

THE Fraser *Financial* Report



Stewardship since 1991 | Stew'ard·ship': the moral responsibility for the careful use of money, time and talents.



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Secrets to Fountain of Youth

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Baby Boomers – those born between 1946 – 1964 – have found that there is a recipe to increasing longevity, combating aging, and most importantly, feeling younger than their true age, according to the 2010 Del Webb Baby Boomer Survey.

“In this year’s survey, we found that both younger and older baby boomers have found their own version of the fountain of youth.”

“While there may not be a legendary spring that restores the youth of those who drink from it, many Baby Boomers today are ‘fighting’ aging by being engaged in a variety of activities that keep their minds sharp, their bodies strong, and their social life robust,” said Deborah Blake, national marketing director for the Del Webb brand. “In this year’s survey, we found that both younger and older baby

boomers have found their own version of the fountain of youth.”

Baby Boomers feel much younger than their actual ages, according to the 2010 Del Webb Baby Boomer Survey. And as age increases, the distance between their real age and perceived age expands. Boomers turning 50 this year see the difference as “merely” a decade, while older Boomers feel an average of 13 years younger than their age. Del Webb residents, with a median age of 65, say that they feel 15 years younger than they actually are. Additionally, both groups of Baby Boomers agree that old age starts around 80. Standing out from this view were the Del Webb respondents, who think that old age does not start until one turns 85 years old. From the 2010 Baby Boomer Survey, those who felt younger than their actual age participated in at least two of the five activities at right.



The Five Secrets of the Fountain of Youth

- 1. Exercise regularly:** More than 55 percent work out regularly as a way to feel youthful.
- 2. Hit the books:** Nearly a third have gone or will go back to school.
- 3. Volunteer:** More than 60 percent are giving back to their communities by volunteering.
- 4. Still working:** More than 70 percent plan to work in “retirement” either part-time, full-time or in starting a new career.
- 5. Trying pickleball or Zumba:** Approximately 40 percent have taken up a new hobby or activity

EDITORIAL

News That's Fit to Print

By George Sigaty, BA, MBA, EPC, CFP

Sometimes newsletters are filled with anything but news, but this edition of The Fraser Financial Report lives up to the idea of presenting things new.

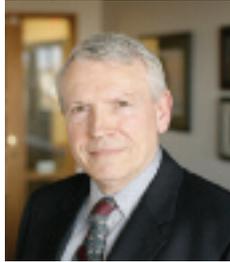
First of all it is hard to escape noticing that our co-branding name and colour scheme is completely new as we have transitioned to working within the Investment Planning Counsel umbrella as described in our spring issue. Process and system improvements arising from this new arrangement will continue to be forthcoming over the months ahead.

Next, we have found some "good news" about how Baby Boomers are feeling younger and healthier which we are more than happy to pass on. We have also included another article on Tax-Free Investing, with a new focus on some useful "rules of thumb". The last article is on the highlights of the new budget presented by the new majority government on June 6.

On our business and community front there are many new things happening as well. Our Vernon office participated recently in a city-wide community clean-up project, and in Abbotsford we welcome a new Advisor to our team as of July 1st.

All in all we will be hard-pressed to top the news content of this issue in future but we will do our best.

De-mystifying tax-free inv



George Sigaty,
BA, MBA, EPC, CFP

It has now been two and a half years since the introduction of the Tax-Free Savings Account in Canada and many Canadians are still having some difficulty understanding how this flexible investing tool should fit into their financial planning. In this article we will attempt to clarify some misconceptions about TFSA's, and then highlight some appropriate and creative ways to use them.

The naming of these accounts as Tax-Free "Savings" Accounts was a problem from the very start. It conjured up images of low-interest savings in bank accounts. Consequently, many Canadians have simply put their money into such accounts as deposits rather than considering the nature of the investment. In fact, these are investment accounts in which you can hold many kinds of investments and investors need to give them some care and attention.

Secondly, there has been an over-concentration on the use of TFSA's as a sort of short-term savings or cash reserve account. That is only one of

many potential uses and may not be the best use in many circumstances.

Some Rules of Thumb

1. In general, anyone who always maximizes their RRSP contributions and has surplus saving should also invest in a TFSA before any other financial investment which attracts tax.
2. RRSP contributions are generally more beneficial than TFSA Investments if your marginal tax rate in retirement will be lower than your current marginal tax rate.
3. Leaning toward TFSA's may be advisable to avoid the possibility of OAS Claw backs if your retirement income is large, or claw backs of government assistance programs if your retirement income is low.
4. Due to the flexibility to withdraw funds and add back in ensuing years (all without any tax), TFSA's are good for investing for shorter term goals / purchases or if you are uncertain about your medium-term circumstances or plans.

Some Non-Conventional Ideas

When you consider the long-term tax implications of investments you realize that investments in a TFSA which will never attract any tax are

esting.

therefore more tax-efficient than pensions, RRSP withdrawals, interest income, dividend income or even capital gains. That makes them not only suitable for retirement plans but also for avoiding possibly huge tax problems in Estate Plans.

Anyone with large term insurance policies will be facing steadily increasing insurance premiums to keep their policies in force. At some

point the premiums simply become so large that people allow their policies to lapse. This is especially a difficult choice if you have no whole life insurance. By starting early and investing long-term in a TFSA, the resulting build up in the TFSA assets can replace at least part of the insurance that would be allowed to lapse when premiums become too large to endure.

There are potentially many more useful ways to incorporate TFSA's into your financial planning and wealth management. At the Fraser Financial Group we strongly encourage everyone to open a TFSA account.

To ensure their complete flexibility and potential we use only no-load funds and provide these accounts on a fee-free basis to our clients.

Federal Budget Highlights



George Sigaty,
BA, MBA, EPC, CFP

On June 6 the new Majority Government re-introduced the 2011 Federal Budget first tabled on March 22 prior to the election. A summary of some of the more relevant provisions are presented here.

Family Medical and Caregiver Expenses

The budget introduces a tax credit beginning in 2012 of up to \$300 for caregiver expenses, and also waives the \$10,000 limit on claimable

expenses for a financially dependent relative with respect to the Medical Expenses Tax Credit. A related measure will provide more flexibility to beneficiaries of Registered Disability Savings Plans with shortened life expectancy to withdraw RDSP assets without requiring repayment of Canada Disability Savings Grants.

Seniors

Effective July 1, 2011, The Guaranteed Income Supplement (GIS) for low-income seniors with little or no income other than Old Age Security and the GIS will be increased by up to \$600 / year for singles and \$840 / year for couples.

Education Savings Plans

The budget contains a provision to now allow transfers between

individual Registered Education Savings Plans for siblings. The budget also introduced a new Children's Arts Tax Credit of 15 % on the first \$500 per child spent on expenses for (eligible) arts and cultural activities.

Tax Credits

Additional Tax Credits include a new Volunteer Firefighters Tax Credit, amending the Tuition Tax Credit to now recognize examination fees related to professional status, licensing and certification, extension of the existing Mineral Exploration Tax Credit to flow-through share agreements, and a new one-year break on Employment Insurance premiums for Canadian Small Businesses. The ecoEnergy Retrofit Homes Program has also been extended for one more year.

News Clips

ANNOUNCEMENTS



The Fraser Financial Group welcomes Dean Lewis as a new Financial Advisor to its Abbotsford office. Dean joins us from the Bank of Montreal where he has been working as a Financial Planner since 2001, most recently in Chilliwack. Dean will be focusing on life-cycle financial planning and wealth management for families. An avid sportsman and low-handicap golfer, Dean is a member of the Chilliwack Golf and Country Club.

Dawn Fidler has joined our team at the Vernon office as an Assistant to Gary Huston and Brent Barker. She looks forward to advancing her financial education with The Fraser Financial Group and developing personal relationships assisting our clients. Dawn, her husband and their young family live in Armstrong, BC and enjoy everything the Okanagan has to offer: beaches, snow sports, golf, hiking and all things hockey.



Having polished her customer service skills for over ten years, Melissa Lenardon has now joined the FFG team in the Abbotsford office. Melissa provides a cheerful greeting to clients at the reception desk, and is quickly becoming acquainted with the financial planning industry. This proud mother of an adorable 2 year old looks forward to increasing her knowledge and expertise.

When downtown Vernon merchants rolled up their sleeves for the annual Spring Clean-Up and Sparkle Day, May 11, 2011, the Vernon FFG office joined other businesses with their brooms, dustpans, window cleaner and planting tools, to contribute to the cleanup of their downtown. Pictured here is Susan Moller.



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