



For the Friends and Clients
of Lara Austin of
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Greetings readers

While we savor the last weeks of August, I'd like to give you a heads up for exciting events planned for this fall.

A number of guest speakers, a variety of topics and a whole bunch of fun! My secret ambition is to get this whole community as excited about financial literacy as I am!

Please review the events listed on Page 3 to see what interests you. If you see the events posted on Facebook and LinkedIn – be sure to SHARE them (and like them). Even if you can't attend, the more folks who know about them, and participate, the better off our community will be!

I want to say a special thank you to John Richardson, a lawyer and dual citizen (with the United States). With just one phone call, he jumped at the chance to visit the Comox Valley, from Toronto, and share his story and resources with those in similar circumstances here. In the last five years, I have encountered a multitude of "dual tax filers", all with their own unique circumstances and considerations. One of the most voiced complaints is lack of resources locally to assist in their decision making. While I have sussed out some good contacts, there is still a lot of people in our community who hesitate booking a meeting with someone

at an hourly rate, to just have a few questions answered. The Internet has a whole lot of misleading and hard to digest information on this topic, and to be fair it is a complicated topic!

Una has been working diligently to update our website, we would love to hear what you think. Check it out at www.LaraAustin.com.

We are eagerly anticipating our Fall/Winter Review Schedule with clients. Both fixed income and equity markets may be tumultuous for the coming year, after a period of statically low volatility. It is always worthwhile testing your plan against a temporary market downturn, as we know they do happen occasionally!

If you are looking at becoming a client – we will leave room in our booking schedules for a discovery meeting! We only take on 10 to 15 new clients a year, but a discovery can be a helpful process for most anyone. Contact us to find out what to bring to a discovery meeting and what it can do for you.

Sincerely,

Lara D. Austin

What a trustee should and shouldn't do...

Looking after your own money can be a big job. What happens when you have been asked to be a trustee for someone else's money? Serious consideration should be made to how long you MAY hold that role and how the trust is written to outline your responsibilities. You cannot assume that managing the assets of a trust will be the same as managing your own assets!

How does one become a trustee? A trustee role is created when a pool of money or property is moved into a TRUST. This can be done while the donor (person who owned the asset prior to moving it into a trust) is alive. This is called an "inter-vivo's" trust. But most commonly it is done through a Will, after the donor has passed away. This is called a testamentary trust. Often the executor/executrix assumes the responsibility of trustee even though these are considered separate roles.

Why do funds need to go into a trust?

Many scenarios incur the necessity of a trust. Perhaps the beneficiary is a spendthrift or otherwise incapable of managing money due to a disability or advanced age. Perhaps the beneficiary is simply is not old enough (a minor as defined by the province in which they reside). Sometimes a trust is considered to protect the assets of future generations. For all these reasons, one must consider that the time for the role could be many years and perhaps extend to decades! All provinces outline the responsibility of a trustee. This can be referred to a "fiduciary responsibility" or the "Prudent Investor Rule".

In years past, the Trustee Act

contained what was commonly referred to as the "legal list," which was a list of authorized investments including GICs and government bonds. The rationale behind the authorized investments was that these investments would result in preservation of capital and generate a moderate return. However, on July 1, 1999, the Act was modified significantly and a new standard, known as the prudent investor standard, replaced the legal list. While this opens up the investment opportunities for a trustee, it also opens the door to how prudent decisions are judged! It may be worth reviewing the Modern Trustee Act of BC (2004) before agreeing to a trustee position <http://www.bcli.org/sites/default/files/ModernTrusteeAct.pdf>.

There have been cases where trustees have been sued successfully for not complying with Prudent Investment choices!

Investing is not the only area to pay attention to. If you're dealing with property, you may not have changed locks, or purchased fire insurance, or kept property in repair. This can also lead to a breach in Trustee duties!

Good practices for trustees

- Spend time reviewing the trust document before accepting the job.

- Review your province's Trustee Act.
- Engage your own counsel for a thorough review of your obligations.
- Keep a journal with detailed notes on what decisions were made and WHY. This will help should issues arise many years later.
- Know that you can relinquish to the role AT ANY TIME to a corporate trustee or to the Public Guardian and Trustee of the Province. If being a trustee becomes a hardship – there are other options. Do not consider this to be a failure of duty or abandonment of a beneficiary. Perhaps your own circumstances or capabilities have changed. Speak with a trust company about what those options may look like.

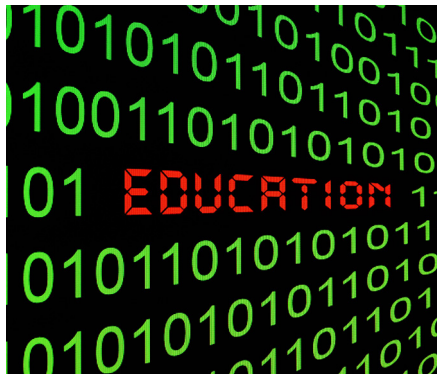
More to consider...

Trusts require extra legal documents, additional tax filings that are outside the scope of this article. Be sure to get appropriate advice from tax and legal professionals before engaging in a trust, naming a trustee or considering being a trustee for someone else.

HENSON TRUSTS

Please ask us for our newly updated Navigator Article on "Henson Trusts". This seven page document provides an overview for people considering a Henson Trust for a disabled person.

IF someone you care about qualifies for the Disability Tax Credit – this is a MUST READ article!



Mark your Calendars for Lara's fall events.

Open to clients, friends of clients and readers/followers of my newsletter and social media.

Dual U.S./Canada tax filers – you know who you are... or maybe you don't!

October 12, 2017
3:00 p.m. to 5:00 p.m.
Crown Isle

GUEST Speaker John Richardson joins us from Toronto to speak to us about dual filing.

- Determining if you are a dual filer
- Coaching dual filers on living life outside of Canada
- To keep citizenships – or relinquish?

- Defining EXIT tax and its misconceptions
- Maintaining compliance

If you are BORN in the United States, had a greencard at any time or are Canadian born with U.S. born parents, you should make time for this event!

*“Anything is possible, and the unexpected is inevitable. Proceed accordingly.”
– Unknown*

ESTATE PLANNING – your local professionals!

November 16, 2017
11:30 a.m. – 1:00 p.m. or
4:00 p.m. – 5:30 p.m.
Crown Isle

Guest Speakers from Piercy's Funeral Home, Old House Law, MNP Accounting firm and RBC Dominion Securities cover four different perspectives on estate planning. Get your questions answered. Free resources to take home.

More Events... Times and Locations can be found ONLINE www.LaraAustin.com.

Retiring – tipping point choices that last a lifetime

Designed for those within five years of retiring or in the crucial first three years of retirement.

- Five critical choices retirees make in the first three years of retirement
- Three mistakes mostly commonly made investing RRIF accounts
- Four guidelines for a successful retirement

Estate planning – effective choices that maximize your wishes

Designed for those at any point in their life, that are concerned about how their estate will be affected by family dynamics, taxes and distribution.

- Three common misunderstandings that can derail your estate plan
- Four creative solutions for enhancing your estate – legitimately!
- What to consider in choosing your support cast – Your Power of Attorney and Executor!
- Useful checklists and resources

Inspiring the Youth - The Starter Kit for the young investor

“I wish I started later in life” said no successful investor... Ever! Designed for those ages 15 to 25, that have an interest in investing and are looking to not always have to rely on a paycheque or pension cheque the rest of their lives!

- The 5 fundamental concepts a new investor should understand
- Exploring your resources – RoboAdvisor, Online DIY, Full Service
- Change your life with ONE formula (Spoiler Alert: it's compounding)

T+2 settlement cycle coming in September 2017

Scheduled for an effective release on September 5, 2017, the collective Canadian and U.S. securities markets for cash equities and fixed income will shorten the settlement cycle by one business day from “trade date plus three business days” (or T+3) to “trade date plus two business days” (or T+2) for all trades.

IMPACT TO YOU...

When we move to the T+2 settlement cycle in September, clients who buy securities without sufficient cash on deposit will need to ensure their money is sent in to RBC Dominion at least one day earlier (through DS Online funds transfer, cheque or wire). While infrequent, physical securities also need to be delivered and deposited into accounts at least one day earlier. *A benefit to clients is that funds or securities will be available in their accounts more quickly.*

THE HISTORY...

Current T+3 process

Currently in Canada and the

U.S., transactions in exchange traded securities (e.g. cash equities, ETFs etc.) and most fixed income products (e.g. Gov't of CDA bonds, Corporate bonds etc.) settle on the third day after the trade is executed. (e.g. in the case of a buy, payment is due and delivery made on the third day after the transaction occurs). This settlement cycle is known as “trade date plus three days” or T+3.

Why are the Canadian and U.S. securities industry changing the settlement cycle to T+2?

The benefits of moving to a shorter settlement cycle (T+2) are as follows:

- It will help mitigate operational and systemic risk by reducing exposure between the parties to a trade, between the counterparties to the clearinghouse, and for the clearinghouse itself.
- It will align the Canadian and U.S. markets with global best practice.
- Many countries already operate under a shortened settlement cycle, or are moving to it.

- Most European Union member states moved to a T+2 settlement cycle in 2014.
- Other major markets in the Asia/Pacific region are already on T+2 or T+1.
- Singapore and Australia are actively looking to reduce their settlement cycle from T+3.
- The last time the U.S. and Canadian settlement cycles were shortened was in 1995, when it changed from T+5 to T+3.

Federal Bonds which currently trade on a T+1 basis (e.g. those with a shorter maturity date) are expected to continue to trade on the same T+1 settlement basis.



Wealth Management
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