

Wade Wealth Report

FOR THE CLIENTS AND FRIENDS OF PORTFOLIO MANAGER FRANK WADE | SUMMER 2013

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OF RBC DOMINION SECURITIES



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TAKING KIDS TO MONEY SCHOOL

Strong money management skills will serve children well in any career.

As anyone who's visited a toy store with a child or grandchild knows, kids understand the concept of spending money at an early age. What children don't always learn is how to save and spend wisely.

Here are some of the saving and investing basics your children or grandchildren can enjoy learning. They can practice these skills every day, no matter how young they are.

LEARNING TO EARN

Paying your children an allowance is a good way for them to learn the value of money. It also opens the door to a discussion about the essentials of financial planning, such as banking, saving, and spending.

Many parents pay an allowance based on a child's age. For example, a 12-year-old might receive \$12 a week. Encourage your children to put aside a portion of any money they receive. They will learn quickly that spending

their hard-earned money on an inexpensive toy might mean they can't afford to buy a more expensive video game later.

One way you can allocate a child's allowance is to divide it into three pools – one for spending, another for saving and a third for sharing with charities. This helps children not only understand the value of budgeting and saving, but also helps them develop a sense of social responsibility by giving to charitable causes.

With older children, you can lay the groundwork for their retirement savings by helping them file an income tax return once they start earning money. They usually won't owe any

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taxes, but filing a return reporting employment income for that year will generate contribution room for a Registered Retirement Savings Plan (RSP). This contribution room can be carried forward until they have enough money to make contributions and can take advantage of the tax deductions.

BEGINNING TO BUDGET

Offer to help your older children establish a workable budget. The budget could factor in money they earn or receive, regular expenses they expect to incur, and the savings they need for specific goals.

Budgeting can help them distinguish between short-term savings (a new CD or DVD), medium-term savings (a new bike or game console), and long-term savings (a car or post-secondary education).

Investing for growth

As your children grow older, you can teach them the basics of investing. The first step might be to open a savings account for them. This is your opportunity to discuss how banks pay interest for money on deposit. With straightforward compound-interest calculations, you can show how a regular amount set aside each month can grow.

As a next step, try letting your older children invest in a company that produces something they know and like, or a mutual fund that invests in these companies. Showing them where to find information on their holdings in newspapers and on the Internet will make tracking their investment fun and rewarding, and give them a real sense of ownership.

While teaching your children about saving and investing will help them get on the right financial track at an earlier age, remember that few children can tackle major financial undertakings — like the cost of post-secondary education — on their own.

To help your children save for their education, consider making annual contributions to a Registered Education Savings Plan (RESP). This plan allows savings for their post-secondary education to grow tax-sheltered until they need them, and lets them benefit from the Canada Education Savings Grant (up to \$500 per child per year) that your RESP contributions attract.

Please contact us for more information.





PROTECTING YOURSELF FROM E-MAIL FRAUD

Phishing (sounds like “fishing”) is the most common type of online fraud and involves the practice of sending phony e-mail messages to trick you into revealing your personal information.

RBC will never, under any circumstances, send you an e-mail that includes a link or phone number asking you to update or verify your account details or other personal information online or by phone, or log on to DS Online (or another private website).

When these fraudulent e-mails contain links – do not click on the links or reply to the message. Remember that these links take you to a phony website designed to capture your personal information. The websites often look legitimate and may even contain RBC banners and logos to try to fool you.

If you receive an email that asks you to provide confidential information, such as account passwords, PIN, Social Insurance Number or any other personal information –

either online or by phone – do not respond. Instead, please notify us by forwarding the email to information.security@rbc.com.

If you believe you have provided your account or other personal information in response to a fraudulent email, call us immediately at 1 800 769-2555 or see the “Contact Us” information at rbc.com/security/contact-security.html.

For more information on protecting your personal and financial information online, please review our Guide to Security and Privacy at rbcroyalbank.com/online/guidetosecurity.html.

And be sure to check out our new Phishing Resource Centre at rbc.com/security/phishing.html.

WHAT'S NEW ON OUR TEAM?

A fond farewell to Rachel Derkson who was with our team for only a short time. We wish her all the best with her move to Pine Falls, Manitoba, and in her new role with RBC Royal Bank.

Chris Cherepushcak joins our team after completing his MBA with the Asper School of Business at the University of Manitoba. Prior to moving to Winnipeg this past fall to pursue his graduate degree, Chris had resided in Brandon, Manitoba, for the last 10 years; completing his

undergraduate degree in business & economics at Brandon University and working in commercial banking with another national bank. Chris has also been actively involved with the sport of hockey in Manitoba, having served as an on-ice official since 2002.

GET THE BENEFITS OF WATCHLISTS WITH DS ONLINE

DS Online Watchlists can help you keep track of securities you are monitoring. You can create up to 20 Watchlists, each with 15 stocks per list. All that's needed is DS Online access and you can get started right away! Here's how:

- Sign-in to DS Online and then click on the "Quotes" tab and select "Watchlists."
- You'll see a default list called "Market Pulse." Simply click on "Create New List" to set up a new list.
- You can then assign a name to your Watchlist and add the symbols you wish to see in the list. You can add a maximum of 15 symbols per watchlist. Once you've entered all symbols, click on "Save List."
- Your Watchlist is now created. Should you wish to add any symbols going forward, you can simply type it in at the bottom of your screen and click on "Add +". Your list will automatically be updated.

Along with the convenience of e-Statements, guaranteed security and privacy, real-time quotes, and enhanced research capabilities, the Watchlists feature is just one more reason to sign up for DS Online. If you haven't signed up yet and are interested, please contact me and I will be happy to assist you. If you are already able to access DS Online, please take a few minutes to sign in and explore what the site offers to you.

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