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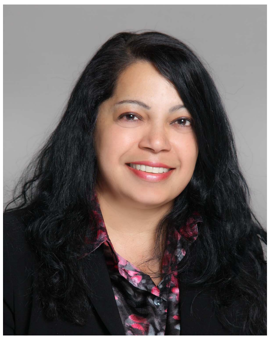

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Gifts we might take for granted

This Thanksgiving give the gift of Financial Literacy

Thanksgiving is one of my favourite times of year but I've only gotten into the festivities over the last 10 years or so; growing up in Pakistan we never celebrated anything like it.

I think it's great to have a full weekend set aside to contemplate and remember the gifts we take for granted –those of family & friends, stability, security, opportunity and good health.

This last one was driven home to me last month when I attended the funeral of a dear friend in New York. John, a computer engineer, was 54 when he was diagnosed with late-stage lung cancer four years ago; the irony was that it went undetected because he was in overall good health with no risk factors like being a smoker, or a family history of the disease. His spouse Caroline is a childhood friend of mine. They have two sons in their early 20s; one just finished university and the other is part-way through a five-year program. The cancer diagnosis came like a bolt from the blue changing their lives.

But it also made them realize how blessed they were in the friends and family that surrounded them with love, prayers and support; in John's employer who allowed him to work from home and kept him on payroll even when in later stages of the illness he could barely manage a half-day's work-load; in the Memorial Sloan Kettering Cancer Centre that provided him the latest experimental drug therapies with all costs covered and gave him that other gift we so often take for granted – more time.

Caroline took a three-month leave from work in April to care for John at home & subsequently had to resign from her job when she still couldn't return to work. This meant running the household on John's disability income –which was 50% of what he had earned – and their savings. In hindsight, they would have wanted better disability, critical illness and life insurance coverage.

This got me thinking how we often assume our close relatives and friends have good financial literacy – from basics like making a budget to saving regularly to knowing how to pay-down debt to protecting their incomes & their families. Sometimes, we don't want to pry. In my experience, most individuals need the help of an advisor to ensure that they have all the bases covered. It could make a real difference to reach out and say "Why not contact Patricia to discuss your financial situation and see if there are any gaps?". My wealth-management practice focuses on providing comprehensive advice to my clients – and their families. I would be happy to help the people you care about.

Happy Thanksgiving to you and yours,

Patricia

Changing the world – one investment portfolio at a time

Kermit the Frog, star of Sesame Street (and Miss Piggy's paramour), once lamented that "It isn't easy being green." Today, it's really easy being green – at least when it comes to investing. But green investing is just one way you can make a difference as an investor: there are a wide range of strategies collectively referred to as socially responsible investing (or "SRI").

SRI integrates social and environmental principles into the management of investment portfolios. The strategy typically uses various screens and analyses to evaluate potential investments based on three specific factors: environmental, social and corporate governance (or "ESG"). This helps identify a universe of acceptable investments for your portfolio.

Environmental factors

An environmental analysis typically looks at the steps and procedures taken by a company to prevent pollution and waste, reduce greenhouse gas emissions and improve overall environmental practices. SRI is not necessarily "green" investing, which tends to focus on producers of renewable energy products like solar, water and wind.

Social factors

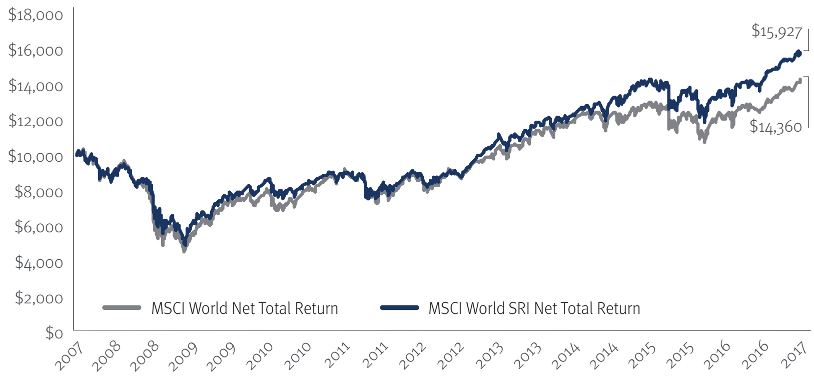
Social analysis looks at factors dealing with the workplace environment including human rights, diversity, health and safety and labour/management relations. A company's products are also reviewed with respect to safety and quality. Community involvement and philanthropic activities are also considered.

Corporate governance

Governance reviews seek to determine whether the interests and goals of company management are aligned with shareholders. This is accomplished by evaluating executive and board compensation schemes, management accountability and shareholder rights.

Growth of $10,000

October 2007 - May 2017



Source: RBC Dominion Securities, Bloomberg

Industry exclusions

Typically, SRI portfolios exclude firms with significant revenues from the production of tobacco, alcohol, nuclear energy, gambling, weapons and pornography.

Best in sector

SRI portfolios often incorporate the idea of filtering for "best-in-sector" companies, where even a mining or oil and gas company can qualify if, for example, from an ESG perspective it follows best practices, is a leader in that industry, or responds to challenges better than its peers.

Agent for change

Some SRI proponents may push for change by engaging companies through discussions with management, filing shareholder resolutions and using shareholder votes in accordance with SRI principles.

Do good, while doing well

While there's no clear link between SRI disciplines and investment performance, the chart above shows that the SRI approach has, since 2007, led to modestly better results on a global basis. Perhaps more important is the fact that SRI did not lead to underperformance, despite the more limited range of investment possibilities.

SRI can help to align your investment portfolio with your social values – without compromising your potential long-term returns. To learn more, please contact us.

After the boomer times

Why retirement will be different for the next generation of Canadian retirees

If you look back about 40 years, nearly one half of Canadian workers had an employee pension plan. For those set to retire in the next 10-15 years, again, about half are covered. However, for the cohort of 25-44 year-olds the pension situation looks a lot different. Only 40% of 35-44 year-olds, and a mere 27% of 25-34 year-olds have employee pension plans[1]. Pension coverage might improve as this group ages, but they're unlikely to receive the same level of coverage as their parents and grandparents.

Forging their own path to retirement

With a smaller population than the preceding boomers, other potential challenges for this group include reduced government pensions or services, and/or paying more in taxes to keep these benefits. The future will likely require this group to fund most of their own retirement. While this will be a challenge, fortunately for Canadians, there are more ways to save and generate income than ever before, and several benefits to building your own retirement that are not provided by guaranteed pension plans.

More ways to save

Registered Retirement Savings Plans (RRSPs) are now complemented by **Tax-Free Savings Accounts** (TFSAs) – a savings vehicle previous generations did not have. Both offer distinct tax-benefits, and diligently saving into these two accounts alone could provide a well-funded retirement. **Individual Pension Plans (IPP)** are another way for the growing ranks of business owners and self-employed to tax-efficiently fund their own pensions.

More retirement income opportunities

Most investors are well aware of GICs, bonds and dividend-paying stocks, but there several other ways to generate retirement income – some of which have evolved or are relatively new to the investment landscape. Preferred shares, bond ladders, Exchange-Traded Funds and tax-deferred solutions can all be positioned within a portfolio to diversify or boost retirement income. Insurance solutions, such as segregated funds and annuities can offer guaranteed income for life, while certain life insurance policies can be set up to generate tax-exempt investment income.

Gain control of your assets

While there's a lot of comfort with the certainty of a guaranteed pension, if you diligently save and are able to fund a comfortable retirement on your own, you gain control of your income and assets.

Tax planning matters more than ever

In addition to RRSPs and TFSAs, IPPs, non-registered investments, and insurance solutions could all be a part of your portfolio and will need to be managed tax-efficiently. Asset allocation, income planning, and income-splitting are among the other considerations that can help you effectively manage taxes before and during retirement.

Advice can help navigate today's environment

Many 25 to 44-year-olds might not have the benefit of family advice on the ins and outs of saving for retirement. Further, they're living in a constantly evolving investment and taxation environment that's quite different than their parents.

Do you have family members who will retire after the "boomer times"? We would be pleased to talk to them about ramping up their retirement planning. Contact us today.

1. Source: Statscan. Pensions plan by age and gender: http://www.statcan.gc.ca/pub/75-006-x/2014001/article/14120-eng.htm

Labour force by gender: http://www.statcan.gc.ca/pub/11-630-x/11-630-x2015009-eng.htm

Population by age and gender http://www.statcan.gc.ca/tables-tableaux/sum-som/l01/cst01/demo10a-eng.htm

Preparing your children to receive their inheritance

It starts (but doesn't end) with you

Discussing inheritances with your children can be difficult – but it doesn't have to be. According to the 2017 Wealth Transfer Report, published by RBC Wealth Management, one of the main reasons parents fail to discuss wealth transfer is because their own plan is unclear.

Of the wealthy Canadian families surveyed for the Wealth Transfer Report, only 22% had a full wealth transfer plan in place. Understanding how to transfer wealth, having a plan to ensure your wishes are carried out and a strategy to transfer your assets tax- and time-efficiently can go a long way to helping you start a conversation about inheriting.

Educate your children early

According to the Wealth Transfer Report, parents believe that inheritors should start formal financial education at age 18. Yet, on average, individuals are 27 years old when they begin. The report also noted a clear correlation between starting financial education early and gaining greater financial confidence. As age brackets rise, financial confidence declines, from 66% confident for those who began structured financial education prior to 18, to 58% for those between 18 and 35, and only 41% for those who began after 55.

What should be discussed?

According to those have received an inheritance, most were made aware of the value of their inheritance, but less than one third discussed other aspects of their inheritance, and only about 10% of beneficiaries received formal financial education.

Despite the low level of discussion and education received, inheritors are clearly looking for advice. According to the Wealth Transfer Report, inheritors strongly value advice about carrying out their benefactor's wishes, having someone to answer questions, support managing and making decisions with respect to the inheritance and help getting their own affairs in order.

Consider bringing in the professionals

For those who have received financial education, formal education from professional advisors was rated most valuable, at 80% effective. While

family conversations were deemed least valuable, they were nonetheless rated 60% effective. While there are several ways to educate children about receiving an inheritance, starting with your own plan and adding a mix of family involvement, professional advice and real world learning can go a long way to helping your children make sound financial decisions when the time comes.

Contact us for more information about wealth transfer strategies for you and your family.

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