

# LARA AUSTIN MINDINGMONEY

OCTOBER/NOVEMBER 2015



FOR THE FRIENDS AND CLIENTS  
OF LARA AUSTIN OF  
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## IN THIS ISSUE

2. YOU'RE RETIREMENT PLANNING CHECKLIST  
– NO MATTER HOW OLD YOU ARE!
3. TFSA ROOM 2015! OFFICE DRAMA
4. FORMALLY INTRODUCING UNA GUILLE  
WE HAVE VOICEMAIL!

**There is a saying “markets don't like uncertainty”, and foreign money is confirming that to Canadians at the moment.** Everything from an uncertain political environment, to a volatile energy sector and the Canadian dollar is reflecting that uncertainty is reverberating through the markets. History tells us to be patient, and that works so long as the right discipline is in force. Typically, a plethora of "studies" resurface at times like these, that show "cashing out" or "timing the market" does not work. I'm happy to share these studies with you, if you haven't seen them before (and you're feeling compelled to cash out) – but most of my seasoned clients are in the "been there, done that, won't do that again" phase. An appropriate asset allocation (for your risk level), a regular rebalancing discipline, and keeping an eye on your "drawdown" – how much money you pull from your portfolio have proven far more successful than any timing strategy.

While a calm demeanor and focused investment discipline is important in your choice of Investment Advisor, so too is an advisor who provides resources and education for all the elements outside of portfolio management. All of my clients have had the benefit of financial planning resources including the Family Snapshot Program, or for more complex situations, a meeting with our financial planning or estate planning specialists. Not only do these tools and resources unveil tax strategies or estate planning strategies that can be implemented with the support of their tax professional and lawyer or notary. But they help clients perceive their financial story from a different time frame (a lifetime, instead of a year).

Do financial plans really work? It all depends on the figures you enter for the "unknowns." Rate of Return for assets, spending levels, inflation etc. I had the pleasure recently of pulling out a financial plan that I had done for a client 10 years go. She was ahead of her projection at the 10 year mark - her accounts had done better than estimated, along her personal home value – which wasn't a surprise (we only use a 2% yearly growth rate on primary real estate). All that considering the downturns of 2008 and 2011, lowering interest rates, and some personal life changes that had altered some of the variables along the way!

If you know someone who is PREPARING for retirement and is especially concerned about the market environment right now... Someone who is currently at another institution and not getting the service you get, like: regular review meetings; a regular newsletter with updates on changes that are in play; an immediate response when something dramatic has altered your financial world... Please consider sending them my direction. I can either confirm they are on the right path, or help sort out what they need to focus on. It is my "give back" and something I am passionate about.

Sincerely,

*Lara D. Austin*



**RBC Wealth Management**  
Dominion Securities

# YOU'RE RETIREMENT PLANNING CHECKLIST – NO MATTER HOW OLD YOU ARE!

## If you are 30 years away from retirement:

- Finding the savings to set aside. Many financial demands are happening at this stage of life – school loans, young children (diapers), new mortgages, business enterprises. The key to really successful investing is "giving it time to compound." You need to set aside less cash flow in total, the EARLIER you start!
- Evaluating company savings plans and stock purchase plans, group RRSPs. Many young investors don't realize their employer does a "matching" contribution (that is like free money!) Or they have participated in their company stock purchase program for a while and don't realize they are "overweight" in just one stock (think Nortel employee). Putting them at risk if their employer runs into financial difficulty. At that point both their job and their portfolio is at risk.
- Making the best use of a tax refund. It is tempting to blow it all on a fun vacation (is it just me... or are people taking more vacations now than they used to 20 or 30 years ago?) But it may make sense to pay off high interest debt or plunk into an Education Savings Plan (for the grants) or TFSA account with an investment that is "long term" in nature with lots of growth potential.



## If you are less than 30 years, but more than 10 years away from retirement:

- Start estimating the money you need in retirement. This is a perfect time to start envisioning what your retirement lifestyle will look like. A financial plan will go a long way to helping you understand what gap there is between your retirement incomes and expenses and what you can do to fill that gap.
- Maximize RRSP contributions. If the RRSP credit is useful in reducing your income (and it isn't always

the case), consider maximizing your contributions. Now that TFSAs exist there is an alternative tax shelter environment that past generations didn't have access to. Treat it like a retirement account.

- Consider RRSP loans. Particularly if you have variable income years and your current year's income is particularly high. Be sure that you can pay off the loan within a year (and recognize that your tax refund will help, but not necessarily pay off the entire loan!)
- Consider income splitting. A spousal loan (for investing purposes) may be useful if one spouse's income is significantly higher than the other's.
- Company pension plans. Be sure to review regularly for RISK and RETURN. I read somewhere that over 85% of participants don't review their pension plan after the initial setup. Scary!



## If you are less than 10 years away from retirement:

- Envision your retirement lifestyle. Evaluate the financial implications of spending winters "down south", moving to a smaller home, or continuing some form of work into retirement. Think about how you are going to fill those extra 8-10 hours a day. What will those hobbies or interests cost?
- Fine tune your retirement income needs. Draw up a "retired today" budget.



- Ensure that your investment risk level starts to reflect what you will be at in retirement. Too many times I have seen people take on "extra" risk to boost their savings for retirement – only to be disappointed. I've done some reading on investment fraud - it isn't "little grannies" that are most at risk of investment fraud – it is men in their late 50's and 60's who are worried they haven't saved enough!
- Obtain your CPP statement and learn what your Public Pensions (CPP and OAS) will contribute to your retirement.
- Evaluate early retirement offers (if and when they come from your company). As an advisor, I have tools available to help calculate fixed income and lump sum offers.
- Look to eliminate any debt prior to retirement. It becomes a risk should interest rates rise, or income sources change.
- Review your estate plan. Review beneficiary designations on all RRSP, RRIF and TFSA accounts. On all work pensions and insurance policies.
- Review your life insurance needs. If you're retired or close to it, your family may not need insurance to replace your working income (first stage of insurance), but it may make sense to retain insurance to replace estate taxes on death (second stage of insurance). If any policies are convertible to permanent policies, consider that option before letting them lapse. Also consider joint-last-to-die permanent options as both a reduction for estate taxes and an additional lifetime tax shelter. (As a life insurance-licensed investment and wealth advisor, I can help you calculate your need and provide options to consider).

## TFSA Room 2015!

I wasn't chasing anyone down, but I've noted that a lot of clients have yet to top up the TFSA accounts with the EXTRA \$4500 room the government provided in the May Budget. That Budget has achieved 'royal assent' – so it is COMPLETELY safe to make the contribution before the end of the year.

TAKE A PEEK at the front of your latest TFSA statement. At the bottom of the front page, if the "Plan to Date" contributions doesn't read \$41,000\* please give UNA or I a call and we can help you decide how to fund.

Please note: this transaction does not require a booked review meeting, and we ONLY make the contributions if we have obtained your verbal instructions (we don't do automatically on your behalf).

\*some clients may not see "Plan to Date" figure if they "transferred in" a TFSA from another institution.

**I will be making my normal TFSA reminder calls in January 2016. There is currently \$10,000/ year allotted going forward (pending results of election).**

## OFFICE DRAMA

OK... so there is no real drama... but lots going on. After 28 years, our office is getting a makeover! From Oct 14th to early December, I'm moving upstairs – for a short while. My thanks to all those who have come in for reviews over the last six weeks to find our parking lot filled with trades people, and elephants tap dancing overhead (some very noisy meetings). Your patience is greatly appreciated. For any meetings for the next 6 to 8 weeks, we are all UPSTAIRS, while the lower level gets a facelift! Habitat for Humanity has been the recipient of our old office furniture, internal doors and window frames, and any salvageable bits and pieces. ENTRY is NOW by the elevator at the parking lot. You can either use the elevator or the stairs.





## FORMALLY INTRODUCING UNA GUILÉ



Since May, I have had the pleasure of working with Una. Some of you may have met her already as you have come through the office. If I inadvertently missed introducing you, please let me know and I will do so. Una joined me from another investment firm, where her advisor retired. Una has fourteen years of experience in the industry and is fully licensed. She is my age (in fact a couple months older), so we share the same work ethic and passion for serving clients. How do you pronounce her name? It is Yoona – like the first part of "unicorn." She has three kids who keep her hopping. Her outside interests include volunteering for Victim Services and the Finance committee for the Diocese of Victoria. The majority of her time spent hustling her kids around to soccer fields, hockey games and gymnastics. Occasionally she will squeeze in a hike or a trail run in the local area as her favorite pastime.

Una is in the office from 9AM to 5PM and her DIRECT line is 250-334-5604. As a reminder to clients, Una can look after:

- Depositing money or issuing cheques or wire transfers
- Foreign currency orders
- Updates on account transfers
- Entering trades (will be marked unsolicited)
- Account opening forms
- Providing historical statement or account information
- Providing duplicate tax forms
- Booking appointments for REVIEWS and DISCOVERY meetings (meetings with potential new clients)

## WE HAVE VOICEMAIL!

As our office has grown, it has been more challenging for the front desk to keep up with the incoming calls for the over 15 people here and the sub branches in Campbell River and Power River. Our phone systems have been updated to include voicemail options. Please update your records:

**Lara's DIRECT LINE 250-334-5606**

**Una's DIRECT LINE 250-334-5604**

**MAIN OFFICE LINE 250-334-5600**

Call the MAIN OFFICE LINE if both Una and I are on the phone or with people and you need to enter a trade in a timely fashion. Let reception know right away and she will find someone who can process.

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