RBC Dominion Securities Inc.

Lara Austin MindingMoney

JUNE/JULY 2016

For the Friends and Clients of Lara Austin of RBC Dominion Securities

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In This Issue

Like many folks, I have a love/hate relationship with technology.

I love how easy it is to stay in touch with people, search up a place/factoid on your phone, do research, produce a professional looking report or proposal, retirement plan and calculate returns – the list goes on and on.

I get frustrated when it doesn't work properly. Like my scanner machine networked on my home computer. Why do they talk one day – and not the next? And I worry about online fraudsters. The latest trend being Ransomware, a virus that holds your computer "hostage", (a quick Google search will explain that one).

I am always concerned about information going "missing" if something happened to me. Tracking logins and passwords are a hassle, and while I am very organized – I'm not confident another person or family member could step into my shoes and know what's going on. Lately some estate planning articles have surfaced regarding this issue. Last year, two brothers in Britain inherited an iPad from their mother – but didn't have the password – and neither the death certificate, a copy of the Will nor a lawyer's letter would convince Apple Inc. to unlock the device (Apple finally relented).

I've worked with executors who piece together the deceased's financial life by finding "bits of paper clues". We may find dividend cheques from a stock certificate – or a mailing from an insurance company. Sometimes we are literally sifting through moldy old bags of papers held in storage for a decade! If your investment accounts are "in cyber space" – where are the clues to follow? Real money is being lost. The Bank of Canada reported that last year they have nearly a billion dollars in unclaimed bank accounts and unredeemed bonds.

You can do a QUICK search here: http://ucbswww.bank-banque-canada.ca/scripts/search_english.cfm

On another note, robo-advisor firms are starting in Canada. If you haven't heard about them – you will! Some may think these "virtual" advisors are a threat to banks and investment firms. I think most investors value the relationship they have with their human advisor, if they have been fortunate to find one they trust.

Technology is the theme to this issue. It is a wonderful tool, but also a disruption to the status quo. It makes us change the way we think, and evaluate the way we do things.

Happy reading and enjoy your summer,

Lara D. Austin

Help Clients Pass On Digital Legacies

Each year clients create and acquire new digital assets, which include emails, digital photos, videos, music, reward points, customer lists, as well as account information for programs and websites such as bank accounts, Amazon, LinkedIn, Facebook, and iTunes. Clients are also becoming more dependent on these assets.

Further, digital assets have real value. A 2011 McAfee survey finds the average person has more than $50,000 worth of digital assets.

Despite their increasing importance and value, there are no specific laws in Canada providing executors with authority to access, manage, distribute, copy or delete digital assets on death. Instead, an executor's ability to deal with a deceased person's digital assets depends on each service provider's terms and conditions, and whether the deceased's usernames and passwords are known.

In contrast, several U.S. states have introduced or enacted legislation authorizing executors to deal with digital assets on death. The extent of those laws varies by each state. For instance, Delaware's legislation applies to every type of digital asset imaginable, while Connecticut's legislation only applies to email accounts.

Due to the underdeveloped nature of Canadian laws, advisors should give greater consideration to digital assets as part of the estate planning process. Here are a few tips.

How to help

As a starting point, clients should prepare an inventory of all digital assets, which could be stored with a copy of their will.

For email and social media accounts, clients should leave instructions with executors outlining what should be done with those accounts on death, including whether they should be deleted.

Other digital assets can specifically be dealt with in a will, just like any other asset. To assist the executor to carry out the terms of the will, a broad, specific power to deal with digital assets should be provided to the executor.

On death, executors will have to determine whether any gifts are unenforceable due to the terms and conditions of the particular service provider—some only allow transfers among designated family members, or require that transfers occur within a certain period. With Air Miles, for example, a deceased's account can be merged with another member's account, but only if the other member is a family member or part of the deceased's household. Meanwhile, iTunes' terms and conditions do not deal with death, but effectively provide that a client may not transfer his music library to another person. The same applies to a Kindle book library.

Executors should also be aware that even though they may have a deceased's username and password, the terms and conditions of a given program or website may prohibit their access. In those cases, legal advice may be required, as it can be a criminal offence to access an electronic service without authorization.

Digital assets are an increasingly important part of clients' lives and have real value. As part of the estate planning process, thought should be given to how your client's digital legacy will be dealt with and distributed on death. Without proper planning, an executor may not be able to access digital assets on death, and those assets may be lost or destroyed.

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Robo-Advisors - Trend Or Here To Stay?

What is a 'Robo-advisor (robo-adviser)? (Investopedia Definition).

A robo-advisor (robo-adviser) is an online wealth management service that provides automated, algorithm-based portfolio management advice without the use of human financial planners. Robo-advisors (or robo-advisers) use the same software as traditional advisors, but usually only offer portfolio management and do not get involved in more personal aspects of wealth management, such as taxes and retirement or estate planning.

Robo-advisors are becoming popular in the United States, and are in the start-up phase here in Canada (since late 2014). They are also available in other countries in the world.

Effectively, Robo-advisory firms are targeting the 'mass market', consisting of those whose assets are not large enough to offset the costs of providing a dedicated PERSON as a main contact – and for millennials, who are generally more comfortable with technology. The software generally starts with an online questionnaire that translates the answers into an ASSET allocation choice (generally lumped as; conservative, balanced, growth). Everyone who fits that answer profile – gets the same investment solution, and automated Rebalancing is standard. The portfolios always consist of 8-10 ETFs (exchange traded funds). There is a portfolio fee and each ETF carries its own MER fee, but generally no transaction fees. The cost is somewhere between the rock bottom price of 'doing it yourself' and the cost of having an advisor.

Lara's Take: By replacing people with processors, firms can offer an automated service at a low price.

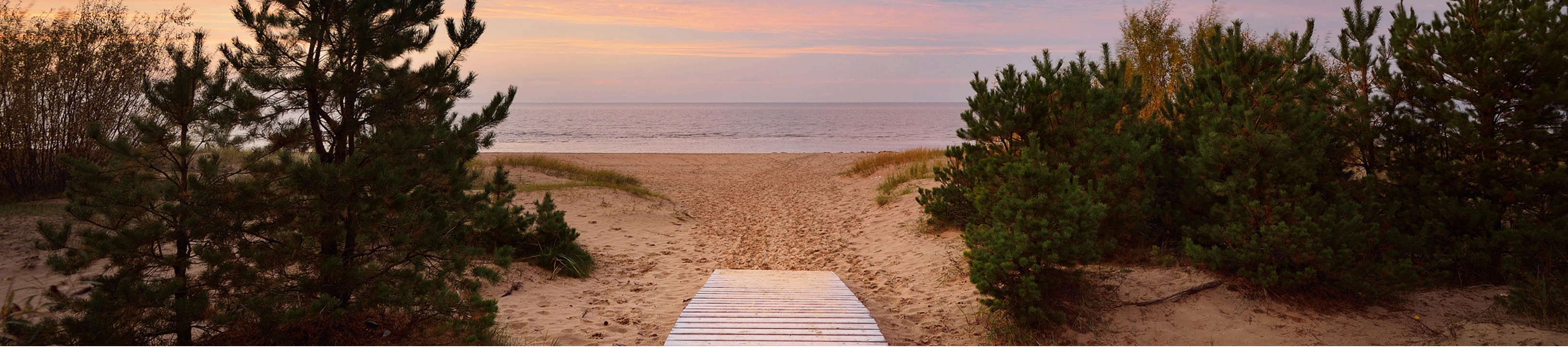
This is potentially a good place for new investors to get started. The automation reduces the decision making and the websites send the message that investing is "fun and easy". The pre-formulated portfolio ***may*** be an improvement over a hodge-podge of self-selected stocks or "fund of the day" choices.

The service does NOT address the need for investor literacy and benefits of building a trusting relationship with a professional. No investor will stick to a discipline if they do not understand the fundamentals of WHY they are invested the way they are, and what to expect in "good times and bad times". No one is there to handhold through a bear (negative) market – and those firms have not yet been tested by one! The focus of the program is "product" instead of holistically making sure an investor has the resources they need to ensure that all the nuances of planning are looked after. There is so much more at stake, if the bigger questions aren't being addressed! Are you saving enough? Are you spending too much? Do you invest in a TFSA or RRSP this year? What happens if I make the account joint or single name? Have you entered a beneficiary designation? What are my alternatives if I need money right away?

I've been working in this industry for 21 years now. Through 1999-2001 – the era of "do it yourself" ONLINE trading – there were predictions that a full service advisor was going extinct. There are now MORE full service advisors than ever before. As economics have shifted from having the employer being responsible for a worker's retirement income (defined benefit pensions) to having the employee be more responsible for their retirement income (self-directed saving and pension plans) the need for individualized advice and guidance has grown. As a result, our services in financial planning, estate planning, tax strategy, formulating a retirement income and risk management have never been more in demand. The trend is continuing for more self-reliance, and where there was once a dearth of information available, now professionals are being engaged to reduce, fine tune and SIMPLIFY the options a client needs to consider. Investors realize that it is hard to stay objective about your own money, that there is a benefit to having someone care about your financial well-being and pro-actively watch for opportunities and help you avoid potential miss-steps.

It is no coincidence that the rollout of robo-advisor firms have come at the same time as "Client Relationship Model II" or CRM2 – a new era of COST transparency. It is anticipated that investors will be questioning their costs and their services in early 2017 when the statements come out. The phrase "value for money" has never been more meaningful or put to the test!

FUN FACT: *Wealthsimple,* currently Canada's largest Robo-firm was founded in Sept 2014 by Michael Katchen. Prior to that Michael Katchen worked for *1000Memories,* a startup firm that created a website that allowed people to store their photo's and create family trees. It was shut down in late 2013 after an acquisition by Ancestory.com.



Habitat for Humanity

Mission:

To mobilize volunteers and community partners in building affordable housing and promoting home ownership as a means to breaking the cycle of poverty.

In May, Una and I had the wonderful experience of teaming up with our office co-workers and spending a day on the worksite of the latest Campbell River Habitat for Humanity Build.

We enjoyed swinging hammers and learning new skills. In addition to a day of "hard labour", we presented a cheque for $10,000 from the RBC Foundation.

The Campbell River, Dalton Road project is now complete. Recently it was announced that a new build will start in the Comox Valley.

For more on ways to help with time, money or resources and to learn about the local projects go to www.habitatnorthisland.com

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