

THE RAE REPORT

A NEWSLETTER FOR THE FRIENDS AND CLIENTS OF ALAN RAE

ALAN RAE WEALTH MANAGEMENT PROCESS: HELPING TO SIMPLIFY OUR CLIENTS' LIVES | MARCH 2014

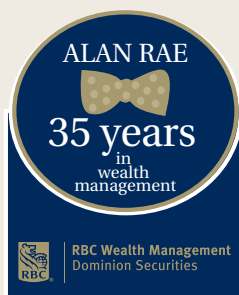


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A TAX-SMART WAY TO SAVE

The Tax-Free Savings Account (TFSA)

Starting January 1, 2014, you can contribute an additional \$5,500 to your TFSA to benefit from additional tax-free investment growth. With the contribution room from 2009 through 2013, you may be able to contribute up to \$31,000 to your TFSA if you haven't opened yours yet.

Within your RRSP or RRIE, your investment earnings grow on a tax-deferred basis, which means you don't pay tax on the earnings until you eventually withdraw them – typically resulting in faster growth. But with the TFSA, your investment earnings grow on a tax-free basis, which means you never pay tax on them – not even at the time of withdrawal. This tax-free growth enables your savings to grow much faster than they otherwise would.

A FLEXIBLE SAVINGS TOOL

The TFSA is an extremely flexible savings account that can meet a wide range of needs. It can help you:

- Save for short-term goals like financing home renovations or long-term goals like retirement
- Build additional tax-advantaged retirement savings above and beyond your RRSP
- Earn tax-free income on surplus RRIF payments that you don't currently need
- Contribute to a family member's education savings beyond their Registered Education Savings Plan (RESP)
- Reduce your family's overall taxes when you gift investable assets exposed to your higher tax rate to your lower-income spouse or adult children to contribute to their own TFSAs
- Shelter fully taxable interest income that you are currently earning in a taxable account
- Create a contingency fund for emergencies or time-sensitive opportunities



RBC Wealth Management
Dominion Securities



A TAX-SMART WAY TO SAVE
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HOW DOES THE TFSA WORK?

OPENING A TFSA

Any Canadian resident aged 18 and older with a Social Insurance Number can open a TFSA. In some provinces, you have to wait until you turn 19 (British Columbia, Yukon, Northwest Territories, Nunavut, New Brunswick, Nova Scotia and Newfoundland & Labrador). However, TFSA contribution room starts accumulating at age 18 regardless of your province of residence.

MAKING CONTRIBUTIONS

From 2009-2012, you could contribute up to \$5,000 per year to your TFSA. In 2013, this amount increased to \$5,500.

You can also gift funds to your spouse or adult child to contribute to their own plans.

- There is no income requirement to contribute to a TFSA – you can make contributions even if you have no income.
- While your contributions are not tax-deductible against your income, as they are with an RRSP, any investment income they earn accumulates tax-free.
- If you don't use all of your available contribution room in a given year, you can carry it forward indefinitely. There is no age limit for contributing to your TFSA – it's a lifelong plan.

MAKING WITHDRAWALS

You can withdraw as much as you want, whenever you want, for whatever

reason you want – and you pay no taxes on the withdrawal. What's more, any amounts you withdraw are added to your available contribution room for future years.

TRANSFERRING YOUR TFSA

You can transfer the assets in your TFSA at the date of your death to your spouse (or common-law partner) tax-free by naming them as the successor holder or beneficiary on your TFSA. Your spouse can transfer these assets to their own TFSA without affecting their available contribution room. If you do not name a successor holder or a beneficiary on your TFSA, then the TFSA assets will form part of your estate.

If you have any questions, just give Alan, Penny or Louise a call – we will be pleased to help you.



March Bow Tie Quiz

Congratulations to Doug Witzel for answering the February Bow Tie Quiz correctly. The answer is “**Year of Horse.**”

For this month's Bow Tie Quiz, please visit our website at www.alanrae.com. Look for the Bow Tie Quiz section on the righthand side of the homepage and click on the “Submit Answer” button to send your answer to Louise.

For those of you who do not use the Internet, please give Louise a call directly at 604-665-3102 and we will gladly share our next Bow Tie Quiz with you.

Good luck!

FIXED-INCOME AND CASH MANAGEMENT SOLUTIONS FOR YOUR ORGANIZATION

When you are investing on behalf of an organization, the qualities you look for in an investment provider are often similar to those you look for in an investment: qualities such as security, safety and stability.

At RBC Dominion Securities, we offer our clients access to the deepest and broadest selection of secure money market and fixed-income investments in Canada. Through our relationship with RBC Capital Markets, we are a leader in all areas of the fixed-income and money markets¹:

- Canada's corporate bond leader by market share
- #1 or #2 position in Canadian government, agency and corporate bonds with trading volumes of over \$5 billion daily
- One of Canada's leading money market dealers with over \$4 billion traded daily
- #1 in T-bill with volumes averaging over \$1.5 billion daily
- Market dealer in most of the current active commercial paper programs
- 25% market share in secondary volumes of Canadian corporate commercial paper

Our clients appreciate the security that comes from choosing a firm that is a fully owned subsidiary of Canada's premier financial institution, Royal Bank of Canada (RBC). A leader in the Canadian financial sector – ranked among the world's strongest and safest by both Bloomberg Markets and Global Finance in 2013 – RBC gives clients

additional confidence in an uncertain economic environment.

FIXED-INCOME EXPERIENCE YOU CAN COUNT ON

At RBC Dominion Securities, we have extensive experience helping organizations manage their financial assets according to specific guidelines. Our clients include local governments, condominium corporations, faith groups, treasury departments, schools and hospitals.

The process starts with your personal Investment Advisor, who will consult with the key individuals in your organization to understand your specific requirements and objectives.

Based on these consultations, and with input from our team of fixed-income experts, your Investment Advisor will develop or modify your Investment Policy Statement (IPS). This document serves as the “road map” for investment decisions and determines standards for investment quality, asset allocation and risk management, among other things. Should your organization also have ethical, social or environmental criteria, your Investment Advisor can incorporate these into your IPS as well.

On an ongoing basis, your Investment Advisor will provide client service, ensure your assets are managed in accordance to your IPS and periodically review and update your IPS as necessary.

DEDICATED FIXED-INCOME EXPERTS

Supporting your Investment Advisor is a team of fixed-income specialists

– the RBC Dominion Securities Fixed Income Desk. The desk's traders assist with trade execution on large or complex transactions, source product and develop new products. The desk also includes portfolio advisors, who provide market commentary, credit and interest rate analysis and advice on portfolio structure.

¹Information is as of September 2013 unless otherwise indicated.

CANADA'S FIXED-INCOME LEADER

- Cash management solutions to optimize free cash flows
- Access to virtually every Triple-A rated and R1 debt instrument in the market
- Professional advice from a dedicated advisor backed by a team of specialists
- Investment Policy Statements establishing strict parameters for the management of your funds
- Strategies to maximize yield without compromising on security
- Maturity dates structured to ensure access to funds when you need it
- Ongoing client service including portfolio monitoring, cash inflow/outflow management, quarterly and on-demand reporting and regular portfolio reviews



SWITCH TO eDOCUMENTS TO MINIMIZE THE PRIVATE MAIL THAT YOU RECEIVE AT COMMUNITY MAILBOXES

You may have heard that Canada Post is replacing door-to-door mail delivery with community mailboxes in order to reduce costs. Unfortunately, fetching your mail from a shared community mailbox may be inconvenient for you. By switching to eDocuments, you can receive your RBC Dominion Securities account statements, trade confirmations and other documents electronically instead to enjoy greater convenience. What's more, you don't have to worry about your statements being lost or damaged in the mail, or accidentally delivered to a neighbour's mailbox.

SWITCH IN MINUTES

Switching to eDocuments couldn't be easier. Simply call us and we will switch your personal accounts to eDocuments over the phone in minutes.

If you have Internet access when you call, we can also show you how to access your eDocuments.

WHAT ARE eDOCUMENTS?

eDocuments are official RBC Dominion Securities account documents that you receive online instead of in the mail,

helping you to reduce your paperwork.

GREATER CONVENIENCE

With eDocuments, you receive your documents faster and more conveniently through DS Online, which is accessible any time, anywhere.

You don't have to worry about lost documents in the mail – or delays.

In addition, you can save your eDocuments to your personal computer and print them off whenever you need.

EASY ACCESS TO PAST DOCUMENTS

With eStatements, there's no more filing – and no more hunting through old files to retrieve past documents.

You will have convenient access to a seven-year-archive of past documents, starting from November 2007.

SECURE AND CONFIDENTIAL

Unlike paper documents, which can be lost or damaged in the mail, your eDocuments are protected by your confidential password and the latest encryption technology.

Simply call us and we will switch your personal accounts to eDocuments over the phone in minutes.

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