

Michie Wealth Management's Quarterly Investment Update



Wealth Management
Dominion Securities

Summer 2017



The Michie Wealth Management Group of RBC Dominion Securities Inc.

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“We build our business on integrity and service. The highest compliment we can receive is the referral of friends, family and business associates. Thank you for your Trust.”

Pension Income Splitting

How you and your spouse may be able to benefit

Since the introduction of the pension income splitting rules in 2007, many families can now significantly reduce their total tax bill by allocating certain types of retirement income to a spouse who is taxed at a lower rate. Here are some key details that you and your spouse may wish to consider as part of your overall plan to draw upon your retirement income.

The basics:

If you or your spouse receives eligible pension income during the year, you and your spouse can split or allocate the eligible pension income for tax purposes. Generally, you or your spouse can allocate an amount of 0% to 50% of the eligible pension income. In order to lower your family tax bill, the higher income earner will generally allocate their pension income to the lower income earner.

Who can benefit?

These rules benefit couples where the primary recipient of the eligible pension income is subject to tax at a higher rate than their spouse.

Married couples as well as those who satisfy the definition of “common-law partners” under the Income Tax Act qualify for pension income splitting. This includes same-sex couples.

What pension income is eligible?

Only certain income is eligible to be split under the pension income splitting rules. The type of income that is eligible also depends on the age of the person who is the primary recipient of the income. In

most cases, if you are under 65 during the entire tax year, you will only be able to split payments you directly receive from a registered pension plan.

If you are 65 or older by the end of the tax year, you are eligible to split the following types of income with your spouse:

1. A life annuity payment from a superannuation or pension plan
2. In certain cases, a life annuity from a Retirement Compensation Agreement
3. A payment from a Pooled Registered Pension Plan (PRPP)
4. A payment from a RIF, LIF, RLIF, LRIF, or PRIF
5. An annuity from a Deferred Profit Sharing Plan (DPSP)
6. A payment from a regular annuity or an income averaging annuity
7. Payment from certain foreign pension plans (including US Social Security)

Spouses with similar income:

There are a couple circumstances where you may still be able to benefit from reallocating pension income even if you and your spouse have similar amounts of income.

1. To enable both spouses to receive pension income tax credit
2. To reduce or eliminate the clawback of OAS benefits

Everyone's circumstances will be different. Whatever your situation is, it will be important to discuss your needs with us. Together, with input from your own professional tax advisor, we will make the best decision for you and your family.

Naming Your Executor – 7 Common Pitfalls And How To Avoid Them

If asked by a family member or friend to serve as their executor, most of us would consider it an honour. However, it can be a complicated, sometimes overwhelming undertaking.

An executor is often responsible for a long and detailed task list to ensure your last wishes are carried out. To settle even a simple estate, it can take about 18 months. Your executor must complete numerous tasks and duties. That's why it's important to carefully consider your choice as an executor. Following are seven issues you should be aware of when naming your executor:

1. Not considering your executor's age and health

Many people choose someone close to their own age to act as their executor, such as their spouse, a sibling or a close friend. That may be fine when everyone is younger and in good health. However, when the time comes to act, the person you have named may no longer be up to the task due to their age or health. It's also possible that they will predecease you. Make sure you review your choice of executor as time goes on, and consider naming someone from the next generation.

2. Overlooking family conflict

Let's face it, family can be complicated. That's why it's important to select an executor who is able to manage potential family discord and balance conflicting interests. To help your executor, consider talking with your beneficiaries in advance, so they clearly understand your final wishes and the reasons for your decisions.

3. Selecting someone too busy

It can take 1-2 years to settle a basic estate, and longer if you have a more complex estate. If you are establishing trusts in your Will, your executor's responsibilities could stretch into many years or even decades. This can be challenging for your executor if they have a busy life, so think about naming someone who will likely have the time to carry out their duties, or arranging professional assistance to help them.

4. Choosing someone far away

Your executor will be responsible for many tasks that are much easier to do if they are closer to where you live

5. Naming an expat executor

When a non-resident of Canada acts as the sole executor of a Canadian estate, the estate may be considered a non-resident of Canada. This could result in the loss of tax advantages enjoyed by Canadian-resident estates.

6. Putting honour before duty

You may feel like you have to name someone in particular as your executor – someone who may “expect” the honour. However, your executor will have duties that require a certain level of technical expertise, such as filing tax returns. What's more, your executor could potentially face personal legal liability if they don't properly carry out their duties. As a result, you should carefully consider your executor's level of expertise.

7. Not getting professional assistance when you need it

Ultimately, you may find it difficult to find someone ideally qualified to act as your executor. Avoid naming someone just because you have to name someone. Give some thought to either hiring a professional to act as your executor, or to support your executor in carrying out their duties.

UPCOMING EVENTS

Take Control Of Your Portfolio: Reducing Volatility

July 12th
7:00PM – 9:00PM
RBC Dominion Securities
17 King Street West, 2nd Floor
Oshawa, Ontario

Understanding Your Fees: Are You Paying Too Much For Investment Advice?

July 25th
7:00PM – 9:00PM
RBC Dominion Securities
17 King Street West, 2nd Floor
Oshawa, Ontario

Understanding Your Pension Options

August 16th
7:00PM – 9:00PM
RBC Dominion Securities
17 King Street West, 2nd Floor
Oshawa, Ontario

Please RSVP to Lynsey Rivest at lynsey.rivest@rbc.com or 905-434-6230.

Seating is limited and we encourage you to respond early.

Five Ways To Avoid A Scam

There's nothing new about scams, fraud or stealing personal information, but it does seem that for every new convenience technology provides, a new scam appears. Protecting yourself might not always seem easy, but with a few helpful tips, and occasional reminders about the latest or most common scams, you can reduce your risk significantly.

1. Don't get caught by "phishers"

"Phishing" is a common online scam designed to trick you into providing personal information that can be used to rip you off or steal your identity. Scammers send you an unsolicited email that, at first glance, may appear legitimate. Typically, the email will say there's a "problem" that requires your "urgent attention" and provides a link to a fake website, which requests your personal information. Remember, you should never provide personal information such as credit card numbers, passwords, date of birth or social insurance numbers, in response to an unsolicited email.

2. Practice safe surfing

Of course, not every email or website is a scam. For example, you may receive an email from a trusted service provider, reminding you to pay your bill online, and providing a link to their website.

If you're unsure whether the email or website is legitimate, reopen your browser and type in the company website URL in the address bar yourself. Before entering any financial information, look for the lock icon on your browser and ensure the URL in the browser starts with "https."

Avoid using public computers, keep your computer protection software up to date, choose effective security questions, and change passwords and PINS on a regular basis.

Remember, if you're unsure about a website, you can always phone a company to verify using a phone number you know if legitimate.

3. Don't buy under pressure

Someone with a clipboard is knocking on your door. Your first instinct may be to pretend no one's home. But if you do open the door (or pick up the phone) and find yourself being asked to buy something or donate to charity, be careful. It could be a scam. If you are interested, don't commit on the spot, or provide any financial information such as your credit card number, especially if you're being pressured. You can always take the time to make your decision and research a company or charitable organization to ensure it's legitimate.

4. Invest with care

There are no guaranteed get-rich-quick schemes, and "secret" shortcuts to wealth or "hot tips" are also very likely scams. These scams are often about stealing money from you, or obtaining your personal information. Salespeople that pressure you to sign or invest immediately could be perpetrating a scam. When investing, it's best to work with someone you know who works for a reputable company.

5. Educate yourself

It seems like there's a new scam every day, whether it's an unusual request that seems "too good to be true" or someone using a hidden camera to steal your PIN. Learn about some of the most common scams by checking out *The Little Black Book of Scams*, published by The Competition Bureau of Canada, at www.competitionbureau.gc.ca.



MARKET WATCH

Equity Indices	YTD (%)	52 Week (%)
S&P/TSX	-0.4%	7.7%
S&P 500	8.7%	15.2%
Dow Jones	8.3%	18.8%
Euro Stoxx 50	6.3%	11.8%
FTSE 100	4.2%	18.8%
DAX	11.4%	27%
NASDAQ	15.9%	27%
Nikkei 225	5.2%	23.8%
Shanghai Stock Exchange	1.4%	8.8%
Hang Seng	16.7%	23.0%
MCSI World	9.6%	15.1%

*Performance as of June 22, 2017

In The Community

100 Men Of Oshawa - \$20,000 Donation To Local Food Bank

The “100 Men of Oshawa” meet 4 times a year for an hour to network and raise money for local charity projects. At each meeting, three charities make a brief presentation on their organization and local project. Based on a majority vote, and a \$100 donation from each member, 100 Men of Oshawa supports one of those as its “charity of choice” for that meeting. The combined donations quickly add up to thousands of dollars in support of local charity groups. As a founding member, Geoff has been part of a fundraising movement that has donated a total of \$54,800 to 7 charities.

At their last meeting on May 4th, 100 members contributed to raise \$10,000 for Feed the Need Durham. Following the meeting the Pinball Clemens Foundation stepped up to match the \$10,000 donation, raising the cheque presented to \$20,000! Feed the Need Durham is now able to purchase another delivery truck used to pick up skids of donated food from local commercial food distributor for distribution to local food banks.

Introducing Lakeridge Health Foundation’s “Launchpad”

Launchpad is a group of young leaders dedicated to improving the health of our community. This recently created committee, with the support of Lakeridge Health Foundation, will raise funds to directly support new technology and innovations at the hospital allowing for a better, faster and safer health care experience. Nick and Jason are active members of this newly formed committee, helping to establish networking and fundraising events in the local community.

On May 17th the Inaugural “Night Shift” event was held where teams were matched with a medical professional coach from Lakeridge Health to compete in fun and exciting medical simulation scenarios. We are thrilled to announce that over \$17,000 was raised for the paediatric department at Lakeridge Health!



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