

# LARA AUSTIN MINDINGMONEY

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FOR THE FRIENDS AND CLIENTS  
OF LARA AUSTIN OF  
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## HOW TO GET INFORMATION ACROSS

**I get it.** For some people going to a financial advisor and talking about investment product, tax planning strategies and estate planning is right up there with getting your teeth pulled at a dentist. Many of my clients would agree, my enthusiasm for helping people understand their choices in all these areas is contagious. Yes, I've noticed those strange looks I get when I'm jumping up and down in my chair waxing poetic about the estate planning benefits of TFSA's!

Many clients and regular readers of my newsletter will also recognize how I provide consistent (10 years running), amusing and timely information via my custom made newsletter. It is sent to over 1200 households, resent to friends and family of clients and readers (I know because I get responses and questions from all over).

Herein lies my problem, and perhaps you can help. Many of my newsletters go out by regular Canada Post mail. I'm happy to foot the bill on that, if the newsletter is of value to you and you have no electronic option, but facing increased postage rates in May is not going to be fun. The e-newsletter version I'm working to make this one more user friendly, but heads up. Coming in June 2014 is a new government mandate that anyone sending electronic message must have yearly permissions to continue to send by e-mail. (Although I seriously doubt that this will cut down on the SPAM we all get as foreign senders will no doubt ignore our unenforceable laws). Again, we are working on an easy way to record and process this information. In the meantime, if you wish to move to e-newsletter please let myself or Jessica know. When the time comes to give permissions for e-newsletters, please understand what it is for.

In the meantime, please enjoy this issue. If you have friends or family that would benefit from an introduction, I'm always happy to meet with them to see if and how I can be of assistance, (old fashion referrals always work!).

Oh! Yes this is me on TV! After 10 years of advertising in our local papers, I thought I'd shake it up this year. I have a short (11 second) commercial on CHEK TV. It was a great experience to design and shoot a commercial, and it felt great to support the first privately owned (by employees) TV station in BC. CHEK has been serving Vancouver Island since 1956, you can find out more about CHEK: <http://www.cheknews.ca/index.php/about-us.html>.

Have a great Spring! Cheers,

*Lara D. Austin*



**RBC Wealth Management**  
Dominion Securities

# MEASURE YOUR RETIREMENT READINESS

Are we ready to retire? Retirement hits number ten on the Holmes and Rahe Stress Scale, a scale of forty three life events that can lead to illness. Some people spend years planning their retirement, others roll right in and still others have it forced upon them. While most retirees anticipate a relaxed pace once work ends, many retirees aren't prepared for what is really in store for them!

Do you have enough saved, even when the unexpected happens? Many retirees underestimate how long they are going to live *and* how expensive life will be in retirement. Even if a budget has never been your style, it makes sense to analyze your secure (annuities and pensions) and variable (RRSP, dividends and interest) income. Secure income should cover a lot of your fixed basic expenses. Many retirees don't figure the cost of 'fun', buying the toys and doing the adventures they have spent years dreaming about. It's been said that many retirees spend up to 180% of what they intended in the first two years of retirement.

Do you have the right retirement attitude? Despite all the heart-warming commercials with greying couples holding hands into the sunset and hugging grandchildren at graduations, retirees do experience the difficulties and frustrations that come with growing older. It is not easy to prepare for something you haven't experienced. Ask any eighty or ninety year old, and they will tell you growing older is not for sissy's! Changes in health, family dynamics, location, technology, abilities all play a part. Find innovative and positive ways to cope with growing older.

*"Those who fail to prepare, are preparing to fail." – Unknown*

*"Too many people spend money they haven't earned, to buy things they don't want, to impress people they don't like." – Will Smith*

Is your relationship ready for retirement? Some people retire at the same time, but many couples have staggered retirements. Both ways can cause issues. Same time retirees go from having dual lives during work, to being together 24/7. It helps to communicate ahead of time about what your ideal day/week looks like and how you intend to spend your time. Staggered retirees can sometimes feel lonely, or that they are perpetually waiting, this too can cause resentment. Supporting each other to have individual interests and 'me time' can help. Don't expect things to work out perfect if you haven't considered how your relationship will change!

Do you have enough to keep you busy? It appears that TV watching doubles for retirees. They also spend more time at food preparation and general housekeeping and gardening duties. Despite having 'more time', there is no significant increase in fitness and exercise. Finding meaningful and enjoyable pursuits to go along with relaxing is important for your well being. Humans thrive on routine, even a loosely defined one. Being purposeful about choosing enough hobbies and interest to keep you from being bored. Make sure you have plenty of social and personal time.



# 2014 FINANCIAL PLANNING CHECKLIST FOR SENIORS

**If you are 65 or older, the following is a checklist of key financial planning considerations that may help you preserve and grow your wealth. Please note that while this checklist covers the most common situations, it is not meant to be an exhaustive list.**

This article outlines several strategies, not all of which will apply to your particular financial circumstances. The information is not intended to provide legal or tax advice. To ensure that your own circumstances have been properly considered and that action is taken based on the latest information available, you should obtain professional advice from a qualified tax advisor before acting on any of the information in this article.

- **Pension Income Splitting:**  
If your spouse has a lower marginal tax rate, consider splitting eligible pension income with your spouse to reduce your family's overall tax bill. Examples of eligible pension income when you are 65 years of age or older include withdrawals from RRIF and LIF accounts. Using this strategy may allow you to have up to 50% of your eligible pension income taxed at your spouse's lower marginal tax rate.
- **Spousal RRSP Contribution:**  
If you are 72 or older, have remaining RRSP contribution room and have a spouse who is 71 years of age or younger, consider making a contribution to a spousal RRSP to obtain a tax deduction on your tax return and to maximize your family's retirement savings.
- **Using Your Spouse's Age for RRIF Minimum Payments:**  
By the end of the calendar year in which you turn 71 years of age, you are required to convert your RRSP into a RRIF. However, if you have a younger spouse and you will not require the mandatory annual minimum RRIF payments, consider using your spouse's age when setting up the RRIF to minimize the taxable RRIF withdrawals.
- **Tax Free Savings Account (TFSA) Contribution:**  
Consider contributing the annual maximum (\$5,500 in 2014) to your TFSA. All TFSA investment growth, income and withdrawals are tax-free and do not affect your eligibility for federal government income-tested benefits such as Old Age Security, the Guaranteed Income Supplement and tax credits (e.g. the age amount). The TFSA can also be used as a tax shelter for money you may not currently need. For example, consider contributing any portion from your after-tax mandatory minimum RRIF payment that you do not require to fund your expenses to your TFSA account (subject to your TFSA contribution room). If you've never contributed to a TFSA before, your contribution room could be as high as \$31,000 in 2014.
- **Old Age Security (OAS):** OAS benefits are available to anyone who meets the eligibility requirements and is aged 65 years of age or older. The maximum benefit for January to March, 2014 is \$551.54 per month. This income tested benefit is clawed back at a rate of \$0.15 for every \$1 of net income over \$71,592 and is fully clawed back once net income reaches \$115,716. If your OAS is expected to be clawed back this year due to a unique one-time taxable transaction (e.g., a large severance payment or a large capital gain from selling your business or real estate property) and your net income will be substantially lower next year, consider requesting a waiver by filing the Canada Revenue Agency (CRA) Form T1213 (OAS) — Request to Reduce Old Age Security Recovery Tax at Source. If approved by the CRA, Service Canada will reduce the amount of tax withheld from your monthly OAS payments in the following year.
- **Pension Income Tax Credit:**  
You may be entitled to receive a federal non-refundable pension tax credit on the first \$2,000 of eligible pension income you receive in the year. Eligible pension income includes company pension plan payments, RRIF and LIF payments, but excludes OAS, CPP and QPP payments. You may also be eligible to claim a corresponding provincial or territorial credit. Since this is a non-refundable tax credit, please note that it can only be used to offset any taxes payable in the current year. If you have no taxes payable, this credit will be lost.
- **Inter-vivos Trusts:** Consider the benefits of an inter-vivos trust such as avoiding probate tax (please note that this does not apply if you have a notarial Will in place in the province of Quebec) and income-splitting possibilities with your children or grandchildren. An alter-ego trust or joint partner trust (for married couples and common-law partners) may provide you with additional tax and estate planning opportunities. Ask your RBC advisor for the article titled "*Alter Ego and Joint Partner Trusts.*"



## HELP ME, TAX STUBS WHERE ARE YOU?

This time of year we get many inquiries regarding Tax slips and duplicate copies. Jessica and I are always more than happy to assist you with your enquiries.

Patience is a virtue! SOME Tax Slip providers have a March 31st deadline to produce their consolidated tax information... we try our best to process that info and send to you as soon as it's available.

As a reminder, my website **[www.laraaustin.com](http://www.laraaustin.com)** has a TAX REPORTING GUIDE tab on the left side. This provides a quick and easy link to tax mailing updates (when various tax slips are mailed by), a Tax Information Checklist; and answers to Frequently asked Questions. If you need a tax slip amended, require a duplicate or have a question, please call Jessica Casey 250-334-5606.

### **NEW for 2013 Reporting Year**

There are significant changes to Foreign Reporting tax form T1135. If the cumulative cost of your Foreign Assets (including US and foreign Stocks and foreign held bank accounts) exceeds \$100,000 at ANY time in the calendar year, they are to be disclosed by filing the form T1135 – Foreign Income Verification Statement. The RBC DS TAX REPORTING GUIDE (<http://www.rbc.ds.com/TaxReporting/home.html>) provides further information about what assets are included and what the form entails (including a later filing date). If you are NOT a client of RBC DS and would like this report e-mailed to you, please contact me at **[lara.austin@rbc.com](mailto:lara.austin@rbc.com)**.

### **Estatement Conversion DRAW Extended to March 31!**

last issue, some readers missed that there is a DRAW for \$100 Gift Certificate at a local restaurant. If you change your statements to eStatements prior to March 31st, your name will be entered in the draw. Keep in mind, if you use eStatement and decide it is not for you... it is easy to switch back. Please contact Jessica Casey 250-334-5604 to make the switch!

### **Now Available on eStatements - Add Notes and Highlight Text**

Starting with this month's statement, clients can now add their own notes or highlight text on eStatements. This is especially useful for clients that would normally write notes on their paper statements. Simply open the eStatement and use the "Add Sticky Note" or "Highlight Text" buttons in Adobe Reader. Once the notes have been added, you can print the PDF or save it to the appropriate folder on your computer.

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