

LARA AUSTIN MINDINGMONEY

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FOR THE FRIENDS AND CLIENTS
OF LARA AUSTIN OF
RBC DOMINION SECURITIES

LARA D. AUSTIN
BA (HONS.), CIM, FMA
Investment Advisor
250-334-5606
lara.austin@rbc.com

JESSICA CASEY
Administrative Assistant
250-334-5604
jessica.casey@rbc.com

www.LaraAustin.com

RBC Dominion Securities
777A Fitzgerald Avenue
Courtenay, BC V9N 2R4

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CHANGE IS CONSTANT

We know this and yet sometimes managing change can seem overwhelming. In the legal world, two recent changes include the BC Family Law Act that was revamped on March 18, 2013 and more recently the **WESA – Will Estate Succession Act** that came into effect March 31, 2014. I leave legal advice to specialists in our community, but in financial planning – being aware of the changes and being able to direct clients to more information if it affects them – is a big part of what we do. I see my clients for regular checkups, far more often than they are likely to visit their lawyer, so it makes sense that I help them understand the change as it relates to their situation.

Change is also constant in the corporate world. Sometimes moments of significant change can bring unforeseen opportunities. As we look back to 2008/2009, we can see how many Canadian companies leveraged our relatively stable political and monetary system (better access to bond markets relative to other bond markets around the world), to expand beyond our borders. Now, as growth has picked up in other countries, our Canadian darlings are seeing the benefits. I've used RBC business highlights as an example, however doing a Wiki search of other banks, insurance companies, resource companies and manufacturers shows huge expansion efforts during those tough times. As Canadians, we should be proud of the leadership our Canadian companies have shown.

For the past 12 years, I've enjoyed being part of the life changes that affect my clients. Whether it is transitioning to retirement, marriage, divorce, selling a business, having children or grandchildren – each life change comes with understanding new financial choices. My couple clients enjoy a balancing "third party" to discuss major decisions with, and my single clients have expressed their thanks that I'm available as a sounding board, so they don't have to make decisions alone. Thank you for letting me be part of your financial life and letting me help you make your changes less overwhelming!

Sincerely,
Lara D. Austin



RBC Wealth Management
Dominion Securities

RBC AT A GLANCE - BUILDING YOUR WEALTH AND YOUR CONFIDENCE

Some details you may not know about RBC (the WHOLE Diversified Company)

- RBC is Canada's largest bank by Market capitalization, with broad leadership in financial services.
- Established in 1864.
- RBC is the 11th Largest bank GLOBALLY (based on Market Cap) with operations in 46 countries.
- There are 80,000 Full and Part time employees serving 15 Million clients worldwide.
- By the end of 2013, 36% of Income came from US and International Business Units.
- RBC is the only bank named on the Global 100: Most Sustainable Corporations in the World – for the ninth consecutive year *Corporate Knights, January 2013.
- RBC was named 'Best Bank in North America and Canada' (Global Finance, March 2013) and is named one of the 'Best Workplaces in Canada' (Globe and Mail April 2013).

RBC Dominion Securities is part of the Wealth Management Division

- At the end of 2013, Wealth Management made up 11% of the RBC Business Segments.
- There are over 1550 Investment advisors working out of 146 branches in Canada.
- We look after \$230 Billion (C\$) in assets for 400,000 clients (our clients are worldwide).
- RBC DS clients have access to top-ranked equity research (as judged by Brendan Wood International).
- RBC DS is the #1 overall bank-owned investment firm (as ranked by advisors - 2014 Investment Executive Brokerage Report card).

RBC's Strategic Goal in Canada is to be the undisputed leader in financial services.

RBC has done this and provided investors with 34% increase to dividends in less than 3 years. RBC's current dividend yield is 4% (trades with symbol RY on the TSX).

Annualized Total Shareholder Return for the 5 years ending Q4, 2013 is 13%, compared to the peer average of 9% (for list of peers, refer to the 2013 annual report).

REVIEW YOUR WILL AND ESTATE WITH WESA IN MIND

As of March 31, 2014 the WESA (Will Estate Succession Act) came into force.

The legal community had been working on this for many years, and the WESA now replaces:

- the Estate Administration Act
- Probate Recognition Act
- Wills Act
- the Wills Variation Act

Overall, WESA provides greater certainty for individuals who put their last wishes to writing and simplifies the process for those distributing an estate.

Highlights of some of the changes:

- WESA doesn't invalidate existing wills. Wills properly made prior to WESA coming into effect continue to be valid
- WESA changes the law of intestate succession (if you die without a will). For example, if the deceased does not have a valid will, the spousal life interest in the spousal home is abolished. Instead, the spouse will have the right to purchase the spousal home
- The distribution of assets has changed under WESA where there is a spouse and no will. Under the old regime, if there was no will, a spouse received the first \$65,000 of an intestate's estate. Now the spouse receives the first \$300,000 from the estate but if there are children from a prior relationship, the spouse only receives \$150,000. Under the old legislation, the closest family members to the deceased shared in the estate if there was no will pursuant to a specific formula. Although this principle remains unchanged, the manner in which the assets are distributed has been significantly modified. There are now different distribution rules in circumstances where there is no spouse or children
- The new scheme is based on a "parentelic" scheme as opposed to "closeness to blood relations" scheme. Prior to WESA, estate lawyers were required to search all next of kin until an heir was found. Now, the search for an heir

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MAKING FINANCIAL DECISIONS AS A COUPLE

According to a survey of High Net Worth households by UBS Wealth Management, in couples where the male leads on financial decisions (40% of households), couples are satisfied with the choices until retirement. In those households they follow the man's more aggressive risk tolerance and prioritize investing over savings. Women in these couples choose to be less involved in investing and are very satisfied with that choice until reaching retirement.

The survey goes on to say that "These women feel the best about their financial situation pre-retirement, but after retirement they actually feel worse, by a significant margin. Retired women who are not joint decision-makers are significantly more worried about their financial futures than other retired women, and report the highest percentage of disagreements about how to spend money in retirement."

Approximately 28% of the couples share financial decision-making equally, the survey found. In these cases, they often share the same level of risk tolerance and, if they don't, they resolve the disparity by choosing a compromise position between their opinions. Not surprisingly, couples who share financial decisions argue the least about money and are most satisfied with the distribution of their financial roles.

Of the 16% of couples who maintained separate banking and/or investment accounts. The survey found that these couples were more likely to argue about money, as well as like or hide information about money.

LGBT couples are more likely to take separate-decisions approach to money, so they can follow their own unique risk tolerance, but were considerably more confident and optimistic financially than heterosexual couples.

The survey was conducted online between March 27 and April 1st by an external vendor. It sampled 2,595 U.S. investors who identified as being either married or living together. The core sample 1,260 had at least \$250,000US investable assets with 1,046 having at least \$1MillionUS investable assets.

What can we learn from this?

- Work with an investment advisor who encourages JOINT review meetings.
- Make sure your advisor ENGAGES both of you at the meeting.
- Even if you don't feel comfortable with investment concepts or

terminology, go to a review. Be sure to ask questions. Even with two one-hour review meetings a year, you will find your financial confidence growing.

- A good investment advisor should be able to make any investment concept easy to understand.
- Realize that it is OK to change your participation level through your relationship (after all – are we the same person we were 15 years ago!?!)

Lara's Personal Practice and Observations:

In my office, there is no such thing as a dumb question. Sometimes it is not the female who is timid about investing conversations. Couples are always encouraged to attend review meetings together, and the vast majority attend at least one review meeting a year together.

*"A nickel ain't worth a dime anymore."
– Yogi Berra*





REVIEW YOUR WILL AND ESTATE WITH WESA IN MIND...CONTINUED

stops at the fourth degree of relationship and if no such heirs can be found, the estate will Escheat to the Crown (legalese for “the provincial government gets it”)

- Where a witness to a will is also a beneficiary, the gift to the witness is still considered void, but it is possible for the gift to be saved by the courts upon a court application.
- To challenge a will based on undue influence, the onus has shifted from the opposing party having to prove undue influence directly, to the beneficiary (this is usually a caregiver) who is claiming that the will is valid, to prove that there was no undue influence.
- Marriage no longer revokes a prior will but if a will was revoked by marriage prior to March 31, 2014, it cannot be revived.
- Anyone over the age of 16 can now make a will in B.C.
- The Courts in B.C. will now have the power to declare a document, (which does not meet the “formality requirements” of a will), to be an effective will nonetheless. Emails, scraps of paper and DVDs may be considered a will if the court believes that the willmaker intended it to be a will. A court can only “cure” an invalid will if there is sufficient evidence of the willmaker’s intention, and because a court application will be required, this will add expense to administering an estate; a good reason to have a will drafted now.

As the implications of these changes can be substantial, I’m working on having a Wills and Estate Specialist speak this Fall (as everyone seems to be playing during the summer). If you would like to be part of this event, please let me know. The event will be open to clients, my readership and the general public – because financial literacy in all areas is so important!

Further information about the development of WESA and the new Probate rules can be found at:

www.bcli.org/sites/default/files/Wills_Estates_and_Succession_Report.pdf

www.bcli.org/sites/default/files/probate_rules_report_FINAL.pdf



**Winner of DRAW for e-statement SIGN UP is Jeffrey West and Thea Miller
They have won a \$100 Gift certificate to Locals Restaurant!**

Remember to login to your e-statements at least once every six months!

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