THE NEWSLETTER OF
MONEY MANAGEMENT AND
FINANCIAL PLANNING IDEAS

Planning Ahead

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Spring at last! And what better time to revisit your investments?

In many ways, your portfolio is like a garden. You plant seeds that you hope will grow, but over time, some may prosper while others wither. The key to managing either is regular maintenance, including replacing non-performers with better prospects.

Contact us soon for a portfolio review where we can weed out the investments that aren't meeting your needs and replace them with those that will bloom.

FOCUS ON INSURANCE

Insured through work? It may not be enough

Odds are, your employer is not in the insurance business. So why would you trust something as important as your family's security to your employer's group insurance plan?

The reality is that there are a number of potential shortcomings to many employer-sponsored plans. The following are some of the most common.

Insufficient life coverage. Life insurance coverage is often tied to your base salary. For example, it might be one or two times that amount. Would that really be sufficient to protect your family if something were to happen to you?

Limited disability coverage. Disability coverage (if you have it at all) might provide benefits for only a short period of time or only if you are unable to work in any job, not your own occupation.

No protection from critical illness. Outside of an executive compensation package, critical illness protection is not usually part of most employer-sponsored plans.

Lack of portability. Regardless of the benefits you do have, should you leave your job, those benefits will stop and, by then, your ability to obtain insurance could be compromised.

No coverage for family members. Even if your plan offers sufficient coverage for you, it may not extend to your spouse or other family members.

For most people, stand-alone policies, which protect you regardless of your employment situation, deliver the most value and the most peace of mind. ■

Build your portfolio — with infrastructure funds

The extreme weather experienced by much of the country over this past winter has drawn attention to Canada's aging infrastructure. From power lines to potholes, major infrastructure spending is planned or under way and shows no signs of abating.

Toronto, for example, is considering a $15-billion project to bury its power lines to shield them from catastrophic ice and winds.[1] In light of ongoing issues with the Champlain Bridge (one of Canada's busiest), Montreal is fast-tracking construction of its $5-billion replacement to 2018 from 2021.[2] In B.C., the $25-billion Pacific Gateway Project is expanding the province's road, rail, and port capacity to better transport its resources.[3] On a national scale, the federal government recently announced the "New Building Canada Plan" a $70-billion, 10-year infrastructure spending spree.[4]

What do these projects mean for investors? In a word: opportunity.

Extreme makeover needed

Most of Canada's core infrastructure was built in the post-war '50s and '60s. Our collective focus (and public spending) then shifted toward social services, healthcare, and education. But this past winter has drawn attention to the almost desperate condition of infrastructure across the country.

While we all benefit as Canadian residents from improvements to our communities, we can also benefit as investors. Infrastructure projects generate jobs, stimulate economic growth, and present growth opportunities for businesses related to construction and their spinoffs.

For those with the appropriate investor profile, segregated funds that focus on infrastructure provide an efficient way to capitalize on these opportunities. As always, one of the key benefits with segregated funds is the ability to let professionals do the legwork. With infrastructure funds, skilled teams of researchers do the drilling to identify the projects and companies with the most potential and the best chance of meeting the fund's investment objectives.

Broad range of investments

The specific investments an infrastructure fund might hold are drawn from the businesses and industries involved in building, servicing, or developing infrastructure projects. These can include everything from pipelines and wind farms to real estate to companies that administer bridge and highway tolls and long-term care homes. Some funds may focus on specific areas, while others may have a broader scope.

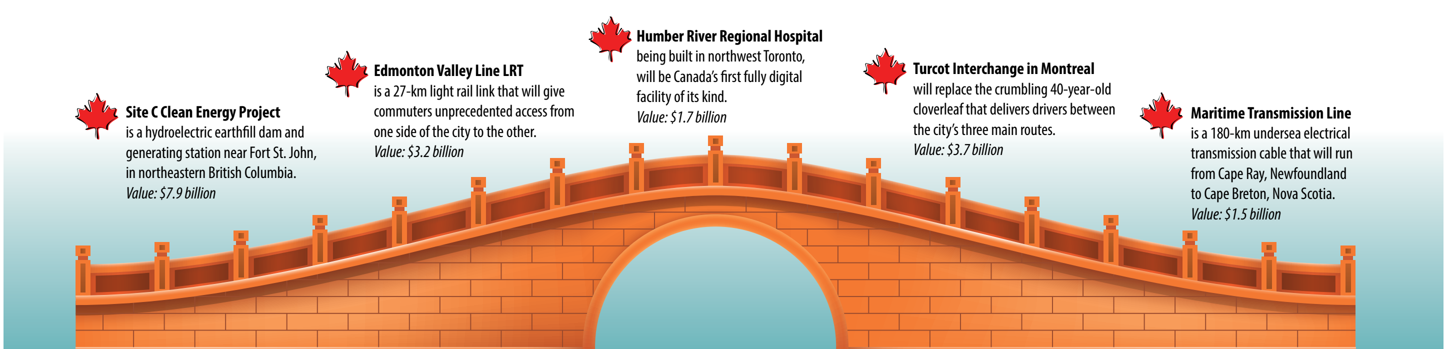
Depending on the fund's mandate and its holdings, returns can come from growth of the securities themselves, from the income the holdings generate, or a combination of the two. Some also include exposure to relevant international companies. In economies such as Brazil, where there is widespread privatization of government-controlled infrastructure, the growth potential can be significant.

We can help you decide if one of these funds would be a good addition to your asset mix, and, if so, how to best dovetail it into the rest of your portfolio. ■

1 Andrew Lupton, CBC News, "Ice storm fallout: Can't power lines go underground?" Jan. 9, 2014.
2 Transport Canada, "New Bridge for the St. Lawrence," March 3, 2014.
3 British Columbia Ministry of Transportation and Infrastructure, *Revised 2013/14-2015/16 Service Plan*.
4 Infrastructure Canada, *The New Building Canada Plan*, Feb. 27, 2014.

Bridging the infrastructure gap

Across the nation, governments at all levels are undertaking significant construction projects.



Source: *ReNew Canada* magazine, "Top 100 — Canada's Biggest Infrastructure Projects," 2014.

INVESTING

Despite its name, your TFSA is *not* a savings account

In a recent survey[1] by one of Canada's Big Five banks, cash holdings made up fully 57% of its customers' Tax-Free Savings Accounts (TFSAs). Not only that, but just 11% of respondents could even identify TFSA-eligible investments.That's unfortunate, because TFSAs can hold a wide range of investments that may provide significantly higher returns than cash.

Way more than just savings

Just because it's called a tax-free "savings account" does not mean you have to treat it like one. In fact, TFSAs are so much more flexible than a traditional savings account and the range of investments they can hold is so broad, they're suitable for just about any investment goal. How broad? Well, virtually any investment you can hold in your Registered Retirement Savings Plan (RRSP) can also be held in your TFSA.

By all means, use your TFSA as a short-term parking spot while you save up for a car or a down payment on a house. But don't forget that it's equally valuable as a long-term strategic component in your retirement plan.

Matching investments to goals

The specific investments in your TFSA should reflect the express goals you have for the money you're putting aside: cash and equivalents for short-term purposes and equity-based investments for longer-term objectives.

Let's look at the intentions you have for your TFSA money and the investments you're using to achieve them. Even if you are holding your TFSA at your bank or other financial institution, we would be pleased to review it.

While we're at it, let's see if we can't capitalize on this year's $500 bump in contribution room — for 2014, you can invest up to $5,500. If you haven't yet opened a TFSA, you could have as much as $31,000 in contribution room — that's a significant opportunity to set up a tax-free portfolio. ■

1 BMO *Annual TFSA Report*, Jan. 2, 2014.

RETIREMENT PLANNING

Considering a golden handshake?

According to Statistics Canada, workers aged 55—64 who leave their jobs do not necessarily sail off into full-time retirement. In fact, over half of them are re-employed within 10 years of leaving their job.[1]

The return of post-retirement seniors to the workforce is a genuine trend: One in six Canadian workers is currently over the age of 65, up from one in nine in 2001.[2]

Even if you're not planning to go back to work after you get your gold watch, you may change your mind. Many seniors return to the workforce voluntarily, driven by personal reasons such as boredom or the desire to take on a challenge, rather than financial necessity.

If you have been offered a severance package or suspect that one might be in the works, call us. Such a significant change affects every facet of your financial plan, including your regular investment contributions, your emergency fund, employer-sponsored health benefits, pension, and retirement savings, to name just a few.

It's especially important that we revisit your plan if your offer comes a few years before you were planning to retire. We can help you decide if you should accept it, consider how it can fit into your overall plan, and address the best way for you to transition into the retirement lifestyle you want. And should you decide to go back to work or join the ranks of the self-employed, we can help you fine-tune your plan to accommodate the additional income and support your changing goals. ■

1 Statistics Canada, *The Daily*, "Study: Employment transitions among older workers leaving long-term jobs," Jan. 28, 2014.
2 Government of Canada, *Working for seniors, Age-Friendly Workplaces: Promoting older worker participation*, May 15, 2013.

5 creative ways to use life insurance

Life insurance provides the peace of mind of knowing that you've taken care of your family's financial well-being should you die prematurely. But our clients who choose permanent life insurance are often surprised by just how many living benefits their coverage includes.

Here are five creative ways insurance can play a valuable role in your family's current and future finances.

1. Source of cash

Depending on the type of policy you have, you may be able to withdraw money from its accumulating cash values, borrow from it as a loan, or leave the policy intact and use it as collateral to get a low-interest, secured line of credit.

2. Tax-deferred investment growth

The investment portion of your policy grows on a tax-deferred basis (subject to government-imposed limits), giving you an additional tax-friendly way to invest for your retirement.

This is especially useful if you have reached the maximum contribution allowed to your Registered Retirement Savings Plan (RRSP) or are unable to contribute because you belong to an employer-sponsored pension plan or don't have qualifying earned income.

3. Beef up a young scholar's college fund

Purchasing an insurance policy on your child's life has the double benefit of providing a tax-deferred savings opportunity while also guaranteeing your child has insurance even if he or she should become uninsurable down the road.

When the time comes, the "child" isn't restricted to using the money for tuition. It can be used to start a business, travel, buy a home, or left to continue growing. As a bonus, this is an investment vehicle that both parents and grandparents can add to on the student's behalf.

4. Create an instant estate

Life insurance gives your heirs a tax-free lump sum to pay any bills owing at death. In the case of appreciating assets, like a cottage, for example, your beneficiaries may have no choice but to sell the asset to cover the tax bill. If you want to leave them with a cash inheritance or a tax-free, hassle-free way to settle your final liabilities, get them to help pay for it by purchasing the policy on your behalf!

Even if you're in your 60s or 70s, as long as you're in fair health there's a good chance you can qualify for a policy that's reasonably priced relative to the eventual payout it will provide.

5. Leave a legacy

Life insurance can be a very cost-effective way to make a big donation to your alma mater or favourite charity. Depending on the approach you take, you can choose to crystallize the tax benefits now or leave them to benefit your estate.

Please keep in mind that withdrawals or loans from a policy's value can have tax implications and will affect the value of the policy. Let us help you determine if these strategies are right for you. ■

Accidents happen — protect yourself

Accidents are the fifth-leading cause of death in Canada.[1] In 2012, 344 Canadians drowned. The fastest growing group of victims? Those aged 50–64.[2]

In 2011 (the most recent year for which data are available), there were almost 10,500 serious injuries from traffic accidents alone.[3]

So it's really not a case of "if" you or a family member will have an accident. It's more a question of what type of accident and how severe it will be.

Affordable peace of mind

An Accidental Death and Dismemberment (AD&D) policy can protect you and your loved ones from the financial repercussions of a serious injury or accident.

AD&D policies typically cover the cost of rehabilitation and reimbursement of transportation expenses in the case of injury and repatriation in the case of death. In many cases, you can protect your entire immediate family with a single, surprisingly affordable policy.

Many policies include specific amounts for daycare, spousal educational or vocational training, as well as an education component so your dreams of a post-secondary education for your children are not compromised by your accident.

AD&D protection is widely available as a rider that can be added to a life insurance policy. We can provide you with further details or a quote. ■

1 Statistics Canada, "Leading causes of death, by sex," Jan. 28, 2014.
2 The Livesaving Society Canada, *Canadian Drowning Report*, 2013.
3 Transport Canada, *Canadian Motor Vehicle Traffic Collision Statistics 2011*.

This newsletter has been written (unless otherwise indicated) and produced by Ariad Communications.