

WEALTH WISE



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As the RRSP deadline approaches, it's always a busy time, but in the rush to contribute we mustn't forget the reason for all our efforts to save: our long-term financial security.

Have you taken the time lately to think about the larger financial picture, which could include your non-registered portfolio, your insurance plan, and perhaps education savings goals for your children?



FOCUS ON INSURANCE

Invest through an insurance policy? You bet!

The primary purpose of purchasing life insurance is to protect your spouse, children, or other dependants from financial hardship if you were no longer there to support them. Permanent life policies (universal and whole life), however, include an investment component as well as providing you with coverage for life. Even better, the investment growth generated is tax-free.

The premiums you pay for permanent insurance will be higher than the premiums for the same amount of term coverage. That's because part of every premium goes into the investment component of the policy, increasing its cash value.

Your policy's cash value has many potential uses:

- **Estate enhancement.** The accumulated cash value can be added to the tax-free

death benefit, resulting in a larger benefit for your heirs.

- **Premium holiday.** Some policies will allow you to use the cash value to cover some of the premiums, so if you face a temporary cash-flow shortfall, you don't have to worry about possibly losing coverage for non-payment of premiums.

- **Extra retirement income.** You can draw on the cash value or use it to secure a loan or line of credit to provide you with additional income in retirement. Note that cash withdrawals may be taxable and both strategies will reduce the amount of your coverage.

We'd be happy to tell you more about the potential benefits of a permanent policy in your situation and provide a no-obligation quote. ■



MUTUAL FUNDS

Craving Indian? Let's talk.

India's economic outlook improved significantly this year after the country gave reformer Narendra Modi a stunning electoral majority. India's benchmark BSE Sensex index climbed steadily in the months after the results were announced and reached a record high on September 8, 2014.¹

Investors are hoping that Modi, who built up an impressive track record running the north-western state of Gujarat, will have similar success in streamlining the various bureaucracies, interest groups and regulations which have long stunted the country's progress.

India has several qualities that can make it attractive for mutual fund investors looking to spice up portfolio returns.

Growth potential

At 1.24 billion and growing, India's population is about 35 times larger than Canada's.² That's important because

population growth is one of the key drivers of business sales and profits. Almost all of India's major sectors stand to benefit from rising consumer demand, including infrastructure, housing, food distribution, transportation, and telecommunications.

A growing middle class

Average incomes in India are low by western standards and per-capita gross domestic product was just \$1,770 in 2013.² However, an increasingly educated and affluent middle class is beginning to demand the accoutrements of a Western lifestyle, creating new opportunities in the automotive, retail, and travel sectors.

World-class businesses

One of the more tangible signs of India's rise is the emergence of a number of world-class businesses. Many, such as Infosys, Wipro, and Reliance Communications are concentrated in high-value sectors such as mobile

technology, computer programming, software support, and business process outsourcing.

However, firms in traditional manufacturing, such as Tata Motors (which bought the Jaguar and Land Rover brands in 2008) and ArcelorMittal, the world's largest steel company, are also making their mark.

A large English-speaking population

Another big India attraction is that its business community, political class, and educated elite generally speak English. This makes it far easier for Western businesses to seek out new investments there and to partner with local firms. The world's largest democracy also has a long common law tradition, and solid institutions ranging from a free press to well-regarded universities.

One worry in recent years has been India's inflation rate. At more than 8% in 2013,² it is creeping up to unsustainable levels. However, even there, India fares well relative to Western economies, particularly Japan and Europe, which have been fighting deflation, widely regarded as a far more serious threat.

Spicing up your portfolio

As with any emerging market, fund investors need to be prepared for volatility when investing in India funds. Still, as a modest portion of a diversified portfolio, they offer significant growth potential to boost overall returns as well as valuable currency, geographic, and industry sector diversification.

If you'd like to explore India in more detail, give us a call. We can help you select funds that are appropriate for you based on your investment objectives and risk tolerance level. ■

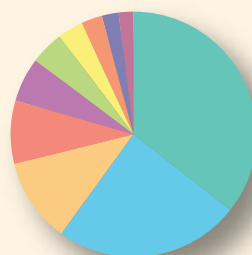
¹ bseindia.com/indices

² The Economist, The World in 2013

Boost diversification

Adding India funds to your portfolio can enhance its diversification and provide you with access to more companies in sectors that are underrepresented in Canada. Information technology, for example, makes up almost 17% of India's benchmark market index, compared with less than 2% for the S&P/TSX Composite.

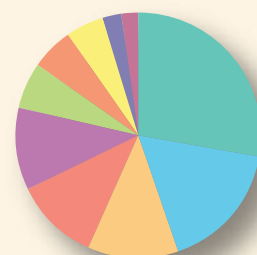
 S&P BSE SENSEX Index constituents by sector



Finance	27.90%	Capital Goods	6.11%
Information Technology	16.83%	Healthcare	5.76%
Oil & Gas	11.98%	Metal, Metal Products & Mining	4.86%
Transport Equipments	11.30%	Telecom	2.39%
FMCG	10.68%	Power	2.20%

As at October 10, 2014. Source: bseindia.com

 S&P/TSX Composite Index constituents by sector



Financials	35.76%	Telecommunication Services	4.60%
Energy	24.31%	Consumer Staples	3.18%
Materials	11.10%	Healthcare	2.92%
Industrials	8.37%	Utilities	1.99%
Consumer Discretionary	5.83%	Information Technology	1.93%

As at October 10, 2014. Source: tmxmoney.com

ARE YOU MAKING THE MOST OF YOUR TFSA?

The turning of the calendar represents an opportunity for all Canadians 18 years or older to contribute an additional \$5,500, to their Tax-Free Savings Accounts (TFSAs). That brings total cumulative contribution room since the TFSA was introduced to \$36,500.

If you're using your TFSA only for cash investments, you may be missing out on valuable tax-free growth potential. With more than \$35,000 in contribution room available, there is an



opportunity for you to create a diversified portfolio of secure cash and cash equivalents, fixed-income holdings, and growth-oriented equities. All of your investment earnings, whether interest, dividends, or capital gains, are completely tax-free, as are all withdrawals. (The downside is that you can't use capital losses to offset capital gains.)

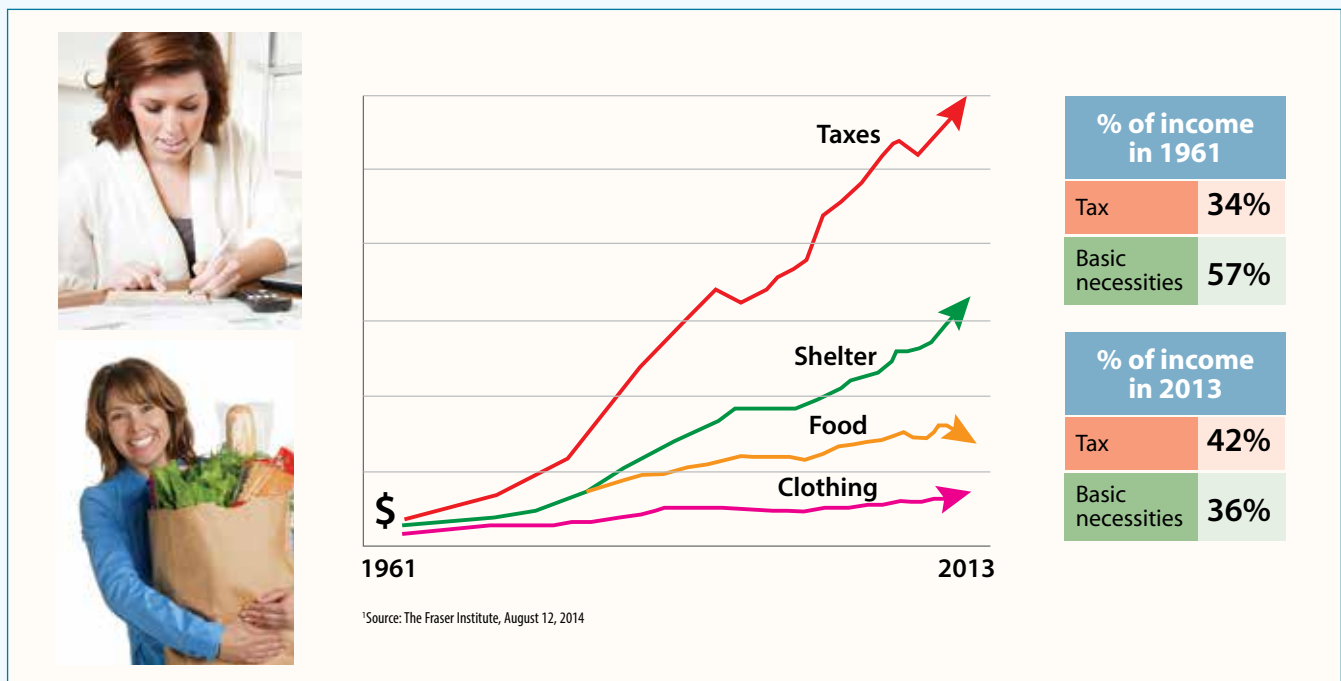
The next time we meet, we can review your TFSA strategy to make sure you're making the most of this powerful tax-free savings opportunity. We can also make sure that your investments are optimized for tax minimization across all your registered and unregistered accounts. ■



EYEOPENER

graphic evidence of how investing works

Canadians spend more on taxes than food and shelter



Feeling overtaxed? That's not surprising. According to a recent study from Vancouver's Fraser Institute, the average Canadian family spent more on taxes in 2013 than they did on food, clothing and shelter combined.¹

These statistics illustrate just how important it is to invest as tax-effectively as possible. That's why we make every effort to ensure that the tax implications are considered for every investment decision you make.

5 reasons to keep working after 65

Society's opinions regarding aging have changed considerably during the five decades since the Canada Pension Plan came into being in the mid-sixties. People are adopting healthier lifestyles and living longer than ever before. So it's hardly surprising that their attitudes towards work are changing too.

According to Statistics Canada, some 663,200 employees were over the age of 65 in 2013, representing 3.5% of the total labour force.¹ Why are so many people choosing to stay on the job? As it turns out, there is a slew of good reasons. Here are five that may leave you reconsidering your own retirement options.

1. More money

Continuing to work means continuing to earn employment income — possibly at a peak level — so you can accumulate extra funds to enjoy a more active or longer retirement.

And working doesn't necessarily mean working full-time. You may be able to stay on with your employer on a part-time basis or provide valuable consulting — on your own terms, at a per-hour rate.

2. Higher government benefits

Working longer may mean you can choose to take your Canada/Quebec Pension Plan (CPP/QPP) benefits later rather than sooner, in exchange for higher payments. The extra years that you contribute to your plan may also increase the benefits you are entitled to.

3. Access to group benefits

Many employers provide their workers with group benefits plans that provide life and disability coverage as well as health-care benefits that help to defray the cost of prescriptions, dental care, and vision care. Staying on the payroll means that you can continue to have access to this coverage.

4. Tax-deferred savings and growth

Working generates contribution room for your Registered Retirement Savings Plan (RRSP). You can contribute to your RRSP until the end of the year you turn 71. Contributions to a spousal RRSP can be made up until the end of the year your spouse turns 71.

If you have maximized your RRSP, you can contribute to your Tax-Free Savings Account (TFSA), with no age restrictions whatsoever.

5. Personal satisfaction

Many of us truly love our jobs and have built some of our closest relationships there. For some, work is also a source of considerable intellectual stimulation and a way to meet new people and stay active socially.

Ultimately, whether you choose to remain employed in your later years is a personal decision. Whatever your preference, we can help make sure you have a financial plan that supports your choice. ■

¹ Statistics Canada, Labour Force Characteristics by Age and Sex, 2013

The best time to arrange power of attorney

The best time to assign power of attorney is now, while you're in good mental health. That's important because if you don't take this step on your own, a time may come when the courts may deem that you are not competent to pick a representative and may assign someone of their own choosing.

What is power of attorney?

A power of attorney enables you to give someone the right to act on your behalf if you can no longer do so. It's a key element in helping to protect the wealth you've built and ensure that decisions are made in accordance with your wishes.

There is more than one kind of power of attorney. Some cover financial matters and others personal care decisions. Powers of attorney may be limited or continuing — the latter take effect only if you become incapable of making your own decisions.

Note also that terminology and laws regarding powers of attorney vary according to provincial/territorial legislation.

Choosing a power of attorney

Who should you choose? Trust is paramount, so close family members are often a preferred option. However, it can also be helpful to choose someone who has financial expertise, is younger than you, and is physically close by.

A power of attorney is a powerful document, so it's important to get advice. We can help you document your assets, clarify your objectives, and ask the right questions of your legal advisors. ■

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