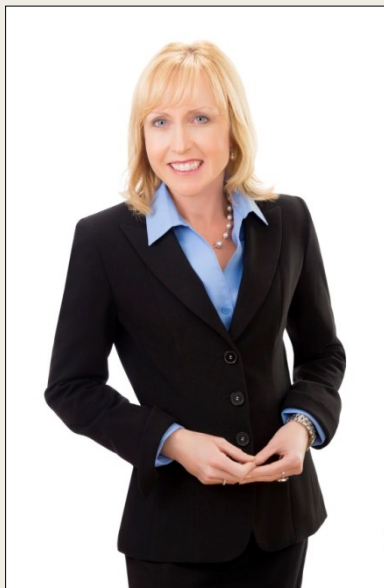


Sandra Sparanese's FINANCIAL FOCUS

Summer 2015



Views and opinions for the
clients and friends of

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WELCOME TO SUMMER 2015!



The first 6 months of this year have brought us continued volatility and adjusting expectations to more “normal” after 2 years of above-average returns is always difficult. Geographic diversification will continue to be a discussion as world economies change and present opportunity for investors. Our RBC analysts continue to feel that the stock market still offers good value in a continued low interest rate environment. The equity (stock) portion of portfolios always needs to be in the category of longer term as the fixed income and cash positions will fund income and spending requirements in the short term.

A big thank you to the Federal Government for gifting us with more Tax Free Savings Account contribution room for 2015 and beyond, now at \$10,000 per year. I am reminding clients that we should re-name the TFSA to the Tax Free “Investment” Account because we want to invest for long term growth to maximize the gift of receiving tax free income and growth in the account. Earning 6% or 10% tax-free is always better than earning 1% tax-free.

I have had the pleasure of being introduced to 15 new clients in this last quarter as my RBC bank colleagues and existing clients continue to recommend me to friends and family. Many of these new clients are new to Victoria (which I think is a direct result of a very cold winter out east) and I am happy to help with financial planning strategies and investment advice. I would like to thank my colleagues and clients for their continued trust and confidence in my abilities.

The golf season is here and I will once again be a sponsor for Monday ladies’ night at Highland Pacific. If you would like to come out and join me for golf, dinner and prizes, just send me a note and I will include you in one of my groups (sorry guys, it’s just for ladies). It’s always a fun, non-competitive night of golf!

This year marks my 15th anniversary with RBC. I am proud to work for such a great organization with fantastic colleagues in our Victoria RBC Dominion Securities office.

Have a safe and happy summer,

Sandra



RBC Wealth Management
Dominion Securities

TAX FREE SAVINGS ACCOUNT

Strategy for Retirees

Thank you Stephen Harper and the Federal Government for providing us with the gift of additional Tax Free Savings Account contribution room in your 2015 Federal Budget. The annual contribution limit has been increased from \$5,500 per year to \$10,000 effective this year.

The higher TFSA contribution room provides opportunity for more efficient financial planning for all clients, but especially seniors. The new contribution room allows for more flexibility to move funds from taxable retirement income accounts (RRSP/RRIF) to the non-taxable TFSA account. And for some individuals, it makes sense to start drawing from your RRSP or RRIF before the mandated age of 71 to spread out your tax liability and move funds to the TFSA. The perfect candidate for this strategy would be someone who has a sizeable RRSP and is between the ages of 60-71. If we redeem \$12,500 from the RRSP or RRIF each year with 20% tax withheld and sent to CRA, the net amount available is \$10,000 – the perfect amount to maximize into the TFSA each year.

An important consideration of this strategy for clients age 65 and older is the net income level of \$72,809 which is the threshold where Old Age Security benefits start getting clawed back. I have talked to hundreds of clients about this and nobody is excited about giving up their OAS benefit which is funded out of general tax revenues, which means it's supported by all taxpayers. An RRSP is only a tax-deferral, meaning that at some point, you'll have to pay those taxes. Redeeming funds from the RRSP/RRIF on a gradual basis to move out of the taxable account to the TFSA account is a great way to accomplish that. Yes, you are drawing funds out that perhaps you don't actually need to support your lifestyle and expenses now, but you are simply moving it from A to B, not spending the funds you don't need to. After withholding tax on the RRSP or RRIF redemption that is required to be paid, the balance moves to the Tax Free account and magically grows and compounds into a larger amount that can be withdrawn in the future without a dime of tax to be paid.



The estate planning benefits of this strategy are also an important consideration. If a retired couple has sizeable RRSP or RRIF assets and one of them dies, the balance becomes owned by just the survivor, and this would increase the minimum amount required to be withdrawn from the RRIF account in future years. The risk is lowered if both spouses start drawing from the RRSP/RRIF accounts before age 71 and move to the TFSA. At death, the TFSA can pass to the surviving spouse or any other beneficiary without tax and bypass probate with a named beneficiary.

The bottom line is that the 2015 federal budget created more flexibility in how you can structure your sources of income for retirement, and allows Financial Planners to illustrate creative strategies for clients to consider.

UNDERSTANDING YOUR RESPONSIBILITIES

As a Power of Attorney, Executor or Trustee

Ninety-five per cent of us name a family member or friend to act as our Power of Attorney, Executor or Trustee to help manage our affairs if we become incapacitated, to help settle our estate after we pass away or to administer an ongoing trust.

When the time comes to act, many people find they do not have the knowledge, interest or time to properly fulfill their responsibilities as POA, Executor or Trustee. That's why it's important to keep everyone concerned well informed about their various responsibilities and to consider your options, whether you are naming someone, or you have been named yourself.

| <i>Power of Attorney</i> | <i>Executor</i> | <i>Trustee</i> |
|---|---|--|
| Being named a Power of Attorney means that you are required to act exclusively for the benefit of the individual who appointed you. As POA, you may be responsible for a number of tasks related to an individual's property and assets, including maintaining and managing real estate, paying bills, administering bank accounts, making investment decisions, and filing income tax returns. | If you have been named Executor, you are responsible for a lengthy task list to ensure the last wishes are carried out as expressed in their Will and according to provincial law. The tasks associated with the settling of an estate can seem endless and complex – from making funeral arrangements and meeting with beneficiaries to obtaining probate, protecting and itemizing estate assets, distributing the estate and filing final tax returns, just to name a few. | The role of Trustee involves several key legal obligations including significant management and administrative responsibilities. Trustees are faced with a number of complexities and obligations including ensuring the trust assets are protected and managed, that there is proper trust accounting and record keeping for beneficiaries, that payments are made to beneficiaries and that necessary tax returns are filed. |

As an Attorney, Executor or Trustee, you may also face complications arising from living in a different province or country than the one where you have been named, or dealing with the loss or emotional burden when you have responsibility to act on a loved one's behalf.

When the Time Comes

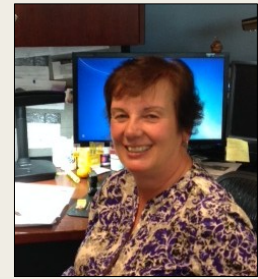
Being named an Executor, Power of Attorney or Trustee is usually regarded as a great honor, but it can also be a burden to carry out all the associated responsibilities. Many Canadians recognize that they lack the time or expertise to act and choose to work with a professional while retaining full decision-making authority.

RBC can help with our Estate & Trust Services division. If you would like more information, please contact Sandra Spananese for an introduction to the team.

INTRODUCING

MARY HOWLEY

Assistant to Sandra Sparanese



Mary joined my investment management team in the fall of 2013 and she provides an incredible amount of administrative support in her position. She is amazing with new account documentation, tax receipts, client statements and handling things when I am on vacation. Mary has worked in the financial services industry for over 15 years and has completed the Canadian Securities Course. Mary is originally from Ontario and has lived in B.C. now for 5 years along with her Jack Russell dog “Jax”. Mary spends her free time lawn bowling and pursuing her watercolor art of the west coast scenery.

DID YOU KNOW...

80% OF CANADIANS DO NOT HAVE A FINANCIAL PLAN

70% OF CANADIANS ARE NOT CONFIDENT THEY WILL HAVE A SECURE FINANCIAL FUTURE

60% OF CANADIANS DO NOT KNOW HOW MUCH THEY NEED TO SAVE FOR RETIREMENT

*If you know someone who needs financial planning and investment advice,
I would be happy to talk to them – no cost, no obligation.*

RBC DOMINION SECURITIES:

Professional Wealth Management Since 1901

At RBC Dominion Securities, our vision is simple: to always earn the right to be our clients’ first choice for wealth management services.

For more than a century, we have helped individuals, families, businesses, charitable foundations and other organizations build on and preserve their wealth through sound financial planning, trusted investment advice and unparalleled wealth management solutions.

This information is not investment advice and should be used only in conjunction with a discussion with your RBC Dominion Securities Inc. Investment Advisor. This will ensure that your own circumstances have been considered properly and that action is taken on the latest available information. The information contained herein has been obtained from sources believed to be reliable at the time obtained but neither RBC Dominion Securities Inc. nor its employees, agents, or information suppliers can guarantee its accuracy or completeness. This report is not and under no circumstances is to be construed as an offer to sell or the solicitation of an offer to buy any securities. This report is furnished on the basis and understanding that neither RBC Dominion Securities Inc. nor its employees, agents, or information suppliers is to be under any responsibility or liability whatsoever in respect thereof. The inventories of RBC Dominion Securities Inc. may from time to time include securities mentioned herein. RBC Dominion Securities Inc.* and Royal Bank of Canada are separate corporate entities which are affiliated. *Member-Canadian Investor Protection Fund. RBC Dominion Securities Inc. is a member company of RBC Wealth Management, a business segment of Royal Bank of Canada. ©Registered trademarks of Royal Bank of Canada. Used under licence. © 2013 RBC Dominion Securities Inc. All rights reserved.