

# LARA AUSTIN MINDINGMONEY

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

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## WORKING IN A BUBBLE

Have you ever thought about what it would be like to live in a bubble?

We at your local branch of RBC Dominion Securities are getting a first-hand experience! The new building owner has decided to give the building a makeover. It should take 2-3 months, but means we are bubble-wrapped for a while. While we get accustomed to walking into a giant marshmallow to work, please know that for you it is business as usual! Nothing has changed. You can use the double door entrance to come in, and the worksite is secure (although some days a little noisy in my office). While tradesmen and supplies come in and out of the driveway, it might be a little harder to park – on Page 4, I've indicated some alternate locations that are free and close by.



The competition is on. Change is always hard – so I've made it fun with the possibility of winning a dining gift certificate. Times are changing and a 40% to 60% increase in the price of postage means we all need to do our part in evaluating how we use the post service. Consider changing your monthly statements to e-statements. My newsletter goes to most readers by e-mail, with a link to my webpage. For those without computer access, I will continue to send by regular mail at your request.

**Education Savings Plans** – Pass on the message (parents, grandparents and teachers especially). A NEW GRANT from the provincial government is available for BC Children born on or after Jan 1, 2007. To access this one time \$1200 Grant, an RESP plan needs to be opened (not necessarily funded). Children with existing RESPs do not need to open another one. For more information, see [www.budget2013.ca/featuredpages/education](http://www.budget2013.ca/featuredpages/education). The grant is expected to be available after August 2015.

I'm always looking to provide new and better resources to clients and our community. If there is a topic or event you would like to see addressed, I welcome your input. Watch my newsletter for the events that I do have planned in 2014! I am at your service.

Cheers,  
*Lara D. Austin*



**RBC Wealth Management**  
Dominion Securities

# E-STATEMENTS AND E-DOCUMENTS... THE NEW FRONTIER

Canada's postal system is changing once again, and behaviors can adapt. Without going into discussion on how and why it got here, know that starting March 3, 2014 that Lettermail will cost \$1.00 per piece. Companies with a meter will be charged \$0.75 a piece. However most statement packages Dominion Securities sends our 400,000 clients are oversized mail and fairly weighty, then the per piece cost rises to \$1.60 to \$4.45 per month. Check out the following link for March 31 price details: [http://www.canadapost.ca/tools/pg/supportdocuments/lm\\_pricesheet\\_advance\\_march312014-e.pdf](http://www.canadapost.ca/tools/pg/supportdocuments/lm_pricesheet_advance_march312014-e.pdf).

While some clients without computer access can't opt for e-statements, the majority of us are simply creatures of habit (myself included). There are many reasons not to change over to e-statements, including the comfort of having a tangible piece of paper that represents ownership of assets that otherwise feel intangible. Here are some reasons to make the change (in no particular order):

- **Costs** – the price of mail will continue to increase (increased pension liabilities, potential privatization, more e-mail communications, all putting pressure on Canada Post).
- **Security** – issues not only with the delivery of mail (sometimes delivered to neighbours) or accessing of mail by people with malicious intent, but also with the disposal of old statements.
- **Convenience** – accessing statements while traveling, and having a seven-year archive available at your fingertips.

Good practices with statements and e-documents:

- RBC D Dominion Securities offers a 100% security guarantee. In the unlikely event that unauthorized access takes place, you will be 100% reimbursed for any losses. See more at: <http://www.rbcds.com/ds-online-guarantee.html>
- If you have provided a spouse with view permissions (making it easier for a couple to see their combined assets) and you wish to change that request, please notify us immediately.
- You need to review your accounts online at minimum every six months, or the system defaults back to paper statements.

- You can nickname your accounts (ie. Harry's TFSA, Sally's RRSP) which helps to keep the accounts straight.
- If using DS mobile access, it is good practice to do so from a secured network.

ONLY your RBC Dominion Securities DS Advisor, associate or local branch administrative staff can issue funds from your RBC Dominion Securities Account to your Bank. Nobody can call a "head office" and pretend they are you!

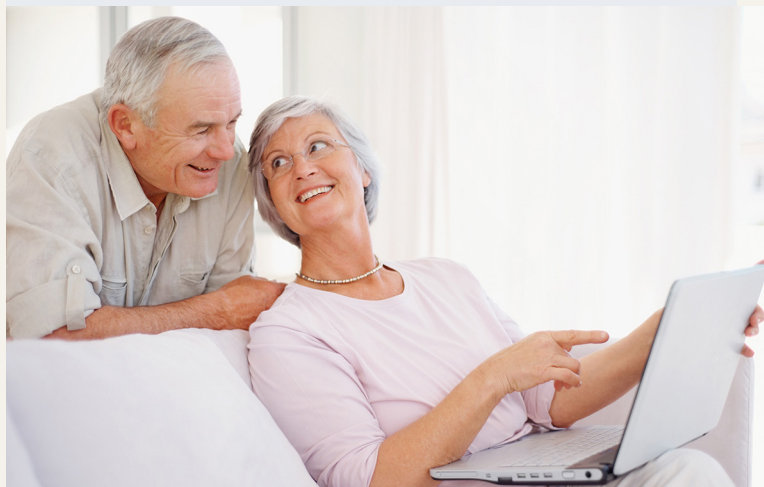
Due to changes with the Securities Regulatory Body, in the future, you may have to "sign" off for account changes that alter your account's Risk and Objectives, **prior** to trades being transacted. If you are on DS Online you may have the option to do this online and speed the process. To read more on this forthcoming topic: [http://www.iiroc.ca/Documents/2012/14ed3ebb-e13d-4818-9840-d5e109639c35\\_en.pdf](http://www.iiroc.ca/Documents/2012/14ed3ebb-e13d-4818-9840-d5e109639c35_en.pdf).

**If you need help with setting up or accessing DS Online, please contact Jessica Casey, my dedicated associate, or the DS Helpdesk.**

**Call our Helpdesk at 1-888-820-8006 or 416-363-1019.**

## **Your 2014 E-statement Challenge**

Any client who enrolls in e-statement (or who has previously enrolled) prior to March 1, 2014 will have their name entered in a draw for **\$100 Gift Certificate at a local Restaurant of their choice!** (remember – you can always change your statement selection back to paper if it doesn't work out for you!)



# WHAT IS THE LARGEST CONTRIBUTOR TO A PORTFOLIO SUCCESS?

It is often quoted that research has shown that asset allocation is the single largest contributor to a portfolio's success. It is more important than security selection. In fact, it accounts for 90% of the difference in a portfolio's return.

This statement refers to a study by Gary P. Brinson, Randolph L Hood and Gilbert L Beebower which was a follow up to their original study in 1986 "Determinants of Portfolio Performance." The authors studied 91 large corporate pension plans with assets over \$100 million over a 10-year period starting in 1974. They concluded that the determinants in success of a portfolio were: Asset Allocation - 93.6%; Security Selection - 2.5%; Other - 2.2%; Market Timing - 1.7%.

## So how important is this to your retirement portfolio?

We need to keep in mind that the study covered a limited period of time (10 years in the investing world doesn't cover secular cycles that can last 20 years). It also covered pension assets where if there are shortfalls, contributions are increased – once retired an individual doesn't have that option. And a pension plan is an open system, whereas a retired individual is a closed system where reverse dollar cost averaging can do as much damage as poor asset allocation choices. Finally, pension plans usually enjoy much lower fees than individual investors.

At the same time, we know that equities (ownership in companies) have had higher returns than bonds (of same companies or federal or provincial governments) and those have had higher returns than cash (or equivalents) over time. These three main asset classes have different levels of risk and return, so each will behave differently over time.

Therefore, asset allocation is the investment strategy that aims to balance risk and reward by apportioning a portfolio's assets according to an individual's goals, risk tolerance and investment horizon.

An investor who is young may optimize asset allocation for performance, whereas a retired investor may optimize for liquidity and inflation protection.

The process of re-balancing a portfolio designed with asset allocation automatically ensures you are "buying low and selling high."

*For example, an investor with a \$100,000 portfolio may want to hold 50% each of stocks and bonds. After a couple of years, when stocks have outperformed bonds, the portfolio now holds \$65,000 in stocks and \$55,000 in bonds. Assuming the investor wishes to retain the original 50:50 asset mix, dynamic asset allocation would result in the sale of \$5,000 worth of stocks from the portfolio, and the proceeds would be used to buy bonds.*

When I meet with clients, we always print a MERGED REVIEW that shows your current asset allocation. It is so precise, it goes "behind the scenes" on investments like certain mutual funds, which may be a combination of asset classes, so that we can give you the most accurate accounting possible for YOUR own asset allocation given how important this knowledge is to your financial success.

In coming articles this year, we will discuss other portfolio management concepts such as early warning signals for too much withdrawals and remedies for reverse dollar cost averaging, topics that a retired investor wants to pay attention to.

## TRIVIA FACTS

Both Canada Post (1995) and US Postal Service (1998) issued a Superman stamp (DS Comic Book Hero).

In 1953, Canada Post commissioned Dr. Maurice Levy, a Canadian electronics scientist to design and supervised the building of a mail sorting machine which could process mail at 30,000 letters per hour with less than one letter in 10,000 mis-sort factor. It was sold for scrap in 1957 and in 1970 Canada Post chose a Belgium coding and sorting machine.

Longest mail route in 1963, three days and 918 miles – Dawson Creek, BC to Whitehorse, Yukon. [http://www.hankstruckpictures.ca/alcan\\_hwy\\_mail.htm](http://www.hankstruckpictures.ca/alcan_hwy_mail.htm).

I nearly fell off my chair with this one! Barb White – 61 year tenure as post mistress – Orton Ontario. YOURS TRULY GREW UP THERE! And Barb White ALSO was my school bus driver! Let me tell you ... you didn't goof around on her route! Our family rented that one room Orton school house – until our own home was built! <http://www.orangeville.com/community-story/1481999-mail-carrier-retires-after-61-years-on-the-job>.





## PARKING DURING RENOVATIONS

During the next three months, various tradesmen are coming and going for the renovation. Should you arrive and find no space available, you can consider parking on Grant Avenue (available with no time limit), or on Cumberland Road as it extends towards England Avenue (along Court House) with two-hour time limit. Most of our staff are parking off site to free up space in the lot.

## EVENTS THIS SPRING

### Women and Wealth Event

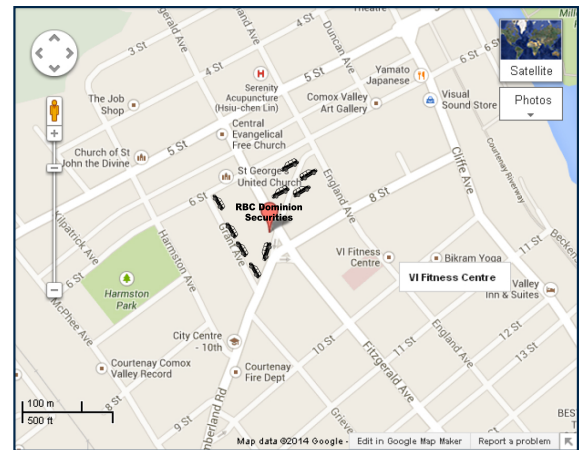
Ask me about the Women and Wealth Event February 25. If you are a female client or newsletter friend who would like to be more involved in understanding the unique issues facing women and their wealth decisions, please contact me to join this evening of open discussion and sharing facilitated by Jocelyn Duncan, District Vice President, RBC Global Asset Management. This is an official “Bring a friend” event. I would be happy to host a Men and Wealth Event (so as to not be discriminatory), if you wish to participate, please let me know.

### Visiting Professionals through February and March

**Sandra Odgers, Financial Planning Consultant.** For clients with more complex financial situations, Sandra can create a personal financial plan focused on your particular needs including cash flow, tax strategies, investments, retirement and estate planning. The aim is to achieve your goals and maximize your opportunities, providing a roadmap with ongoing support. This service is particularly useful for people selling a business in the next 3-5 years, receiving significant inheritance, or facing a life transition.

**Susan Benesch, Estate and Trust Advisor.** Susan is an expert in RBC’s Agent for Executor Solutions and Corporate Power of Attorney solutions. If you are agonizing over who to name as Executor or Power of Attorney – OR have had the job recently handed to you and you feel lost – Susan can speak with you about how RBC can help.

Please let me know if you would like to meet with these folks, and I’ll see what can be arranged for the dates they will be in our area. They are both wonderful resources for my clients and I am grateful for their regular visits and support to clients.



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