

LARA AUSTIN MINDING MONEY

JULY/AUGUST 2018



Wealth Management
Dominion Securities



For the friends and clients of Lara D. Austin, RBC Dominion Securities

Lara D. Austin

BA (Hons.), CIM, CMA
Investment & Wealth Advisor
lara.austin@rbc.com
250-334-5606

Una Guile

Associate Advisor
una.guile@rbc.com
250-334-5604

RBC Dominion Securities
777A Fitzgerald Avenue
Courtenay, BC V9N 2R4
www.LaraAustin.com

IN THIS ISSUE

- p.2 Are you leaving \$1,200 on the table?
- p.3 Could you be practicing socially responsible investing without knowing it?
- p.4 Planning for pets in your estate

Austin adventures, ethical investing, & a chance for \$1,200

Due diligence on investment managers comes in many forms. With the managers I have access to, I receive daily and weekly updates by email, monthly conference calls, and sometimes they even come to the Comox Valley to share their insights in person. Occasionally there is the opportunity to see them gathered together all at once during a conference.

I attended an RBC Global Asset Management (RBC GAM) conference in Austin, Texas, this past June. RBC GAM is the asset management division of RBC, and includes institutional money managers BlueBay Asset Management and Philips, Hager & North Investment Management, as well as RBC Funds, RBC ETFs (exchange-traded funds), and representatives from the Portfolio Advisory Group (RBC Dominion Securities).

At the conference, we heard insights from economists and portfolio managers from the U.S., Europe, the UK, and Asia. RBC GAM is just one of the many management teams I have access to, and definitely one of the most forward thinking. With size comes the power to make change in

an ever-changing industry.

We learned more about just how quickly our industry is evolving. Technology, AI (artificial intelligence), client expectations, and politics all play a role. We learned about developments in ESG (environment, social, and governance), three factors used to measure the ethical impact of companies alongside financial factors. While investors may once have seen ethical investing as a temporary trend and only for environmentalists, it's now considered a fundamental part of the investment process—I'll share some highlights with you on p.3.

For families, summer time is kid time. Children are out of school, enjoying the splash parks and beaches. Parents and grandparents need to keep an important date in mind this summer: August 14th. This is when the B.C. Training and Education Savings Grant expires for children born in 2007 and 2008. Please make sure you aren't leaving \$1,200 on the table (p.2).

Have a happy and safe summer,

Lara D. Austin

Are you leaving \$1,200 on the table?

Families in B.C. are encouraged to start planning and saving early for their children's post-secondary education or training programs. To help, the provincial government will contribute \$1,200 to eligible children through its B.C. Training and Education Savings Grant (BCTESG).

If you have children born in 2006 to 2008, keep an eye on your calendar—the Aug. 14 deadline is fast approaching!

To be eligible, the parent or guardian plus the child must be B.C. residents. Here are some other details of note:

- Any child who had an RESP opened for them prior to age six SHOULD receive an eligibility notice by mail. If not, a parent or grandparent can go into any firm that offers the provincial grant and apply.

QUIZ: Planning for your pets

Let's test your understanding of estate planning for your furriest family members.

Question 1: Are pets legally classified as personal property?

Question 2: Can you leave money or property directly to your pets in your will?

Turn to p.4 for the answers!



Do you have a child born in 2006 to 2008? The B.C. government will give you \$1,200 for their post-secondary education if you apply by Aug. 14.

- The RESP does not have to be pre-funded. The federal RESP grants require a deposit to be matched (20 to 40 per cent depending on household income), however this grant is a lump sum, one-time deposit with no other contribution required.
- The government provides a three-year window (from ages 6-9 for each child) to apply.
- Children born prior to 2006 are not eligible.
- Despite a well-publicized announcement in 2015, the public has not been reminded of the grant opportunity much in the mainstream media since then.

Please share this information with your community. No one wants to miss out on \$1,200 for their child's education!

More information—including a chart detailing deadlines for applying based on birth years—can be found at <https://www2.gov.bc.ca/gov/content/education-training/k-12/support/bc-training-and-education-savings-grant>.

Not all firms can process this special grant. For instance, while RBC Dominion Securities can process the federal RESP grants, only the Royal Bank (banking division) can process the BCTESG. I have a great contact at the bank that I'm happy to introduce you to if you would like. Just drop me a line at lara.austin@rbc.com.

Could you be practicing socially responsible investing without knowing it?

It's believed that a decade from now, the majority of the market will incorporate SRI/ESG mandates. But what does this mean for investors?

SRI stands for Socially Responsible Investing. This broad term can be explained by three factors: environmental, social, and governance (or, ESG).

According to the Canadian Responsible Investment Association (RIA), \$1.5 trillion assets were being managed with a RI mandate in 2015, an increase of 49% in only two years. In practical terms, ESG factors can actually help us identify superior management practices and teams, lowering the risk to the investor and improving long term performance.

Environmental

- * Climate change
- * Sustainability
- * Air & water pollution
- * Water scarcity
- * Biodiversity & habitat protection
- * Site rehabilitation

Social

- * Human rights
- * Community impact
- * Health & safety
- * Child and forced labour
- * Human capital (employee engagement & productivity)

Governance

- * Board independence
- * Board accountability
- * Executive compensation
- * Shareholder rights & voting
- * Anti-corruption

There is often a misunderstanding among clients that investors are “giving up” something by filtering for ESG requirements. In the long term, this has shown not to be the case. ESG integration has been adopted by both individual investors and institutional investors, with institutional money leading the charge.

I choose to work with Investment

Management teams that have a stated mandate and *active* role in ESG. Many investors may not realize that if they hire a third party manager (in either mutual fund or direct stock ownership structure), that fund manager now has the voting proxy's for the stocks held within that fund. You may not have a loud voice with your 1,200 shares of BCE or Suncor or TD Bank, but collectively the shares held by the investment firm are substantial.

Many large investment firms have dedicated personnel for managing the ‘voting’ voice of shareholders. Not all firms focus on SRI, so it is important to do some due diligence in this area if it is important to you.

If you are not a client and would like to learn more about Socially Responsible Investing, I'd be happy to help you. If you are a client, I'd love to include a discussion of SRI in our review meetings if this is something that interests you—just let me know when you book!



AUSTIN POWER—My trip to the RBC Global Asset Management conference in June was not all work and no play for an Austin in Austin. My husband tagged along and we took an extra two days to explore the city. We biked trails on both sides of the Colorado River, explored the downtown on battery-powered BIRD scooters, and watched 1.5 million Mexican free-tail bats fly out from beneath the Congress Street Bridge. All on our first trip together without our kids!

Planning for pets in your estate

It's been said that Oprah Winfrey set aside \$30M USD to use for her pets when she passes away. How have you planned for your pets?

Some fun Canadian pet facts courtesy of the Canadian Animal Health Institute:

- Cats continue to outnumber dogs in Canada!
- There were 8.8 million household pet cats in 2016, up from 7 million in 2014
- There were 7.6 million household pet dogs in 2016, up from 6.4 million in 2014
- 41% of households own at least one dog, while 37% include at least one cat
- There are 11 listed veterinary clinics in the Comox Valley (which had a human population of 66,527 in 2016)

Do you have a pet? Incorporating them into your estate is often missed. You can include a "letter of wishes" with your will; however, that does not have to be legally acted on. If you would like to leave money to care for your pet, please reach out to your estate planning lawyer. If you don't have a local contact, I can help you with some introductions.



ANSWERS FROM P.2:

Q: Are pets legally classified as personal property?

The survey says...

Yes: 67.2%

No: 19.5%

It depends: 17.9%

A: It depends.

Although many—if not most—pet owners think of their pets as part of the family, legally pets are classified as property in some parts of the world. In other places, such as Quebec, pets are considered “sentient beings” having biological needs (however, it appears this does not give animals in Quebec legal personality per se, such that they can be the recipients of gifts). It's important to consult your own legal advisors to determine how your local laws classify pets and address estate planning for your pets.

Q: Can you leave money or property directly to your pets in your will?

The survey says...

Yes: 52.7%

No: 42.8%

Not sure: 4.5%

A: No.

Where a pet is legally classified as property, you cannot bequeath money or property to your pet. Such a clause in a will would be found invalid. However, you can bequeath your pet to a trusted caregiver, along with a care fund.



**Wealth Management
Dominion Securities**