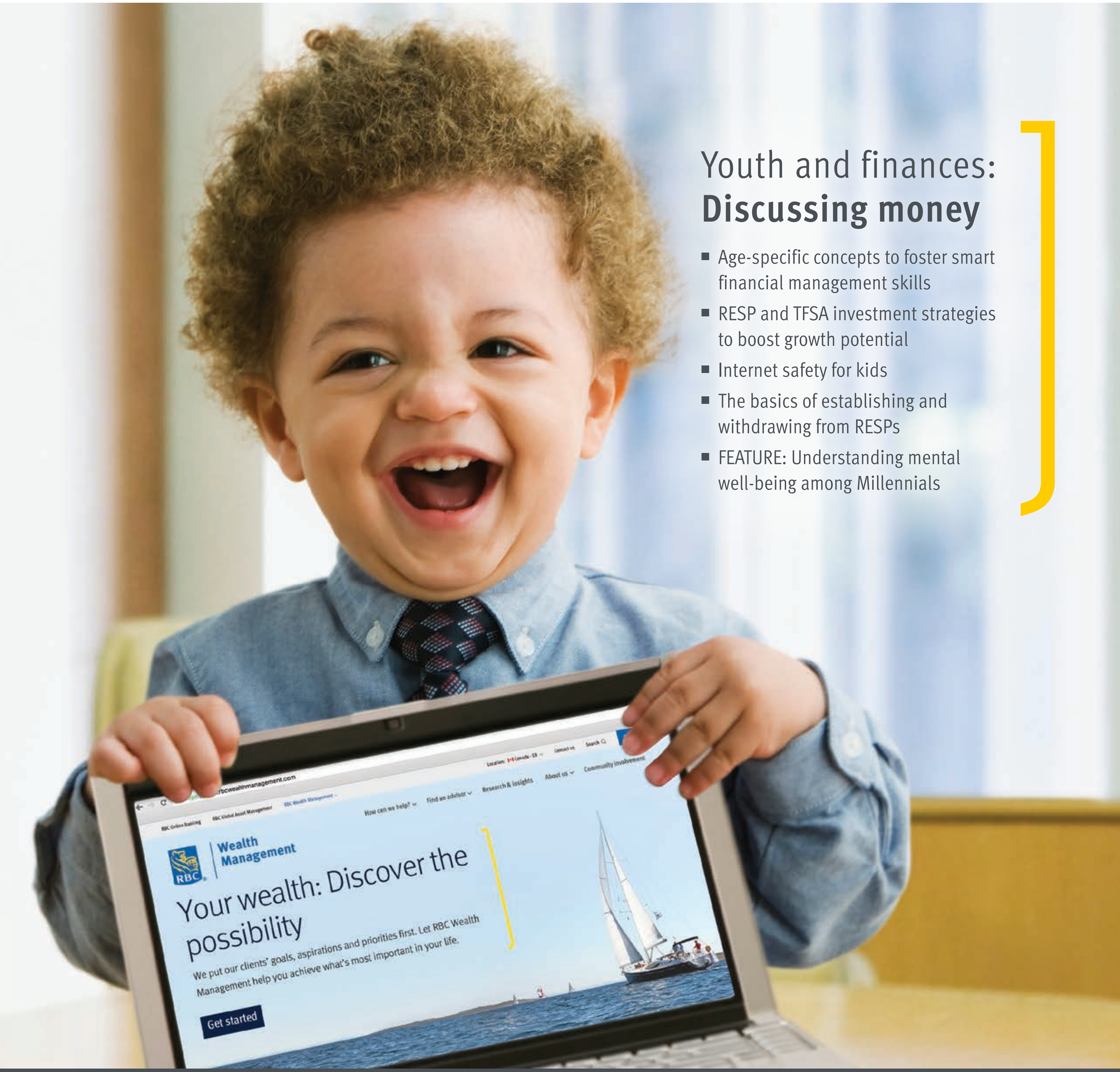
Volume 4, Issue 1

PERSPECTIVES

INVESTMENT, TAX, AND LIFESTYLE PERSPECTIVES FROM RBC WEALTH MANAGEMENT SERVICES



Youth and finances: **Discussing money**

- Age-specific concepts to foster smart financial management skills
- RESP and TFSA investment strategies to boost growth potential
- Internet safety for kids
- The basics of establishing and withdrawing from RESPs
- FEATURE: Understanding mental well-being among Millennials

Wealth
Management

From the Desk of the CEO

David Agnew, CEO, RBC Wealth Management Canada

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Preparing for the future and providing for the next generation requires thoughtful and multifaceted planning, with consideration given to a range of different factors. In this edition of *Perspectives*, we focus on youth as our overarching theme, exploring topics we believe are relevant, timely, and valuable for families with children and grandchildren of all ages — from early years to teenagers, post-secondary to young adults.

The term "Millennials," representing those roughly between the ages of 15 and 29, has been making recent headlines, becoming the largest percentage of the workforce and beginning to outnumber the Baby Boomers. In fact, by the year 2020, one in three adults will be a Millennial. With this in mind, it's clear how integral financial literacy is for the next generation. This edition includes a comprehensive feature on smart financial management that focuses on four key age groupings, offering central concepts for families to focus on, along with practical tips, tools, and resources.

In addition, with post-secondary education costs almost tripling in the last 20 years, how best to finance this important investment is top of mind for many families. We will explore the benefits of establishing and withdrawing RESPs, as well as key strategies to maximize your investments. We have also compiled a useful reference guide with tax-planning tips for students.

Another important topic in today's technology-driven world is cyber security for adults, youth, and children. This edition includes an insightful article to help educate your family about the best ways to stay safe in online environments. We also look at health from physical, social, and emotional perspectives, offering tips for a simplified approach to family nutrition, discussing the value of the summer camp experience, and examining mental health among Millennials.

Our RBC Foundation is likewise committed to the well-being of future generations through youth-focused initiatives, a few of which we have highlighted in this issue; we also share some exciting news about the RBC Race for the Kids series.

I am also happy to announce that *Perspectives* is now available in an online format. This marks an important step in our ongoing efforts to improve the ease with which clients can access information and reduce our paper footprint. If you are interested in subscribing to the online version, please email perspectives@rbc.com.

Please enjoy this edition of *Perspectives*. I hope it will provide practical value for you and your family. I encourage you to connect with your RBC Wealth Management advisor to discuss how they can help you and the younger generations in your family reach your wealth planning objectives.

David Agnew, CEO
RBC Wealth Management Canada

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Practical information to promote a better understanding of financial management in key age demographics.

Building Financial Literacy Among the Younger Generations

Focusing on age-specific concepts
to foster smart financial management skills.

Laying the groundwork for financial literacy among the younger generations is a front-and-centre concern for families and society as a whole. Not only is it valuable for helping youth develop a strong sense of effective financial management as they move forward in life, but it also helps families adequately and successfully prepare for and carry out the transfer of wealth from one generation to the next. From childhood through to early adulthood, it's a combination of age-appropriate education, resources, and concepts that form the foundation of long-term skills and values.

Instilling Financial Value in Tweens and Early Teens

Parents of children between the ages of 10 and 13 know very well that these years are filled with a number of changes and development. From a financial standpoint, youth at this stage have a growing ability to understand principles of saving and spending beyond just the basics, into longer-term goals. As such, three main areas parents should focus on are earning, saving, and responsible spending.

At this stage, it can be very motivating for kids to develop an entrepreneurial plan for an age-appropriate business. Encourage your children to come up with creative ideas for earning their own money as an introduction into the financial world and to help them attach a value to dollars earned. If you haven't done so already, talk to your child about opening a personal bank account and help them follow through on researching an account that caters to children as a way to help them better conceptualize saving and everyday banking.

...for post-secondary students and young adults new to the workforce, there is great value in learning how to put together and maintain a detailed budget.

Exposing kids of this age to family wealth planning is another beneficial way to help them grasp the ideas of setting budgets and planning for financial goals. All forms, from shopping and paying bills to planning significant purchases and vacations, will broaden their knowledge of the components that go into overall financial management and provide insights into how to be a smart consumer and saver.

Another relevant area of focus during these years is introducing philanthropy and the notion that part of being money smart includes giving back to the community and those in need. An ideal starting point is helping your child research causes they are passionate about or local charities to support through their school or sports team.

Helping Teenagers Understand Wealth Planning and Decision Making

In a day and age that favours immediacy, the mentality of "I want what I want when I want it" is one that's become common among teenagers. This tendency to think only in the short-term reinforces the value of providing youth in this age range with education about and exposure to a higher level of financial concepts, including budgeting, basic credit, and investing.

While laws regarding working age vary slightly among different provinces and territories, most teens are legally able to start working between 14 and 16 years old. Once your teenager secures a part-time job, review the "save, spend, share" concept, helping them decide how to allocate their paycheque and decide on amounts or percentages to automatically set aside for savings, personal spending, and charitable giving.

For some parents and guardians, the thought of teenagers being responsible enough to handle credit can be unsettling. However, engraining the basics of how credit works and using it responsibly is well-served to help teens prepare for the financial independence that will come after high school. The key is being proactive — assist in the research process about annual fees, spending limits, and interest fees, and ensure to focus on conversations about spending only what they can afford, making payments on time, and how credit ratings impact current and future financial health.

A broad and comprehensive resource to consider exploring is the RBC Better Student Life website (www.betterstudentlife.ca). It provides a wealth of timely and relevant articles and information to help prepare youth for life after high school and assist post-secondary students.

Shifting Into Financial Management as a Young Adult

Those in their early 20s are part of the Millennial generation that is quickly taking over as the largest percentage of the workforce. This age bracket also marks a significant transition where youth generally take on a new level of financial and personal independence. And given the fact that over the next 30 or 40 years in North America, $30 trillion in financial and non-financial assets is expected to pass to this generation,[1] instilling strong financial literacy and money management skills among young adults holds an incredibly heightened level of importance.

From a practical perspective for post-secondary students and young adults new to the workforce, there is great value in learning how to put together and maintain a detailed budget. The RBC Student Budget Calculator (https://www.rbcroyalbank.com/student/budget-calculator/) may be a useful tool in this regard, walking users through step by step to capture all expenses and income. Grasping the concept of budgeting also works well as a stepping stone into building a better understanding of the importance of saving and investing as part of overall wealth planning to reach individual financial goals.

For youth in this "twenty-somethings" age bracket, it's an important time to be thinking about and planning for life-changing events that come with the shift into adulthood. Whether it's further education, marriage, a house, children, or aging parents/grandparents, these events need to be considered as young adults plan for wealth in the near future. Part of this planning includes being informed about the purposes and benefits of short- and long-term investment options as a means to take the right steps towards building a healthy financial future. A good starting point is an education around the differences between registered and non-registered accounts, as well as the purposes and benefits of each. For going beyond the basics, an RBC advisor is the best resource to provide detailed information about strategies such as growing investments in a tax-sheltered environment via RRSPs, the flexibility offered in TFSAs, or saving for shorter-term goals with stocks, bonds, mutual funds, or GICs.

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1. Accenture survey report summary. The "Greater" wealth transfer: Capitalizing on the intergenerational shift in wealth. www.accenture.com/us-en/insight-capitalizing-intergenerational-shift-wealth-capital-markets-summary.aspx

Quick Tips for Raising a Money-Smart Kid

An early introduction to the value of the dollar can go a long way in developing healthy financial habits.

1. **Establish an allowance.** For younger kids, it functions as a key building block for financial understanding.
2. **Introduce the "container approach"** – one for saving, one for spending, and one for sharing. Help your child decide how they will divide their money (allowance, gifts) among the containers.
3. **Consider a "savings matching" plan** where you supplement your child's savings as a way to encourage and support their positive financial behaviour.
4. **Have your child choose an item they want to work towards purchasing,** and then help develop a basic plan to attain that goal, including weekly savings needed, extra income opportunities such as chores, and a timeline.

Regardless of age, there are a range of online programs, such as Practical Money Skills Canada (www.practicalmoneyskills.ca), that provide valuable resources, educational tools, and information for parents, educators, and youth to help improve financial literacy.

A Guide to Registered Education Savings Plans

The basics of establishing and withdrawing from RESPs.

From the moment a child is born, looking towards the future takes on a whole new level of meaning for families. The notions of providing, preparing, and saving run deep for many parents, grandparents, and other family members as a means to help the younger generation put their best foot forward when they transition into post-secondary education. With the ever-rising costs of tuition and education-related expenses, Registered Education Savings Plans (RESPs) stand out as a primary option to effectively save for your child's future degree.

Education Costs and Where RESPs Come into Play

Since 1990–1991, the average tuition (plus other compulsory fees) in Canada will have grown from $1,464 to an estimated $7,755 in 2017–2018, including a 13-percent jump from 2014–2015.[1, 2] If the average annual increases continue in this pattern, children born in 2015 may be looking at over $60,000 in tuition and compulsory fees alone for a four-year undergrad degree.[2] And these numbers are only part of the overall equation once accommodations and other living expenses are factored in, driving home the significance of establishing an efficient savings plan.

At the highest level, RESPs are tax-deferred plans specifically designed to help families reach education savings goals, offering a combination of flexibility, investment growth potential, and government support.

Types of plans	**Family plan:** This type of plan allows for more than one beneficiary. Each beneficiary must be connected by a blood relationship or adoption to each living subscriber or to a deceased original subscriber. **Individual plan:** This type of plan allows for one beneficiary. The beneficiary can be the subscriber and may or may not be related to the subscriber. (Note: Not all institutions offer both types of plans.)
Who can be a subscriber?	Parents and grandparents are the most common subscribers to RESPs. Subscribers must be related by blood or adoption to the beneficiary(ies) for a family plan.
Who can be a beneficiary?	Any resident of Canada who has a Social Insurance Number (SIN).
Key details	■ There is a $50,000 lifetime contribution limit per RESP beneficiary. There is no annual limit, although only a portion of the contribution may be eligible to receive the Canada Education Savings Grant (CESG). ■ Contributions are not tax-deductible and can be withdrawn tax-free. ■ Income, gains, and government incentives, including the CESG, Canada Learning Bonds (CLB), and some provincial incentive plans accumulate on a tax-deferred basis. ■ The RESP has to be wound down by the end of the calendar year that includes the 35th anniversary of the plan opening date (40th year for a plan with a disabled beneficiary). ■ There are flexible investment options within the plan; investments that are eligible for an RRSP are also eligible for an RESP. Further information and details are available on the CRA website: www.cra-arc.gc.ca/tx/ndvdls/tpcs/resp-reee/cesp-pcee/csg-eng.html.

Canada Education Savings Grant (CESG)

A main benefit of RESPs exists in the form of a federal government support program called the Canada Education Savings Grant. These grants provide a significant boost to the RESP's capital, helping to build savings faster.

Features of the CESG

- A lifetime limit of $7,200 per beneficiary.
- The CESG is paid to an RESP beneficiary who is 15 years old or under. (Specific rules exist for children who are 16 and 17 years old.)
- The government matches 20 percent of annual contributions to an annual maximum of $500 on a $2,500 contribution for each beneficiary. If the beneficiary has unused grant room from a previous year, the annual maximum payable is $1,000.
- A beneficiary must be a resident of Canada in order to accumulate grant room for any given year.

Further information and details are available on the CRA website: www.cra-arc.gc.ca/tx/ndvdls/tpcs/resp-reee/cesp-pcee/csg-eng.html.

Building Strategy into Withdrawals

When the time comes for a beneficiary to start withdrawing funds once enrolled in a post-secondary program, a basic understanding of the types of withdrawals can make a difference in regards to how the funds are treated. In general, it's advisable for a beneficiary to receive an Educational Assistance Payment (EAP) first, rather than a refund of contributions. While contributions can be removed at any time, if the CESG and income portions remain in an RESP after a beneficiary has completed school, there may be negative consequences when these funds are withdrawn from the plan.

Type of Withdrawal	Features	Tax Treatment
Educational Assistance Payments (EAPs)	▪ EAP payments consist of: – Accumulated income – CESG – CLB – Provincial benefits ▪ Payable for up to six months after ceasing enrollment in an educational program ▪ $5,000 withdrawal limit in the first 13 weeks of a post-secondary program	▪ Fully taxable to the beneficiary ▪ Tax slip issued to the beneficiary ▪ Beneficiary pays very little, if any, income tax since they are entitled to the tuition tax credit in addition to their basic personal exemption
Refund of contributions (principal) to you, the subscriber, or to your beneficiary	▪ Contributions can be returned at any time ▪ Portion of CESG may be repayable to the government	▪ Not taxable ▪ No tax slips issued
Accumulated Income Payments (AIPs)	▪ An AIP may be paid if there is income earned within the RESP that has not been used by a beneficiary and specific conditions are met	▪ Fully taxable to the subscriber ▪ Can reduce amount subject to tax by transferring up to $50,000 to your RRSP if you have contribution room ▪ Additional 20% tax for any portion that is not transferred to subscriber's RRSP or spousal RRSP
Payment to a designated educational institution (DEI) in Canada	▪ Payment is made if RESP has to be collapsed while investment income remains in the plan and the plan does not qualify for an AIP	▪ Taxable income to the DEI — not to you ▪ Not eligible for a charitable donation tax credit

RESPs From a Grandparent's Perspective

Saving for a young family member's educational future is a focus not limited just to parents, but is a feeling that resonates quite strongly among the grandparent generation as well. Within some families, grandparents may have both the desire and the financial means to contribute to an RESP for their grandchildren. Not only is this a wonderful way to give a meaningful gift, but RESPs also present an opportunity for grandparents to transfer wealth early as part of their estate-planning goals.

Under the RESP guidelines, grandparents are able to establish and be the subscriber of an RESP. For those who choose to do so, there are certain advantages in establishing multiple beneficiary plans. For example, a grandparent can include all of his or her grandchildren from each child in one family RESP. A parent, by comparison, won't have the same list of beneficiaries since they cannot include nephews and nieces as beneficiaries of a family plan.

An alternate approach is one in which grandparents gift funds to their son or daughter who in turn establish (i.e., are the subscriber of) the RESP for the grandchildren. A main benefit of this approach is that the subscriber (the grandparent's child) can transfer the earnings from the RESP to their own RRSP, with certain limits, if one of the beneficiaries does not pursue post-secondary education. The disadvantage is that the grandparent has no control over the funds; the son or daughter controls how gifted funds are used, and as the RESP subscribers, they have the ability to withdraw the contributions.

With approximately 1.7 million students enrolled in Canadian universities in 2014–2015, according to Universities Canada, and given the fact that roughly three out of every four new jobs will require a post-secondary education,[3] the value of higher education — and adequately saving for it — is paramount. Having the support of an RESP allows youth to focus on their education, rather than the cost of it, and likewise puts them in the best position to successfully transition into life after school.

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3. Human Resources and Skills Development Canada. Looking-Ahead: A 10-Year Outlook for the Canadian Labour Market (2008-2017). November 2008. http://occupations.esdc.gc.ca/sppc-cops/l.3bd.2t.1ils@-eng.jsp?preview=1

Online Security is a Family Responsibility

The importance of carving out a safe zone in today's digital world.

For those who grew up without the Internet, its vastness and complexity can cause great uncertainty about online security. In fact, a recent study conducted by Norton noted 86 percent of Canadian respondents worry about becoming a victim of online crime.[1] Another aspect many adults are concerned about is trying to educate the younger generation about Internet safety when, for the most part, youth have never experienced a world without online connectivity.

A Learning Process

Personally understanding security measures can go a long way in protecting the entire family.

- **Phishing** – In 2013, the Canadian Anti-Fraud Centre received over 16,000 complaints of fraud related to email and website scams.[2] Cyber criminals use this strategy to gain access to personal information, via emails with links or requests for information such as account numbers, password confirmations, or addresses. Individuals should never open links or emails from unknown senders; reputable businesses will not solicit account or personal information via email.
- **Passwords** – A Microsoft Research study found the average person has 6.5 web passwords and 25 online accounts that require passwords.[3] While easy to remember, names, birthdays, or other family information should be avoided, along with standard dictionary words; passwords shouldn't be stored on a computer or mobile phone; and, each account should have a different password.
- **Proactive online actions** – Keeping security software updated is an important practice, as well as clearing browser history regularly, and being vigilant about closely tracking online accounts for any unusual activity.

Individuals, families, and businesses looking for more detailed safety practices should consider consulting the Government of Canada's Get Cyber Safe program (www.getcybersafe.ca).


While the Internet is a routine part of life today, it doesn't mean the younger generation is naturally aware of the dangers out there.

For both adults and youth, online safe practices should be a top priority.

Building Awareness in the Younger Generation

Among Canadian youth, 94 percent have a Facebook account, 87 percent have a cell phone by Grade 10, and seven out of 10 websites visited are social media.[4] While the Internet is a routine part of life today, it doesn't mean the younger generation is naturally aware of the dangers out there. And although parental control software is a commonly used measure, it is reactive and by no means replaces the value of proactive education and media literacy in building a strong shared awareness within the family.

Among the resources, advocacy organizations, and authorities that focus on Internet safety for kids, the emphasis across the board is open dialogue and communication within the household. It's important to regularly discuss what children like and don't like online and what they are learning in online environments as a way to keep conversation ongoing and build a comfort level for asking questions and approaching adults with problems. Parents should also reciprocate, sharing how they use the Internet for work and socially, to further engage in relevant, meaningful exchanges.

A 2014 study by McAfee Canada found just over half of youth polled said their parents have had a conversation with them about online safety; 25 percent said their parents do not monitor their online behaviour.[5] Having the family computer in a common area, as well as rules against laptops and mobile devices being used privately, is one of the most effective strategies to promote an open forum, ensure activities are consistently monitored, and curb secrecy. This also presents opportunities to navigate the Internet together, promoting active learning from both parent and child perspectives.

Another key aspect in promoting online safety is remembering that while the Internet isn't a physical space, most real-world parenting rules still apply. The same lessons of not talking to unfamiliar people, wanting to know who their friends are, and telling an adult if anyone makes them feel uncomfortable are just as valuable in the online world. And a specific one to highly stress is the sharing of personal information. Everything posted online is public to some degree, and youth often make decisions in the moment without considering long-term consequences. The goal is to help them develop a consciousness of purpose versus risk when sharing photos, messages, and profile details.

Overall awareness extends beyond the home as well, so finding out what community and regional initiatives exist can be very helpful. Good starting points are to contact the local school board, police department, and youth advocacy centre to get more information about sessions and campaigns that may be offered.

The Bullying Shift into Cyberspace

National study results from Telus Wise, in partnership with MediaSmarts and PREVNet, showed 42 percent of youth between 12 and 18 have been cyberbullied and 60 percent have witnessed others being cyberbullied. A further eye-opener is that 43 percent said they don't believe talking to parents or teachers will change anything.[6]

While each province and territory has legislation and policies that address bullying, Canada lacks a national anti-bullying campaign. As parents, educators, professionals, and role models, this should be a call to action to arm ourselves with the best resources, tools, and information to keep our kids safe.

Top Age-Specific Online Safety Tips

Age Group	Recommendations
5 to 7*	■ Always sit with children while they are online, and be part of the activity. ■ Use kid-friendly search engines such as KidRex or Kids Click. ■ Start basic conversations about online privacy; for example, talk to children about why to use a nickname if a site requires a name for content personalization.
8 to 10*	■ Use Internet-filtering tools as a supplement to parental supervision. ■ Opt for a shared family email account rather than a personal one for your child. ■ Preview any websites, games, or apps your child wants to use. ■ Stress the importance of safe and ethical social networking — adding only people they know as friends, not adding apps without permission, not uploading photos without appropriate consent or asking permission.
11 to 13*	■ At a set time in the evening, "park" all devices in the parents' bedroom, making your child's room a tech-free space. ■ Explore the privacy settings on social networking sites with your child, and discuss the importance of using them to manage privacy. ■ Provide your child with strategies to respond and act if they experience or witness cyberbullying, and reassure them that they can come to you if anything online is upsetting them. ■ Discuss the importance of telling you if they are ever asked to meet an "online friend" in person.
14 to 17*	■ Continue to ensure your teen's room is a "tech-free" zone at night. ■ Be aware of and visit the websites your teen likes to spend time on. ■ Encourage your teen to stop and assess before they post, share, or send anything, to help curb emotional and impulsive behaviour and build online ethics and empathy. Part of this includes an awareness that what's posted online remains there forever, which is especially relevant to convey as teens start to look for jobs and employers can get an idea of their online presence via background checks. ■ Help them come up with strategies for addressing online conflict, and assure that you will help them find a solution if they run into a problem. ■ Build an understanding that it's important for your teen to check with you before they make any financial transaction online.
18+**	■ Provide only minimal personal information when filling out online registration forms, personal profiles, or subscription services. ■ Secure your computer by activating the firewall and using anti-virus and malware software. ■ Use encryption for your most-sensitive files and store your important data on a separate hard drive or other location. ■ Ensure your home wireless network settings are secure. Don't conduct any transactions that require passwords, account numbers, or credit card numbers in public Wi-Fi areas.

*Sourced from MediaSmarts, Canada's Centre for Digital and Media Literacy.
**Sourced from the Government of Canada website: Get Cyber Safe – Protect Yourself.
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Make the Most of RESPs and TFSAs

Integrating the best strategies to boost growth potential.

With the ever-rising costs of post-secondary education, saving for a child's future is a top priority for many families.

At the basic level, both Registered Education Savings Plans (RESPs) and Tax-Free Savings Accounts (TFSAs) boast a number of fundamental benefits. The former offers tax advantages, income splitting, and contribution matching by the federal government, and the latter offers tax-free growth, anytime withdrawals, and a carry-forward of contribution room. The real strategizing, however, exists beyond the surface level in the growth potential within each.

A Simplified Approach to RESPs

With the ever-rising costs of post-secondary education, saving for a child's future is a top priority for many families. And given the fact that the maximum lifetime contribution amount for RESPs is $50,000, but the current cost estimate for a four-year post-secondary program is approximately $80,000 (tuition, living expenses, books, etc.), the question becomes how to maximize growth in the most effective, time-efficient manner possible.

Unfortunately for some individuals, there is a lot of untapped potential within their RESPs, and this can often be based on uncertainties around asset allocation. With a number of options to consider (equities, mutual funds, bonds, to name a few), and the time-consuming nature of trying to strike the right balance between risk and growth, the investing process can become complex and confusing, especially given the shorter time frame — unlike RRSPs where the investments have decades to grow. This is where target date funds can come into play as an ideal, convenient strategy.

On the highest level, target date funds are asset mixes managed to a specific time horizon. What makes them such an attractive option for RESPs is the fact that investors simply have to choose the fund with the target date that aligns with the year their child would likely begin post-secondary education, and the asset mix is designed to evolve in a way that capitalizes on that time frame. Specifically in this regard, the RBC Target Education Funds provide an ideal option based on structure, purpose, and impact — these funds are customized to meet the dates relevant to your child's post-secondary education timeline, they rebalance automatically, and they provide the reassurance that the rest is taken care of, eliminating a need for year-to-year management.

As part of the sophistication within these funds, the focus in the earlier years is progressive growth, and then as the target date becomes closer, there's an asset mix shift to preserving capital via lower equity exposure (see Figure 1). And while this strategy may be similar to what some individuals aim for by self-directing their RESPs, the added value of funds such as RBC's Target Education Funds is that the complexity of planning and management is taken out of the hands of the investor and put into the hands of expert portfolio managers who select the funds, monitor the portfolios, and adjust the asset mix for you.

For those who are very conservative in their investment approach, GICs are another alternative. The tradeoff with that option, however, is that it's more difficult to build capital in a low-interest-rate environment. Ultimately, you want to ensure sufficient investment growth to keep pace both with inflation and the rising costs of post-secondary education, so it's important to focus on growth of capital, not just on the preservation of that capital.

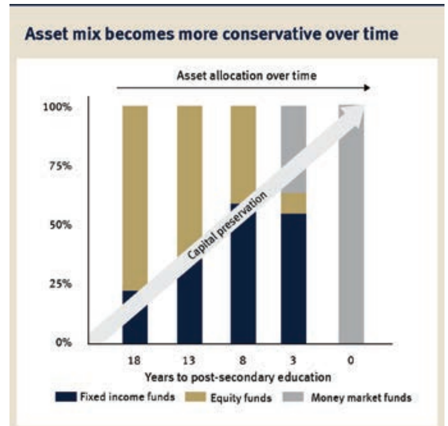
TFSA Yearly Contribution Limits

While the federal government has reduced the 2016 annual TFSA contribution limit back to $5,500, those who didn't capitalize on the 2015 limit of $10,000 can still utilize it. Thanks to the contribution carry-forward rules, any unused contribution room accumulates each year.

Take TFSAs to the Next Level

While a recent Ipsos poll conducted on behalf of RBC noted an increasing popularity in the TFSA program (46 percent of Canadians would choose a TFSA over an RRSP if they could only choose one),[1] as a whole, TFSAs are still somewhat misunderstood among some individuals, specifically around what can be held in them. While the name suggests that it is a savings account, a TFSA can in fact be utilized for investments including GICs, bonds, stocks, and mutual funds. Therefore, a shift in focus to using it more as a longer-term investment vehicle opens up a range of options that can positively impact the growth potential.

Figure 1



Source: RBC Target Education Funds Brochure (22056 (03/2015))

In this regard, a key strategy to consider is investing in funds that are properly diversified to deliver consistent and reliable returns, and it's here that options such as RBC's Select Portfolios may be worthwhile, as they offer broad global exposure to both bonds and stocks, which is important in today's more volatile market environment. As part of this option, there are five RBC Select Portfolios offered based on risk tolerance, each of which is monitored and actively rebalanced with a focus on tactical adjustments to capitalize on short-term opportunities while still keeping long-term strategic allocation at the forefront.

For both RESPs and TFSAs, an advisor is the ideal resource to discuss some of the finer intricacies relating to investment strategies, as well as identifying the best options based on personal risk tolerance and short- and long-term goals for the contributions made.

Reference

1. Ipsos Press Release. January 27, 2016. http://www.ipsos-na.com/news-polls/pressrelease.aspx?id=7126

Tax Planning Checklist for Students

Easing the financial demands faced by students.

For many students, tax planning may not rank very high on the list of priorities. However, when you consider that taking advantage of tax credits and deductions is very beneficial in helping students stretch their funds while in school, it makes sense to learn and understand the options out there. This checklist provides a useful quick reference for the most-common federal tax credits, deductions, and tax-assisted programs available to students.

1. **Tuition fees** – Some students may be eligible to claim a 15 percent tax credit of qualifying tuition fees.
2. **Education amount*** – Full-time and part-time students may be entitled to an additional 15 percent tax credit of $400 per month or $120 per month, respectively.
3. **Textbook amount*** – Those who qualify for the education amount may be entitled to a 15 percent further textbook credit of $65 per month for full-time students or $20 per month for part-time students.

*Federal Budget 2016, once enacted, will eliminate the education and textbook amounts after December 31, 2016. Changes will be introduced to the criteria that allows scholarship, bursary, and study grant income to remain tax-free.

4. **Transfer or carry forward unused tuition, education, and textbook credits** – Students who can't use all of their tuition, education, or textbook credits may be able to transfer up to $5,000 to a spouse, common-law partner, parent, or grandparent.
5. **Interest on student loans** – Some students may be eligible for a 15 percent tax credit for the amount of interest paid on certain student loans.
6. **Scholarships, fellowships, bursaries, and study grants*** – These amounts are likely tax-free for those who qualify for the full-time education amount tax credit. A partial exemption is available for those who don't qualify for the education amount.
7. **Moving expenses** – If a student moves to be at least 40 kilometres closer to their new educational institution or place of work, they may be able to deduct moving expenses.
8. **Childcare expenses** – In certain situations, students, or their higher-earning spouse, may be entitled to deduct eligible childcare expenses.
9. **Lifelong Learning Plan (LLP)** – The LLP allows a Canadian resident to withdraw up to $20,000 from their RRSP with no immediate tax consequences. Amounts not repaid over the required 10-year period will be taxed as income.
10. **Research expenses** – The research expenses students incur may be used to reduce the amount of taxable research grants received.
11. **Educational Assistance Payments (EAP)** – EAP received from an RESP is taxable to the receiving individual. Original contributions withdrawn from an RESP are not taxable.
12. **GST credit** – Someone who is 19 years of age or older may be eligible for the GST credit simply by filing a tax return.
13. **Public transit amount** – Students may be able to claim a tax credit for the cost of public transit passes.
14. **Canada employment amount** – Certain employed individuals (e.g., those in a co-op position) may be eligible to claim this tax credit.

Useful information and options to help students with education-related costs.

Insurance for Children – Is It the Right Fit?

An overview of the advantages and potential disadvantages.

Insurance for children is a topic that generates debate among some, with much of the uncertainty around it arising from traditional thinking of insurance simply as income replacement. With such a narrow scope, it's easy to see how it could be justified as irrelevant for children since they don't earn income or earn very little income, at best. However, broadening the perspective to view it as an investment vehicle and a supplementary means to help prepare for a child's future opens up significant benefits and value.

Wide-Ranging Pros

Most individuals want to structure their financial affairs in tax-advantaged ways, and insurance provides an additional asset class to tax shelter investible assets. Specifically in this regard, insurance may offer a very effective option for parents or grandparents who have assets they won't otherwise spend, and that are potentially earmarked to go to the child via a will or trust, for example — especially given the fact that tax-advantaged investment vehicles for children are quite limited. Another benefit lies in the fact that the parent retains control of the asset when setting up insurance on a child's life. It's only when the asset ultimately gets transferred to the child that it becomes part of the child's portfolio, and the transfer itself is considered a non-taxable event.

Examining the pros and cons of this option as part of a family plan.

Other advantages exist within insurance policies that have cash values, which provide financial flexibility later in the child's life to utilize those values, even for retirement planning. Certain policies may also be paid up over a specific time frame, and the values may continue to grow even after the policy is paid up.

Specific to a child's future, there are positives in the fact that a policy reduces uninsurable risk down the road — regardless of future health status, their premiums are locked in. Furthermore, the premium now would be less expensive than if the insurance was purchased later in life.

A Matter of Options

When looking at insurance as an investment vehicle, a main downside for some is the opportunity cost — not every dollar is created equal and this type of investment is one that doesn't bring immediate benefits. However, when looking at investible assets as a whole, it's important to consider both the short- and long-term. While it does take time for the growth to occur, which some individuals may view as a negative, the upside is in the significant long-term positive impact. In other words, the slower rate of growth is not an inherent con for everyone; the disadvantage arises only if it doesn't fit with the purpose of the investment or as part of a well-balanced plan. And this is where an RBC licensed insurance advisor can help to determine if, how, and when insurance is a beneficial investment vehicle, specific to each family's needs.

Upcoming CRA Changes

Effective January 1, 2017, changes to the Income Tax Act will impact the structure of new policies. Generally, policies issued prior to 2017 will be grandfathered and subject to more favourable legislation.

Living Benefits for Children

While many parents are vigilant about personal insurance to assure their family will be taken care of in the event of a devastating life occurrence, some overlook the importance of Living Benefits for children. If a child suffers a significant illness, the likelihood is one or both parents' careers are going to be put on hold, creating a negative financial position in the family. A fact many people don't realize is that some Living Benefits policies offer refund of the premiums if no claims have been made after a specific time period.

The camp connection – how the right summer program positively impacts social and personal development among youth.

School's Out – Now What?

Benefits of the summer camp experience extend well beyond the great outdoors.

With the end of June on the horizon, millions of preschool, elementary, and secondary students across Canada will be heading into a much-anticipated break from the school-year routine. Lending itself well to a change of pace, the summer also marks a pivotal opportunity for youth to advance their specific interests and cultivate skills beyond the learning and interactions that take place in the classroom. Enter summer camps. Much more than just time-filler during July and August, camp offers an impactful and shaping experience, providing youth with important social, environmental, and self-awareness development.

Finding the Right Fit

The Canadian Camping Association (CCA), a non-profit, national federation dedicated to the growth and promotion of organized camping for all populations, emphasizes the importance of the decision process in assuring a child's positive experience at camp. First and foremost, it's imperative to confirm a camp is accredited, meaning it meets provincial requirements for site, facility, administration, leadership, health, food service, and program.[1] Another central aspect is involving your child in the decision, zeroing in on the activities that specifically interest them, as well as personal factors such as comfort level with day versus overnight and attending with friends or siblings.

Resource-wise, an ideal starting point is your Provincial Camping Association (there are nine across Canada) for comprehensive search tools and a wealth of parent and camper information. Third-party directories such as Our Kids Go To Camp are also helpful supplements to the process.[2]

Changing Children's Lives

Erin Farrow, outdoor education teacher at The Riverwood Conservancy in Mississauga, Ontario, sees first-hand the incredible impact camp programs have on youth. "Learning is driven by campers' own organic interests, enabling kids to dive into any topic of choice … [The camp environment] brings out opportunities to practise creative problem solving and develop effective communication skills that school life may not be able to accommodate," she shares.

These insights are substantiated in *The Canadian Summer Camp Research Project*, the first-ever

New Standards for Ontario's Youngest Campers

The Ontario government recently released new legislation, the *Child Care and Early Years Act*, which impacts day camps for kids under age 4. These programs are now required to be licensed, with early childhood education staff.[4]

Those wanting to ensure a camp meets these new requirements should inquire about the government licensing issued and look for the display decal at the facility.

nationwide study assessing the value of the summer camp experience, conducted by the University of Waterloo. Based on interviews with and observation of campers, camp directors, and parents or guardians, the two-phase report noted significant positive effects among campers in five key developmental areas: social integration and citizenship, attitudes towards physical activity, self-confidence and personal development, environmental awareness, and emotional intelligence. Of particular interest, children who stayed at camp longer and returning campers experienced greater progressive changes, and the positive development transferred back to campers' home environments.[3] For parents, guardians, grandparents, and the like, there's an incredible sense of assurance and pride in witnessing these milestones of human growth in the next generation.

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A Realistic Approach to Family Health and Wellness

Simple nutritional strategies to build long-term healthy habits in the family.

Taking the right nutritional steps towards a more healthful family lifestyle.

In a time when society is saturated with diet quick-fixes, fast-food options, and unsubstantiated health products, it can be easy to lose sight of basic nutrition principles. For many individuals, the very idea of "keeping it simple" is far-fetched amidst hectic schedules and on-the-go eating habits. However, returning to the basics via simple changes is one of the best approaches you and your family can take for positive, long-lasting improvements to your nutritional health and wellness.

Understanding Personal Nutrition

While every individual's needs slightly differ based on factors like genetics and activity levels, there are general requirements for each nutrient the body relies on. However, as individuals progress through various life stages, certain nutrients become more crucial to support bodily processes that keep health in check.

Andrea Falcone, a registered dietitian and certified fitness professional whose practice services individual and family clients, schools, and corporate wellness sectors, highlights some important age brackets where nutritional needs shift, as well as some easy-to-incorporate recommendations.

Age	Gender	Nutrients to Emphasize	Whole-Food Sources	Why?
40+	Male and Female	Vitamin C	Strawberries, kiwi, figs, broccoli, red bell peppers	Antioxidants prevent free-radical damage, which occurs more with aging and is aligned with a number of chronic diseases.
		Vitamin E	Almonds, sunflower oil and seeds, hazelnuts	
		Beta-Carotene	Spinach, kale, carrots, sweet potatoes	
50+	Male and Female*	Vitamin B12	Game meats, fish, dairy products	Generates new red blood cells and nerves.
		Vitamin D	Minimal food sources; opt for supplement form – 800 IU	Promotes bone health and healthy tissue/cell activities; protects against diabetes and chronic diseases.
		Calcium	Dairy products, dark green vegetables, almonds, salmon, trout	Combats age-related bone loss and osteoporosis; promotes heart, muscle, and nerve function.

* Women's calcium requirements are slightly higher than men's at this stage, due to menopause.

Promoting Healthy Habits Within the Family

Beyond individual nutrition is prioritizing health and wellness on the family level. Unfortunately, Canadians are living in an era where obesity rates are still on the rise, with childhood obesity rates nearly tripling in the last 30 years.[1]

And while youth are definitely influenced by their peers, their environment, and the media, the roots of their nutritional habits are established at home. As Falcone notes, "It's important to lead by example. Parents sometimes don't think their children are watching or identifying how and what they eat, but this is not the case. Even situations where parents talk about weight or dieting, that has a huge impact on a child's overall perspective of health."

Falcone advises that one of the main ways parents and family members can establish healthy nutrition patterns is by involving the younger generation in food-related activities.

- **Weekly meal planning:** Set aside 30 minutes as a family on an evening or weekend to map out meals and recipes.
- **Structured snacking:** 63 percent of youth have after-school snacks, the majority of which are energy-dense and nutrient-poor,[2] making it an ideal opportunity to promote more healthful choices.
- **Canada's Food Guide:** The Health Canada and Government of Canada Healthy Canadians websites offer customizable and interactive tools (including a downloadable mobile app) to help each family member better understand food and nutrient needs.[3]
- **Grocery shopping:** While it may not always seem convenient, family trips to the grocery store can be very educational.
- **Meal preparation:** Involve kids in the kitchen with age-appropriate tasks; even a small responsibility offers a sense of accomplishment.
- **Family dinners:** Carving out time to sit down for dinner as a family, with screens and phones turned off, has an incredibly positive impact on health habits.

Family health and wellness doesn't need to be an "all or nothing" decision; rather, it's about incorporating gradual change in a sustainable way. As Falcone stresses to her clients, "If we can recognize that health is our ultimate lifeline and how both food and fitness affect that, then it may just be the perspective needed to embrace positive changes."

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Set aside 30 minutes as a family on an evening or weekend to map out meals and recipes.

Recipe: A Fresh Spin on Chili

Though often reserved as a "winter" dish, this lighter version is a nutritious palate pleaser for any time of year.

Serves: 8–12

Ingredients:

3 tbsp	grapeseed oil
2	small onions, finely chopped
3	garlic cloves, minced
1	red bell pepper, finely chopped
1 lb	lean ground chicken (or lean ground turkey)
2 cups	black eyed peas and lentils (or other bean of choice)
1, 32-oz can crushed tomatoes	
1 cup	fresh or frozen corn kernels
1 cup	fresh or frozen green peas
1 tsp	cumin
1/2 tsp	chili flakes
3 tbsp	fresh parsley or cilantro
2	bay leaves
1 tbsp	Worcestershire sauce
1/3 cup	barley
Dash of salt and pepper	
1 cup	mozzarella cheese, shredded
6	small whole-wheat wraps

Directions:

1. Heat the grapeseed oil in a large stockpot over medium-high heat. Sauté the onion, bell pepper, and garlic, adding a pinch of salt. Stir frequently until the onions are translucent.
2. Lower the heat to medium and add the ground chicken and black pepper. Cook until the chicken is no longer pink, stirring to break up any larger pieces.
3. Add the crushed tomatoes, beans, corn, green peas, ground cumin, chili flakes, parsley or cilantro, bay leaves, and Worcestershire sauce. Stir to combine.
4. When mixture starts to bubble, reduce the heat to low and simmer for at least 20 to 30 minutes to allow the barley to cook. Leave on a low simmer for up to one hour, stirring occasionally.
5. Remove the bay leaves before serving. Top with shredded mozzarella cheese and tortilla chips, if desired.

Time-Saving Tip

This type of meal is ideal to prepare on a weekend and then freeze in portions for quick and easy dinners during the week.

Health Fast-Fact

Both garlic and tomatoes are rich in antioxidants, and they each boast other important health benefits. Garlic is proven to boost immunity and reduce inflammation, and tomatoes help lower cholesterol and promote heart health.

Nutritional Information

(per serving, based on 10 total servings)

Calories: 371
Protein: 25 g
Carbs: 51 g
Fats: 23 g

To make tortilla chips:

1. Preheat oven to 350°F.
2. Slice the whole-wheat wraps into thin strips or wedges.
3. Lay flat in a single layer on a baking sheet and bake for 5 minutes. Use tongs to turn the chips over, and bake for another 5 minutes.

Eyes Wide Open on Youth Mental Health in Canada

Building a better understanding to promote and support mental well-being among Millennials.

Recognizing realities and needs of the Millennial generation in an ongoing effort to support mental wellness.

Mental health. It's a topic that elicits a full spectrum of feelings, opinions, and responses among individuals. Some openly embrace discussions or may have direct experience with it, whereas others avoid or are uncomfortable with the topic, potentially brushing it off as something that doesn't affect them. When you get right down to it, however, mental health conditions are a reality faced by many Canadians, just like cancer, diabetes, and any other condition of a physical-health nature.

Consider the following statistics: One in five Canadians experiences a mental health or addiction problem in any given year.[1] Of any age group in Canada, youth between the ages of 15 and 24 experience the highest instance of mental health issues.[2] Among Canadian students, over 50 percent have felt overwhelming anxiety and a sense of hopelessness in the last 12 months.[3] These are powerful numbers and ones that speak volumes about the importance of awareness, education, acceptance, early intervention, and prevention to help youth and young adults who may be suffering a mental health issue.

Millennials in Transition

The years leading up to and into post-secondary bring a wide variety of changes that, for some, may become difficult to juggle and navigate. Students face the immediate pressures of academics and finances, as well as the anticipated responsibilities on the horizon of finding employment, understanding and handling personal finances, and planning for the future from a family perspective. And when paired with the fact that this life stage coincides with a developmental time frame when most mental illnesses manifest, it's clear how the post-secondary experience can leave Millennials at a heightened level of vulnerability.

While opinions sometimes vary as to whether youth are less resilient than generations past, it's important to realize that some pressure points and societal influences have greatly changed. Youth do face some consistent aspects such as moving out and gaining independence from the family, but other factors are creating new stresses. "Academic stress trumps everything when it comes to generating anxiety among students," notes Dr. Andrea Levinson, Staff Psychiatrist at the Centre for Addiction and Mental Health (CAMH) and Psychiatrist-in-Chief, U of T's Student Life Programs. This demographic is facing more competition both to get into and within academic programs, as well as increased challenges in the job market; coupled with rising education costs and related financial stresses for some students, the situation can quickly become overwhelming. "Another key differentiator these days is the impact of constant connectivity. Students struggle with shutting things off, and as a result are unable to reflect, lack any true downtime, and experience interrupted sleep/wake regulation," shares Dr. Levinson.

Moving Beyond the Stigma

Turn the clock back 20 years, and there would be distinct differences in both awareness levels and how mental health was addressed and accepted among all age groups compared to today. However, with increased media exposure and a variety of awareness campaigns through provincial and national organizations and hospitals, Canada is taking encouraging steps forward. "It's an ongoing journey and a need — and one that we must not be complacent about. While we haven't yet reached an optimal level of dialogue and awareness, we are really moving ahead in a positive direction," shares Dr. Levinson.

Specifically in relation to Millennials, an important change from decades ago is that youth and students themselves are very much engaged in the issues and are increasingly advocating for the youth body as a whole. There's also been a growing recognition of the significant responsibilities within schools and communities at large. "Even 10 to 15 years ago, the discussions may have been there, but there wasn't the level of implementation of infrastructure and embedded ideology that we see now. It goes beyond just the services to a level where the entire institution is on board," says Dr. Levinson.

"Another positive indication is that some students are able to pre-identify their vulnerabilities, which proves to be valuable in preparing for the actual transition when the time comes," Dr. Levinson explains. Part of this comes from the fact that mental health is

The years leading up to and into post-secondary bring a wide variety of changes that, for some, may become difficult to juggle and navigate.

more commonly accepted and there's more dialogue around it, so young people are engaging in the supports that are now readily available, which was not the case 15 or 20 years ago.

Types and Trends

"Among the students we see in counselling, anxiety is the number-one problem, and mood-related issues rank second, and they commonly co-exist," notes Dr. Levinson. In relation to gender, while it often depends on the specific illness, in general women are more likely to suffer from depression and eating disorders, whereas men more commonly experience substance-abuse issues and externalizing behaviours. Rates of bipolar and personality-related conditions are fairly equal among men and women. "There is, however, a clear gender difference when it comes to seeking out service," notes Dr. Levinson. "Young women more readily act, seek help, and attend groups."

Signs and Symptoms

A main challenge for parents and other family members in identifying issues may come down to a matter of geography. Youth often move away to attend school, making it more difficult to recognize signs and symptoms because of a lack of daily contact. A helpful strategy to consider is establishing a mutual expectation of how and when to stay in contact leading into the transition, as establishing open lines of communication beforehand helps pave the way for when a student makes the actual shift into campus life. This marks an instance where modern-day technology and connectivity becomes very useful. With programs like FaceTime™ and Skype™, parents and family members can actually see their children while talking, which may be beneficial for identifying potential issues or changes.

Though the signs and symptoms vary depending on specific illnesses, some key warning signs parents, family members, and friends should look out for include a change in ability to engage, not attending meals or activities, dropping out of things they normally enjoy, not attending class, actively isolating themselves or avoiding social situations, weight loss, weight gain, looking different physically, complaints of not sleeping, focusing on negatives, and expressing feelings of hopelessness. While there are varying levels of each symptom, signs should be taken seriously, as situations may sometimes escalate quickly, Dr. Levinson emphasizes.

The Family-Student-Campus Connection

While the journey for students into post-secondary generally marks a transition into greater independence, as a baseline, it's important for families to become familiar with the services offered on campus or in the community, as well as connecting with residence dons, roommates, or other close peers. Many universities also have student deans, who support all undergraduate and graduate student life activities, offer assistance to those in need, and act as liaisons to promote students' academic and personal experiences.

Through cohesive efforts through schools, families, and communities, there's a growing climate of awareness, support, and resources across the country. With continued focus on building upon the positive progress in meeting youth needs, we, as a society, can help ensure youth always have access to and are receiving the right support at the right time, providing the tools and means they need to thrive.

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The RBC Foundation

Making a lasting impact for generations to come.

Providing focused, relevant support for the younger generations.

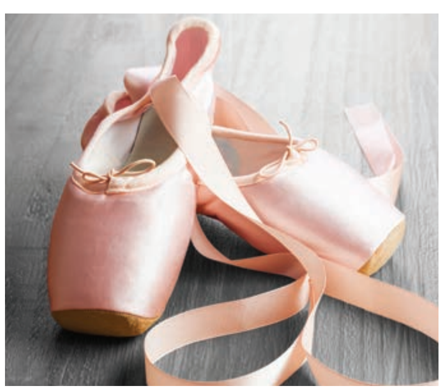
Our Kids are Our Future

It's a statement the RBC Foundation whole-heartedly believes in and a main driving force behind our many initiatives focused on youth. As one of Canada's Top 50 Most Socially Responsible Corporations, we take immense pride in our wide-ranging and committed support for the well-being of future generations.

Emerging Artists Project

The Arts are an integral part of society — fuelling enjoyment, sparking interests, and engaging minds. Through the Emerging Artists Project, we aim to help those between the ages of 18 and 35 bridge the gap between academic and career by supporting organizations that enable individuals to zero in on their art and create the best opportunities to become established.

Main components of this project are mentorship and advanced learning, as well as providing opportunities for artists to showcase their talents that otherwise wouldn't be achievable. And proof positive of the program's impact is the strong sense of networking and community it builds, with a number of established artists returning to mentor the next generation. In 2015, the Emerging Artists Project supported 3,249 artists via 169 organizations. To learn more, please visit www.rbc.com/emergingartists.



Blue Water Project

Vital for life, fresh water is the world's most precious natural resource. As such, protecting and preserving it is a number-one priority, and this is exactly what the Blue Water Project is founded on. Originally a 10-year global commitment to support the protection of water in a broad sense, the more recent extreme weather events in urban centres caused a shift in project focus towards supporting the protection of water in towns, cities, and urban areas. Globally in 2014, 96,233 kids were positively affected by the initiatives supported by this program, and 168,595 kilos of garbage was removed, reduced, or diverted from urban water and shorelines.

June 2 marks Blue Water Day, an incredible day of involvement and a call to action where RBC employees join forces with local communities for clean-ups and water-quality makeovers. For more information, please visit www.rbc.com/bluewater.

Vital for life, fresh water is the world's most precious natural resource.

Race for the Kids 2016

New name, broader impact. The former Run for the Kids, which took place solely in Toronto, is officially becoming part of a much larger global program to support children's causes, with a series of races taking place in Canada, the US, the UK, China, and Australia. Raising over $19 million globally, the races are part of an overall commitment to improve the well-being of one million kids and youth via the five-year, $100 million RBC Kids Pledge.

Canada is home to two of the races in the series — the Vancouver event is on June 5, raising funds for childhood cancer and mental health initiatives at BC Children's Hospital, and the Toronto event is on September 17, supporting youth mental health and The Family Navigation Project at Sunnybrook Hospital. Find out more about these exciting events and the global race series at www.rbcraceforthekids.com.

Wealth Management

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