

LARA AUSTIN MINDINGMONEY

SEPTEMBER/OCTOBER 2013



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

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OF WASPS AND PHISHES

One of the most glorious things about beautiful summer days is that they give you a chance to eat outside. Nearly every evening since the beginning of June, we have enjoyed our meals surrounded by greenery, Clematis, Dahlia's and visiting hummingbirds. Everything tasted better, felt more relaxed until mid August. By late August we were constantly fighting off those pesky wasps. My husband gets really fired up. Demanding a fly swatter and taking great offence to their buzzing and landing on food. My boys just pick up their plates and retreat inside, making an already brief interlude to connect at days end - even shorter (they are teenagers after all). I try to stay calm – after all, wasps are an important part of an ecosystem - and they are only scavenging protein or sugar as they are designed to do. Tragically, dinner ends early... with carcasses floating in soup and nobody content and relaxed.

Wasps reminded me of another scavenger. Phishers. You can think of Phishers as the wasps of the internet. Phishers create computer programs that generate e-mails designed to fool a recipient into relinquishing personal information. While I have yet to understand their benefit to the 'internet eco-system', they are a pesk that we have to acknowledge and be prepared for. The early days of phishing was relatively simplistic, but like most species – they have evolved. Now phishers can make their requests look VERY authentic. Later this summer, a few of my clients identified 'phishing' e-mails and reported them to me. Please know that the largest banks and brokerage firms are pooling resources and working together to track and eradicate the Phishers. IF YOU REPORT a phishing e-mail to our security, they WILL follow up and attempt to track them down. In the meantime, it is easy to get frustrated and give up. Please don't. We all enjoy the ability to send a quick e-mail to a friend or look up information online. It would be a shame to let the few 'bad guys' out there ruin our enjoyment of technology.

In the meantime, I remind myself that 'at least we don't have mosquitoes and blackflies' and hang a paper bag with cloves in it. With any luck, we will be able to eat outside until end of September!

Cheers,

Lara D. Austin



RBC Wealth Management
Dominion Securities

NEWS ALERT!!!

The CRA Prescribed Loan Rate will increase to 2% from the current 1% effective October 1, 2013.

This will impact Spousal Loan and RBC Family Trust solutions, and as a result we encourage applicable clients to consider establishing these strategies in advance of this date.

The current 1% interest rate, which has remained unchanged since April 1, 2009, is at its lowest possible level. As recently as 2007, the CRA prescribed rate on family loans was 5%.

What is the Prescribed Rate?

The prescribed rate is important and is set each quarter based on the average 90-day Government of Canada T-bill rate for the first month of the prior quarter. The rate charged on overdue taxes, or paid on excess taxes remitted, is derived from the prescribed rate. In addition, the rate is used to calculate taxable benefits on interest-free or low-interest employee or shareholder loans, and applies to loans between family members who want to split income.

Why would I want to initiate a Prescribed Rate Loan?

Under the current Canadian tax system, the more you earn, the more you pay in taxes on each additional dollar earned. Therefore, in order to lower your family's overall tax burden, it makes sense to spread income among family members who are taxed at lower marginal rates.

However, income attribution rules in the Income Tax Act prevent most attempts to shift income from a higher earning family member to another in a lower tax bracket. For example, a parent who transfers assets to a minor child or spouse with a lower income will have any interest or dividends, and in some cases capital gains, attributed back for income tax purposes.

An exception to the attribution rules comes into play when an individual makes a loan to a minor child, nieces/nephews and/or grandchildren and/or spouse at an interest rate at least equal to the Canada Revenue Agency's (CRA's) prescribed interest rate. When the loan is made at the prescribed interest rate or higher,

the attribution rules will not apply and income earned on the loaned capital will be taxed in the hands of the child or spouse. ***If structured properly, the prescribed rate in effect at the time of the loan will continue to apply until the loan is repaid, regardless of future changes to the prescribed rate.***

It should be noted that trusts are typically used for income splitting with minors because minors generally cannot enter into an enforceable contract. Professional advice should be sought before setting up any type of prescribed loan.

Who might be interested?

- High income executives, professionals and business owners with minor children or low income adult children
- Parents with children in private school or expensive sports or lessons
- Parents with little education savings or have started an RESP late
- Grandparents who want to provide funds to grandchildren

For more information on these topics please [contact us](#) for the following resource pieces:

- The RBC DS Family Trust – Guide for clients
- Using a Family Trust for Prescribed Rate Loan Arrangements (see below)

FREE WEBINAR ON THIS TOPIC:

Date: Wednesday, Sept. 4, 2013 **Time:** 1:00 - 2:00 p.m. ET

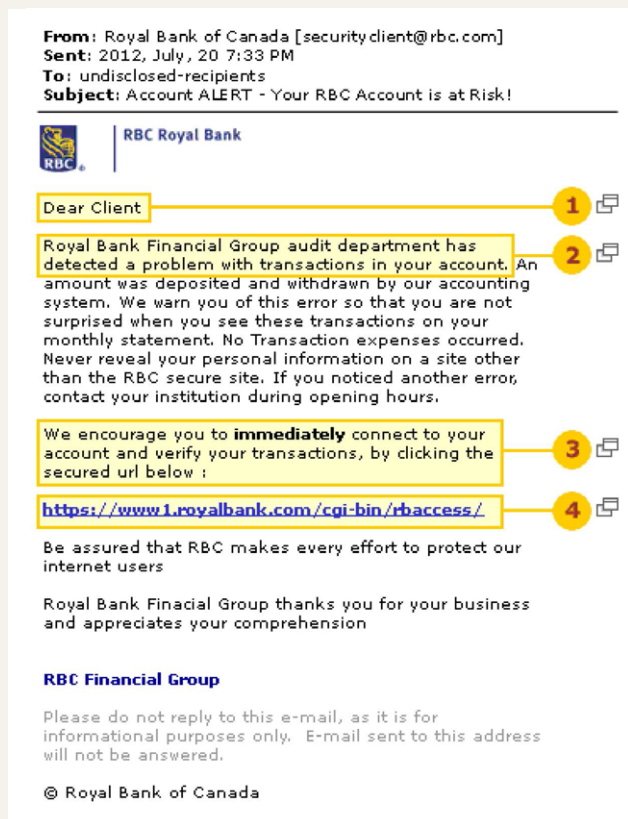
- Spousal Loan Strategy



RECOGNIZING PHISHING EMAILS

Phishing emails are becoming more sophisticated and can be tricky to spot. Being able to recognize phishing emails can help prevent you from becoming a victim.

Below is one example of a phishing email. RBC and RBC Dominion Securities DO NOT ASK clients for confidential information via regular e-mail. These types of e-mails are all fraudulent.



1. Phishing emails no longer only begin with a generic greeting such as “Dear Client”. They may use your email address such as “Dear john.doe@abcd.com” or even your name.
2. Some emails will refer to a “problem” with your account and urge you to access a link to verify your information. **We will never notify you of a problem through an unsolicited email.**
3. There is often a sense of urgency in the email encouraging you to respond immediately.
4. Many emails have links that look valid but lead to a fake website. Here’s a tip: move your mouse over the link in the email until a small box appears with the URL (web address). If the web address in the box is different from what you see in the email, the link may lead to a fake site. Do not click on this link.



What You Can Do

If you believe your confidential information may have been stolen or obtained by a fraudulent party either online, by telephone or through any other means, call us immediately **1-800-769-2511 OR 1-800-769-2555 (online services)**.

If you responded and provided non-financial (personal) information only, you can contact a Credit Reporting Agency and have an Initial Fraud Alert placed on your credit report. Equifax (888) 766-0008, Experian (888) 397-3742 and Transunion (800) 680-7289.

For phishing emails, please notify us by forwarding the suspicious email to phishing@rbc.com for analysis. **Please note that phishing@rbc.com is an automated mailbox for reporting phishing and website fraud only – we are unable to provide responses from this mailbox.** If you require a response, please direct your question through the phone numbers listed above.

To report fake websites masquerading as RBC company websites, send an email to phishing@rbc.com with the subject “Fake RBC website.” Remember to copy the full URL (website address) into the body of the email.

Phishing Statistics

Google provides software that flags up to 10,000 sites PER DAY with being unsafe. If you visit an unsafe site – Google software will alert you. It will display a prominent warning and a request to ‘ignore this warning’ if you still wish to visit the site. It does allow you to enter.

According to RSA Anti-Fraud Command Center (a division of EMC2). The top five countries for phishing attacks are:

1. US
2. UK
3. Germany
4. Brazil
5. Canada

The amount of attacks increased 59% from 2011 to 2012. Estimated costs of phishing worldwide exceeded \$1.5 Billion. It is expected in 2013 that the trend for phishing is changing. Focusing more on mobile device users, particularly smart phones. Targeting by voice (vishing), SMS (smishing) and app-based phishing (rogues apps), as well as classic e-mail that would be received and opened on their mobile device.

As of January 1, 2013, The RSA Anti-Fraud Command Center has shut down more than 770,000 phishing attacks in more than 180 countries.



UPCOMING EVENTS

Look for Lara at these exciting community events this fall!

BOTH are open to the general public.

RBC Dominion Securities will have:

- Financial Literacy Resource Kits (great for grandparents, teachers and parents) available by donation to YANA (Lara will make 100% matching donation)
- Free 'Forget Me Not' seeds
- Ten answers to 'Why is Financial Literacy Important?'



4th Annual West Coast Women's Show Both #33

Saturday, October 5, 2013 — 9:00 am to 5:00 pm
Sunday October 6, 2013 — 10:00 am to 4:00 pm

For details go to www.westcoastwomensshow.com



Mini-showcase and Networking Mixer Comox Valley Women's Business Network and Comox Valley Chamber of Commerce

Thursday, October 17, 2013 — 5:30 to 7:30 pm

For details go to www.cvwbn.org
Registration required through
www.comoxvalleychamber.com/events



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