

# LARA AUSTIN MINDING MONEY

SEPTEMBER/OCTOBER 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](mailto:lara.austin@rbc.com)  
250-334-5606

## Una Guile

Associate Advisor  
[una.guile@rbc.com](mailto:una.guile@rbc.com)  
250-334-5604

RBC Dominion Securities  
777 Fitzgerald Avenue  
Courtenay, BC V9N 2R4  
[www.LaraAustin.com](http://www.LaraAustin.com)

## IN THIS ISSUE

- p.2 The Business Owner's Guide to Wealth Management
- p.3 What will you do when you can no longer drive?
- p.3 Answering the tough questions

## How can we support people who can no longer drive safely?

Driving has been a big deal in my house this year with my youngest getting his "L" in January. The elation of passing the first test. The thrill of finally getting behind the wheel. The focus required to coordinate unfamiliar hand, foot, and eye actions and process all that is going on around you. I came to realize just how important driving is to a sense of self, and just how much we have to trust that other drivers on the road have a certain level of skill.

I attended an advisors' conference last year that deeply influenced how I look at driving from a financial advisor's point of view. David Dunne, one of the speakers from Vancouver, is a road safety expert who specializes in how we—as loved ones, health care providers, and as a community—can support drivers' desire to remain on the road as long as *safely* possible without compromising public safety, and had the audience completely enthralled.

We learned that most older adults remain competent drivers, but medical conditions associated with aging can greatly interfere with functional ability to drive safely. We also learned that understanding

when medically at-risk drivers have become *unsafe* is very hard to determine and that our system for supporting drivers who can no longer safely drive is severely lacking.

I have arranged for David Dunne to visit our community this September to give his presentation (see p.3). If you are looking to be responsible for your own driving health in the future; if you care about an aging parent or neighbor who is showing signs of diminishing driving ability; if you are a health care professional; if you interact with aging adults on a daily basis; or if you are working on transportation policies for the Comox Valley, you'll want to hear David's presentation.

At home, we have five more months of practicing for the "N" and then a lifetime of learning ahead. Keeping driving skills sharp and being pragmatic about our abilities at all times is the perfect combination for safe communities.

Safe driving,

*Lara D. Austin*

# The Business Owner's Guide to Wealth Management

Most of my clients are retirees; however, they did retire from “something,” and that something for many of them was running a small, medium, or large business. Unless their business was running a business brokerage, they are often not aware that preparing a company for eventual sale is the result of the accumulation of many decisions over years!

RBC Wealth Management has a dedicated Financial Advisory Support team that can assist Investment Advisors in all areas of money management and provide resources like [The Business Owner's Guide to Wealth Management](#), which covers 10 key decisions that can have far-reaching implications for business owners.

## Planning ahead: 10 key decisions business owners need to make

1. *What is the best structure for your business?* Sole proprietorship, a partnership, as a corporation?
2. *How can you reduce taxes?* In July of last year, the federal government released a consultation paper proposing a number of strategies which target private corporations with regard to income splitting. You can find those considerations in the guide!
3. *What should you do with surplus cash?* The happy day when your business is making more money than it needs to sustain its operations. Now what?
4. *How can you build employee loyalty?* It is less costly to keep a good employee than look for another. In a world where technology and mindsets have changed, any tool to retain is an advantage.
5. *How will you reduce your risk?* Safeguarding assets from personal or business creditors is something no one likes to consider. No one wants to be personally liable for the actions of business partners or shareholders.
6. *What can you do to deal with the unexpected?* The building you lease from has a flood or fire. A partner/shareholder is getting divorced and needs to liquidate their shares. The key person who handles your top clients gets seriously sick. Having the right insurances in place mean you can keep on truckin'.
7. *Do you intend to retire from your business?* Will your business provide you enough income for retirement? Where is your business in its life cycle?
8. *Will you sell your business?* Are there buyers? What are the current market conditions? Where are they trending, based on the ratio of buyers to sellers and for your good/service? Don't leave the planning to the last minute. Any accountant will tell you to prepare three to five years notice minimum if you wish to get top dollar.
9. *How can you keep your business in the family?* If this is your desire, then a lot of work is ahead of you. Intergenerational business transfers have a high failure rate. Don't assume you understand the needs and perspectives of your relatives and employees.
10. *What will you do once you've retired?*



Are you a business owner? Here are 10 questions RBC Wealth Management thinks you should give serious consideration.

If you'd like a copy of the complete guide, don't hesitate to get in touch. I can be reached at [lara.austin@rbc.com](mailto:lara.austin@rbc.com).

---

## What will you do when you can no longer drive?

David Dunne of Insight Driving Solutions has a mission: to support drivers' desire to remain on the road as long as safely possible without compromising public safety.

I attended a presentation by Dunne in 2017 during which he spoke of the costs of crashes. The suffering caused by injuries and fatalities is an obvious cost, but there are also costs in terms of health care, insurance, and lost work productivity.

As someone who examines people's spending and saving habits, I see how vehicles and their related expenses are one of the most significant expenses in life. We have become incredibly car-dependent and are accustomed to paying these costs. But what about when we can no longer drive?

Aging clients must think proactively about how they are going to "retire" from driving. What resources will you use to replace your dependency on your vehicle and how much will they cost? What will the impact be to your family, friends, and social activities?

In his presentation, Dunne stated that aging drivers are the most likely age group to be involved in a

crash. But, he added, it's a myth that all older drivers are bad drivers. Most older adults remain competent drivers. The real issue are the medical conditions associated with aging and how they interfere with critical functional ability to drive safely.



Dunne, who is the past director of Road Safety Strategies for the BCAA Road Safety Foundation, stresses the importance of supporting transportation planning and driver education so that such a profound life change doesn't come as a shock.

I was so enthralled by Dunne's presentation that I invited him to the Comox Valley in September to talk about how early and proactive intervention is critical, and how to develop age-friendly communities and transportation policies while providing emotional and practical support. [RSVP to my associate advisor Una Guile at 250-334-5604 to attend this free event.](#)

**What:** "Medically At-Risk Drivers – Meeting the Challenge Head-On"  
**When:** Thursday, Sept. 20 at 2 p.m. and 7 p.m. (the latter is sponsored by the Financial & Estate Planning Institute of the Comox Valley)  
**Where:** Crown Isle Resort (the Silver Room) at 399 Clubhouse Dr.

## Answering the tough questions

In my last newsletter I requested input from readers on topic ideas. I received one particularly challenging question that I've included in this issue because, two months later, it is still timely and likely a common concern.

**Dear Lara:** Could you address the possibility of a worldwide recession following the establishment of worldwide tariffs, in particular a recession in Canada following auto tariffs?

First, thank you for your confidence in me. I suspect if I knew the answers to questions such as these, I would have a much more powerful role in society – like Finance Minister! Still, I will dive in with some thoughts on the matter.

Recessions are a part of a healthy growth cycle. Economic cycles always have a period of intense growth and occasional retraction. If they didn't, then a heavily manipulated unnatural system is in effect—and that would worry me more. If it isn't tariffs, it will be high debt loads, rising interest rates, or real estate values dropping. Craft a rebalancing discipline in your portfolio management that will benefit from cycles (more on this later).

Catalyst events are something

*Continued on p.4*

## Answering the tough questions

*Continued from p.3*

investors have had to contend with since the beginning of time. Terrorist attacks, nuclear wars, extreme weather events and bubbles – there is no end to what has been and what will be.

There is a complicated relationship between political conditions and the stock market. As a general rule, politics have very little effect on the stock market except in short term knee-jerk reactions—and short term events are usually felt less. Look to recent events such as Brexit and the 2016 presidential election as examples. With 24/7 news and bombardments of glorified, altered or “fake news,” the staying power of these reactions have actually shortened. This is the new world we live in, and a diligent investor will choose to tune out “the noise.”

What does move a market?

One truism is “markets don’t like uncertainty.” If there is an unknown – like how to get energy out of Canada to be sold to outside markets – that will cause markets to fall. Strangely, once the unknown is resolved—for better or worse—markets will “behave” again. The true driver of markets is corporate earnings. When companies continue to grow and earn money, the markets (valuations) will

follow (although not usually in a straight line).

How do you protect yourself as an investor?

### **Be aware of your asset allocation.**

Yes, GICs and Fixed Income have low yields and are not terribly attractive, but can act as a “ballast” in extreme times.

**Be diverse.** Look to geography, sector diversity and name diversity. Right now American technology and Canadian “health care” (a.k.a. pot stocks) should raise a flag. If you only have one stock representing each sector, that may still run you into trouble!

**Have a rebalance discipline.** A systematic approach of taking profits on things that are up, and investing in things that are down. Seems simple to “sell high and buy low,” but seriously difficult without an un-emotional discipline.

**Have the right mindset.** Look at market corrections as opportunities, not risks. If significant pockets of capital are needed in the next two to four years, it shouldn’t be market exposed. Which means a near term events is a good thing for a portfolio that has the above qualities.

Recognize that the companies in your



portfolio are addressing the concern at a company level, and that portfolio professionals (if you have hired) are also being pro-active about focusing on companies with greater resiliency to tariffs.

Ironically, when an advisor dwells upon the market drama du jour, it gives it a greater importance to a client. This contradicts the “focus on the long term” advice that is more often shared in the midst of a crisis. I strive to watch the balance of information my clients get from me. While it is important to be aware of the investing environment, making sure that you and I have addressed the things that are *in your control* will serve you better than fretting about the things that are not in your control (or mine for that matter).

Dear reader: I hope this helps. I may not know all the answers, but what I do know has worked well for the 26 years I’ve been working with investors.



**Wealth Management  
Dominion Securities**