elect the lump-sum payment, this means that you are taxed on the full amount received right away.¹ This amount would be included in your annual income if your intent is to withdraw the money in order to use instead of a bank loan. Therefore, you will be taxed at a high amount since your annual income will include not only this \$65,000, but also your business income for the year (you estimated \$17,500). Due to the compounded income, you will be taxed in a much higher tax bracket than you would be if you elected the annual payments at 60 when this pension income is your only source of income. The pension income you will receive per year over and above your business income is not large enough to affect your tax bracket very much, if at all. Therefore, when comparing strictly the taxes you will end up paying, electing the annual payments after 60 would be much less costly.

Although you did mention that if you were to elect the lump-sum payment it would be so that you would not need a bank loan, I would like to bring to your attention that the only way that this lump-sum withdrawal would not incur taxes immediately is if you were to invest those funds into another type of pension plan. If this would be the case, the funds could be transferred tax-free, however, if you are intending to use this lump-sum as money for your business, you would be taxed on the full amount immediately. Below is an estimated calculation of what you will have left over if you withdraw the lump-sum payment now.

Total Income for the year	= Business Income + Pension Income
	= 17,500 + 65,000
	= 80,500
Tax Rate Federal	= 26% x 80500 = 20930
Tax Rate Provincial (Saskatchewan)	= 13% x 80500 = 10465
Total income received after taxes	= 80500 - 20930 - 10465
	= \$49,105

¹ Biscott, Lynn. National Post. The Pension Predicament.
http://www.fernwood.ca/pdfs/fernwood_pension_options.pdf. (November 12, 2007)

Judging by your cash flow projection that we performed for you a few weeks ago, you will need extra funding of \$42,170. Therefore, there probably would not even be enough money after considering taxes in your pension fund, since the \$49,105 calculated above includes the \$17,500 business income. Therefore, that only leaves you with \$31,605 which is not enough to cover your estimated cash needs of \$42,170. This means that you would have to take out a bank loan with or without the withdrawal of your pension fund.

Another little point that I would like to remind you of is that since you own your own company now, there is no pension plan in place to accrue money for your retirement. Unless you are saving money by investing into RRSP's for your retirement years, this teacher's pension plan may not be a bad idea to keep for the future when you no longer have any income being generated. Any little bit helps in your retirement years when you are trying to maintain your current standard of living. This may be another factor you may want to consider in making your choice as to how to withdraw the fund.

Combining all factors such as increased taxes, needing to take out a bank loan either way, and having that extra little bit of money left for your retirement years, I would recommend that you keep your teacher's pension in the fund and save it until you reach 60. Taking out a loan to cover your costs for your business is a better option.

If you have any other questions regarding this issue, please do not hesitate to contact me.

Sincerely,
Student #4

Sample Task: Ratings and Comments for Response of Student #4

Skill:	Rating:	Comments:
A – Spelling, Grammar, Punctuation, and Word Usage	3	<ul style="list-style-type: none"> The acronym RRSP has not been defined Sentences are often lacking sufficient punctuation, particularly commas Hyphenation error: “lump-sum payment” is correctly hyphenated; “a lump-sum” and “this lump-sum” are not
B – Sentences, Paragraphs, and Organization	2	<ul style="list-style-type: none"> Is generally well written, but should be more concise and clear; several paragraphs are awkward and hard to read The second paragraph begins with “firstly” but there is no “secondly”
C – Formatting	1	<ul style="list-style-type: none"> The date is missing Memo includes some features of a letter The numerical table is hard to read and dollar values are formatted inconsistently The reference is inappropriate because the article has potentially outdated tax information; the date shown (November 12, 2007) is the date accessed, not the date of publication (September 2006)
D – Tone	2	<ul style="list-style-type: none"> The tone is generally good, but includes some lecturing: “... I would like to bring to your attention ...”
E – Audience	3	<ul style="list-style-type: none"> The client might not understand “compounded income” The client might not have been provided with enough information about the recommended option, particularly the cost of borrowing
F – Critical Thinking	4	<ul style="list-style-type: none"> The response focuses on arguments in favour of the recommendation, so it is unclear whether alternatives were given adequate consideration. However, the response is rated as Level 4 because: <ul style="list-style-type: none"> It addresses several qualitative factors Given the student’s calculations, borrowing is the only viable option (i.e. after-tax pension proceeds < cash needed for business expansion). Thus, going into significant details on other options would be inappropriate. Conclusions are consistent with the analysis, are supported with reasonable criteria, and take into account both quantitative and qualitative factors <p><i>Note: The error in calculation of the tax effect is part of the technical competency and does not affect the critical thinking rating.</i></p>

Sample Task: Response of Student #5

Paget and Sorkin Chartered Accountants

To: Tania Mogen

From: Student #5

Date: January 19, 2008

Re: Pension Plan Tax Alternatives

Before deciding whether to withdraw money from your pension plan instead of borrowing money from the bank, you should consider your options for the pension plan. You have two options; 1, withdraw the entire \$65,000 now; or 2, receive pension cheques beginning at age 60. Following are the tax implications for both alternatives.

1. Withdraw entire amount
 - The general rule for a lump sum pension withdrawal, is that it be included in taxable income (in its entirety).
 - This is an option that provides the least favourable tax treatment, as you will be obligated to pay tax on the entire \$65,000 all within the same year.
 - As an example, if you decided to withdraw the entire lump sum amount of \$65,000 from your teacher's pension plan this year, you'd pay tax of about \$12,550. Below is the breakdown of the calculation.

Payment	Tax	Net Amount Received
\$65,000	\$12,542.19	\$52,457.81

2. Receive cheques beginning at 60
 - The general rule for pension income is that it be included in taxable income of the individual who receives them.
 - For tax purposes, these payments are treated as ordinary income and taxed as if they were earned from employment or business.
 - If, for example, you decided to receive your pension in payments over 15 years starting at 60, your tax liability each year would be \$0. Because the annual payment is so low, no tax would be owed on it.

Not taking into consideration the time value of money (that is, discounting the payments back to present value), the second alternative is the better choice for tax purposes. However, tax implications aside, you need the money now for Mogen Flowers.

The choice is ultimately yours, just keep in mind if you choose to withdraw the lump sum for your business, you will lose around 5.5% of it to taxes. Because the bank will provide funds at 9% per annum, it will be less expensive to withdraw the entire amount from the pension plan than to borrow money from the bank.

Please let me know if you have any further questions.

Sample Task: Ratings and Comments for Response of Student #5

Skill:	Rating:	Comments:
A – Spelling, Grammar, Punctuation, and Word Usage	3	<ul style="list-style-type: none"> “withdrawal” is misspelled as “withdrawl” In the sentence beginning with “The choice is ultimately yours,” the first comma should be replaced with either a period or a semicolon
B – Sentences, Paragraphs, and Organization	2	<ul style="list-style-type: none"> The paragraph beginning with “Not taking...” contains two subjects that seem to be disconnected There is a clear statement of purpose, but the conclusion is vague
C – Formatting	3	<ul style="list-style-type: none"> The visual appearance is professional Space between bullet points would improve readability but, given the relatively small amount of text in each bullet point, spacing is adequate
D – Tone	2	<ul style="list-style-type: none"> The use of “you’d” instead of “you would” is too casual Although the decision is ultimately the client’s, the conclusion lacks a sense of professional advice
E – Audience	2	<ul style="list-style-type: none"> The language is sometimes overly technical (e.g. “in its entirety”, and reference to time value of money and discounting) Strategic objectives beyond a lower cost alternative are not addressed The user’s desire to finance the business expansion is not addressed adequately Tax rate(s) or other details used in calculations are not provided
F – Critical Thinking	1	<ul style="list-style-type: none"> Other than “you need the money now”, only quantitative factors are addressed The less expensive option is identified without providing an explicit recommendation <p><i>Note: The errors in calculation of the tax effects are part of the technical competency and do not affect the critical thinking rating.</i></p>

Sample Task: Response of Student #6

Paget and Sorkin CAs

To: Tania Mogen

From: Student #6

Date: January 17, 2008

Re: Pension Plan Withdrawal

As per your request, we are sending you a description of matters involved with considering whether to withdraw your pension plan funds now, to pay for your business expansion.

First and foremost, all amounts received as a benefit from a pension plan must be included in income, this includes any money you withdraw from your plan, either a lump sum or periodic. So regardless of whether you take your \$65,000 now or later, there will be tax implications. However, the following is a summary of the key differences between the two options and their tax implications:

Withdraw the funds now:

- Immediate inclusion in taxable income. Tax paid will be in a higher marginal bracket. Based on your estimated net income of \$17,500, and additional \$65,000 would put you into a 39% tax bracket, resulting in approximate \$25,000 owing in additional tax.
- On the other hand, money would be available to you immediately. Some clients prefer that, as it provides for more flexibility as to where you could invest those funds. Investing your funds at a higher rate of return than your pension plan may result in you making more money in investment income over the years than if you would have done otherwise.

Annuity payments starting at 60 year of age:

- You may be eligible for a tax credit on your pension income. Once you have attained the age of 65, you may claim up to \$2,000 as an eligible credit, depending on the amount of your annuity.
- It may be the case that you will be in a lower income tax bracket when you are retired. Any income that you receive while in a lower tax bracket will result in less tax paid.
- Furthermore, leaving your money in a pension plan would likely provide security for the future, ensuring that those funds are still available to you when you retire. For example, consider the possibility that you take out all the funds now, and invest them in an investment that ends up losing you your retirement money. Many clients chose to go with a pension plan as a way to plan for the retirement because, generally, your money is fairly safe and your retirement is secured.

Overall, your choice to withdraw the funds now or wait until your retirement is a personal choice. The total amount of tax that you will pay on your withdrawals will generally be higher if you withdraw the funds in a lump-sum. However, your personal investment decisions have to be considered as well. If you believe that you are able to invest the funds elsewhere at a higher rate of return, then perhaps it is worth it to pay the tax now, and make up for it over the years in investment income.

If you have any further questions, please do not hesitate to contact us at our Regina office.

Sample Task: Ratings and Comments for Response of Student #6

Skill:	Rating:	Comments:
A – Spelling, Grammar, Punctuation, and Word Usage	2	<ul style="list-style-type: none"> The comma in the first sentence is unnecessary The use of “periodic” as a noun is incorrect (“either a lump sum or periodic”) The word use and phrasing of “and additional \$65,000 owing” and “in approximate \$25,000 owing” is incorrect The use of “your” instead of “you” is incorrect The sentence beginning with “Some clients prefer that, as it...” does not specify what “that” refers to
B – Sentences, Paragraphs, and Organization	1	<ul style="list-style-type: none"> The sentence beginning with “First and foremost...” is a run-on sentence Several sentences are awkward or are not complete thoughts The use of transitions in bullet points, such as “On the other hand” and “Furthermore” is inappropriate
C – Formatting	2	<ul style="list-style-type: none"> There is a good attempt to use headings The structure of the bullet points is inconsistent; not all begin with sentences Space between the bullet points would improve readability
D – Tone	2	<ul style="list-style-type: none"> The wording of “...an investment that ends up losing you your retirement money...” is too casual The conclusion that the decision is “a personal choice” is vague and lacks a professional, advisory tone
E – Audience	2	<ul style="list-style-type: none"> Tax rate(s) are not provided; pension credit is not explained The references to investments are generic, without distinguishing between investment in the user’s business and other types of investments Partly Level 1: The reference to “some clients prefer” and “many clients chose” is not specific to the user
F – Critical Thinking	2	<ul style="list-style-type: none"> Fails to point out that after-tax proceeds from pension withdrawal are expected to be less than the amount of money needed for business expansion (\$65,000- \$25,000 < \$42,170) The lower-cost option of borrowing from the bank is ignored Two qualitative factors are addressed (flexibility in investment options with withdrawn pension and security if money is left in the pension plan) The conclusion begins with a vague statement which tends to overshadow the later, more specific, recommendations <p><i>Note: The error in calculation of the tax effect is part of the</i></p>

		<i>technical competency and does not affect the critical thinking rating; neither does the error of failing to recognize that the user could transfer the pension plan into a lock-in RRSP, which would affect the investment opportunities.</i>
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