

Lara Austin's

November/December 2012

# Minding Money



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*For the friends and clients  
of Lara Austin of  
RBC Dominion Securities*

## Busy times...

The past month has been a blur of special activity.

October started with a two-day conference in Vancouver for "Women in Wealth." While I always appreciate a "mixed" conference, there is something truly special about 110 female financial professionals from B.C. and Alberta sharing their experiences, resources, ideas and successes. Now I can share what I learned in my "in person" meetings and in this and future newsletters.

You may have noticed a press release in the local papers mid-October for a "Funny Money Inc." comedian coming to town. Steven Levin made an incredible impression at the two local schools he attended. The grade 10, 11 and 12 teens learned the basics of saving, spending, and investing. I even had a few teachers comment that they attended the event because they could "still learn a few things."

You may also have seen me at the inaugural 50+ Trade Show on Sunday Oct 21<sup>st</sup>. I thoroughly enjoyed the event. It gave me a chance to connect with clients (lots of hugs), with new people (only one marriage request) and other vendors. Barb Newbold was the Winner of my Sweet Chocolate Forget-Me-Not Bouquet. Lots of folks walked away with forget-me-not seed packs and I hope they won't forget me when they are looking for a new advisor!

Next up was the Top 40 Under 40 event on the 24<sup>th</sup>. I am honoured to have had multiple nominations including one from a client! It was great to be recognized in the community for leadership and involvement. I need to note that I could only do the things I do with the great support of my husband and children!

Finishing off October were two presentations. One "How to Survive in a 2% World: a closer look at your investment options" and the second "The Five Secrets to a Successful Estate Plan" were fully booked. I am planning a repeat of them in late January. I have also been requested to speak at Eldercollege in the new year, keep an eye out for that topic!

No rest for the wicked! Cheers,

*Lara D. Austin*



Winner of Chocolate Bouquet  
50 Plus Trade Show Oct. 21, 2012

## Review Your TFSA Strategy in December!

*Have you found yourself with “bits” of TFSA all over the place?*

*Are you aware that TFSA’s are more than just a “savings” account?*

December is a busy month. Before Christmas comes, you want to be examining your TFSA strategy.

TFSA accounts are treated like RRSP accounts. If you are consolidating to one “institution” or firm, and you sign a transfer FORM to move them, then you are going to pay a TRANSFER admin fee. Often this is \$50 to \$150 and not worth it for the smaller TFSA value involved.

The solution? Cash out your TFSA prior to calendar year end (December 31<sup>st</sup>). Move the money into the new institution in January of the next year. Bingo... you avoid a transfer fee and have fewer accounts to look after!

**Take this example:**

You have \$5,043.00 in an interest-earning “savings” investment in TFSA at one firm. If you want to invest in something other than a ‘savings’ investment such as “preferred shares” paying 4.8% dividend or a stock paying 5% dividend plus growth, you can move your TFSA to RBC Dominion Securities.

Redeeming \$5,043.00 in December leaves a TFSA Room “gap.” You can turn around in January and contribute your fresh \$5,000 PLUS the “gap” room of \$5,043.00 for a total deposit of \$10,043.00 on January 2<sup>nd</sup>.

**Reminders:**

- Calculating your “gap” room can be difficult. If you are in question, call the CRA directly. The number to call is **1-800-267-6999**. The option for the **Individual**



**Tax Free Savings Account (option 6 then 2)** service lets you know the amount of unused TFSA contributions as of January 1st of the current year. This service is available 24 hours a day, 7 days a week from mid-February to the end of December.

- Accounts at RBC DS charge a 1% fee in lieu of trading fees/exchange commissions. It is calculated on average monthly balance and charged yearly.
- Through the months of November and December, you can give Lara and James instructions for moving money to your TFSA in January from another DS account or leave a Post Dated cheque. This way we can get working on your account first thing in the New Year!

### Eager To Learn At Any Age?

Whether you are 8 or 80, this website is for you! Over 3000 videos presenting educational concepts in all topics of Science, Math, English and Sociology.

[www.khanacademy.org](http://www.khanacademy.org)

The following is an excerpt from *Salman Khan’s The One World Schoolhouse: Education Reimagined*.

*For these students, the Khan Academy has been a haven and a refuge, a place where they can do for themselves what their classroom and workplace experiences have failed to do. Can watching video lessons or using interactive software make people smart? No. But I would argue that it can do something even better: create a context in which people can give free rein to their curiosity and natural love of learning, so that they realize they’re already smart.*

## Why Stocks Go Up & Down

*"Sometimes reading a book about investing geared to 'the young folk' helps us get back-to-basics. I found the explanation on why stocks move up AND down particularly fascinating. We all 'know this', but it often is good to remind ourselves regularly!"*

Excerpt from "Motley Fool: Investment Guide for Teens"

When you invest in shares of stock, expect the prices of those shares to go up and down. They will, every day, sometimes for understandable reasons, sometimes for no apparent reason. Here are some of the many reasons a stock price will move significantly up or down.

### Why stocks go up:

- Because people want to own it – more buyers than sellers drives the price up.
- Increasing sales and profits of the company.
- A great new executive is hired to run the business.
- An exciting new product or service is introduced.
- Additional exciting new products or services are expected.
- The company lands a new contract.
- A great review in the media.
- Scientists discover a revolutionary new product.
- A famous investor is buying shares.
- A Wall Street analyst upgrades the company, changing his or her recommendation from "Buy" to "Strong Buy."
- Other stocks in the same industry are going up.
- Most of the stock market is up.
- The company wins a lawsuit.
- The company announces a major global initiative
- The industry is "hot" – people expect big things for good reasons.
- The industry is "hot" – people don't understand it, but they are buying anyway.
- The company announces it will be acquired by another business at a higher price.
- Rumours.
- No discernable reason.



### Why stocks go down:

- Because people don't want to own a stock – fewer buyers than sellers drives the price down.
- Profits and/or sales are slipping.
- Top executives leave the company.
- A famous investor sells shares of the company
- An analyst downgrades his recommendation of the stock from "Buy" to "Hold."
- The company loses a big customer
- A factory burns down.
- A high-profile peer company in the same industry announces bad news.
- The industry falls out of favour.
- Most of the stock market is down – perhaps a temporary recession or bear market.
- Another company introduces a better product.
- A big lawsuit is filed against the company.
- Scientists discover the product is putting infant lives at risk.
- Fewer people are buying the product.
- The industry used to be "hot," but now another industry is more popular.
- Some new government regulations are hurting sales or profits.
- A powerful company becomes a competitor.
- Rumours.
- No discernable reason.

(More advice includes)

**Expect Growth:** You can expect your wealth to compound. With compounding, EXPECT the growth to start out slowly, but then begin to snowball as the years go by.

**Expect to Wait:** With sensible investing, it usually takes time for you to see significant results. Don't jump in, see your holdings drop a bit or not move much for a while, then jump out in an impatient huff. Expect to Wait.

Expect Volatility: .....



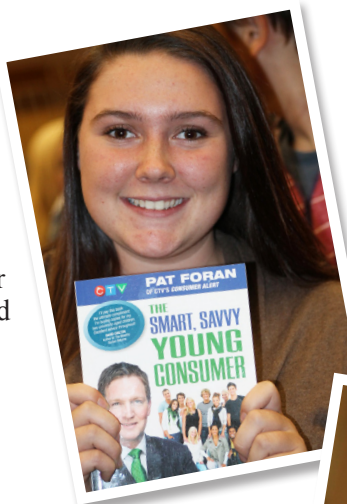
## Christmas Ideas!

Books that your NEARLY adult children or grandchildren should read (ideal for ages 13 to 25).

### *The Smart, Savvy Young Consumer: How to Save and Spend Wisely*

Pat Foran, CTV news  
ISBN-10: 189752675X

The Smart, Savvy Young Consumer: How to Save and Spend Wisely If you are 14 to 34... and you're smart, savvy, and sophisticated, then this book's for you! Learn how to make smart and savvy decisions about saving, investing and preparing for your future! Avoid common mistakes, use proven strategies to invest and feel good and stress free about your life!



### *No More Mac 'n' Cheese*

Lise Andreana CPP  
ISBN: 978-1-77040-090-0

This book is aimed at young people recently graduated from high school or college, out on their own for the first time. Whether you're a 20-something wanting to make the most of their financial independence; the parent of a young adult trying to instill some financial responsibility; or a member of a financial institution hoping to encourage the younger generation to start.



### *The Motley Fool Investment Guide for Teens: 8 Steps to Having More Money Than Your Parents Ever Dreamed Of*

ISBN-13: 978-0743229968

From the personal-finance duo Fortune magazine called "funny, smart, cynical, opinionated" comes savvy financial advice for today's street-smart young investors.

The Motley Fool has made investing fun and easy for millions of people. Now, it custom designs its wit and wisdom for today's money-savvy teens.

The Motley Fool Investment Guide for Teens helps teens stand out from the ho-hum mutual fund crowd, build a portfolio of stocks they can actually care about, and take advantage of the investor's best friend-time-to watch their profits multiply.



If you have kids or grand-kids preparing for the 'real world', you can direct them to [www.getsmarteraboutmoney.ca](http://www.getsmarteraboutmoney.ca) a Not-for-Profit website designed for financial literacy.

*Merry Christmas*



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