THE NEWSLETTER OF
MONEY MANAGEMENT AND
FINANCIAL PLANNING IDEAS

Planning Ahead

INDEPENDENT FINANCIAL CONCEPTS GROUP LTD.™
Life. Health. Financial. Relax, we have you covered.

Independent Financial Concepts Group Ltd.

Langstaff Road - Concord Office:
1700 Langstaff Road, Suite 1001
Concord, ON L4K 3S3
Telephone: (905) 202-8430
Fax: (905) 695-0507

Holly Street - Toronto Office:
20 Holly Street, Suite 207
Toronto, ON M4S 3B1
Telephone: (416) 486-3989
Fax: (416) 486-4061

Website: www.ifcg.com

Another year is coming to a close. Such turning points often prompt reflections on the past and resolutions for the future.

Now may be the time to consider your investment personality in more depth – what appeals to you and what you fear – and make changes to your portfolio to better reflect and manage those fears and expectations.

The end of the tax year is also approaching. You may have tax losses that you can use against past or future capital gains.

We are here to help you find the most appropriate investments for your investment personality and to make your portfolio as tax-efficient as possible.

FOCUS ON INSURANCE

Putting your trust in insurance and your insurance in trust

Picture this: You and your partner have a young family. Wanting to protect your children, you've purchased life insurance on both your lives. You are the beneficiary of your spouse's policy, and he or she is the beneficiary of yours.

So… you have all the protection for your children that you need, right? Unfortunately, maybe not. What would happen if you and your spouse died in the same mishap or within a very short time of each other?

Minor beneficiaries

You could name your children as secondary or contingent beneficiaries, but if they were still minors, the policy proceeds couldn't go to them directly. The death benefit would be held by the court or public trustee until your children reached the age of majority, and the money might not be administered as you and your partner would have wanted.

Instead, you might want to name a trust as beneficiary or contingent beneficiary or direct the policy proceeds to the person you have designated in your will to be their guardian in the event of the death of both you and your partner. When your children become adults, you can then name them directly as beneficiaries if you wish.

Covering all the bases

A key part of insurance planning is to protect against as many contingencies as possible. As you can see, it can be complex. Please remember that we are always here to help ensure you have the coverage you need to protect your family and keep them safe even as your circumstances and needs change over time. ■

Trends to watch as we head into 2015

SEGREGATED FUNDS

It's fair to say that 2014 has been quite a year. Here's a look at some of the key investment stories of 2014 and what they might portend for segregated fund investors in 2015.

Reinvigoration in Europe

Now entering its 12th year as an economic collective, prospects for the European Union remain positive. Yes, debt levels are still high in southern Europe, but the black cloud of 2013 seems to be dissipating. Central banks across the continent continue to hold the course on rock-bottom interest rates, employment is up, inflation is low, and overall economic prospects are improving.

Admittedly, Russia's aggression in Ukraine has dampened some of the enthusiasm, but diplomacy, not to mention sanctions, could win the day for the EU.

For many segregated fund investors, a broadly diversified global equity fund will provide sufficient exposure to the European markets. If you are really bullish on the continent, and comfortable with more risk, we could consider funds that invest exclusively in the Eurozone.

BRICS and mortars

Even though the BRICS (Brazil, Russia, India, China, South Africa) account for half the world's population and one-fifth of its global economic output, their investment prospects were somewhat overshadowed this year by other emerging economies. That is, until mid-year.

That's when the BRICS launched their New Development Bank. First tabled back in 2012, the US$100 billion collaboration will almost immediately start funding infrastructure projects in its member nations and beyond. With increased domestic spending, segregated fund investors in the BRICS' economies may look forward to another year of growth potential.

Mid-year is when Brazil hosted the World Cup. The tournament was a huge success, at least for the Beautiful Game's fans and the country's 1 million foreign visitors. Its residual economic impact, however, was somewhat less rosy than predicted. Blame for at least some of this was placed on lost productivity as a result of Brazilians enjoying a day off whenever the national team played. Additionally, many of the 12 host cities gave workers time off to watch local matches. And of course, countless millions without sanctioned holidays no doubt called in sick. The powers-that-be will surely take note of this as the nation prepares to host the 2016 Olympics.

Mid-year was also when Russia's hostilities with Ukraine boiled over onto the international stage. It's possible that the combination of strong-arm global boycott, rising inflation, political and economic uncertainty could send Russia into an all-out recession. On the plus side, as of this writing, tensions appear to be easing and there may be cause for cautious optimism.

While there are a few funds that invest specifically in the BRICS economies, a more broad-based emerging markets fund might be the most well rounded way to capitalize on these economies.

Enter the dragons

Even without the rest of the BRICS, China on its own remains a compelling investment market. Sure, there was lots of hand wringing this year, with particular market noise related to the bubble in Chinese real estate. But the country just keeps on building, and companies with exposure to gold, those in the services, infrastructure, and consumption sectors look robust.

As well, with the average price/earnings ratio for the Shanghai stock market at 10.74[1] (versus 19.16 for the Standard and Poor's 500[2]), Chinese stocks may be more affordable than many of their peers. This bodes well for segregated fund investors with adequate diversification seeking to harness the dragon's firepower without getting singed.

Another noteworthy development this year has been the rise of so-called alternative funds. These hedge-style funds seek to minimize an investment's downside with strategies that can include investing in currencies, futures contracts, and arbitrage plays. There's a whole sub-genre of equity funds that invest in these types of investments. And as you'd expect, some of them are significantly more risky than others.

Opportunities abound

As you can see, there are some exciting trends taking shape for 2015 and investment opportunities for equity fund investors from conservative to aggressive. We would be pleased to review your portfolio in light of ongoing developments in the investment world at large and any changes in your own life. ■

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[1] *china-stock.org, Shanghai Stock Market stat, August 26, 2014*
[2] The Wall Street Journal Data Center (online.wsj.com), August 22, 2014

The MONEY file

TIPS AND TACTICS TO HELP YOU GET AHEAD

ESTATE PLANNING

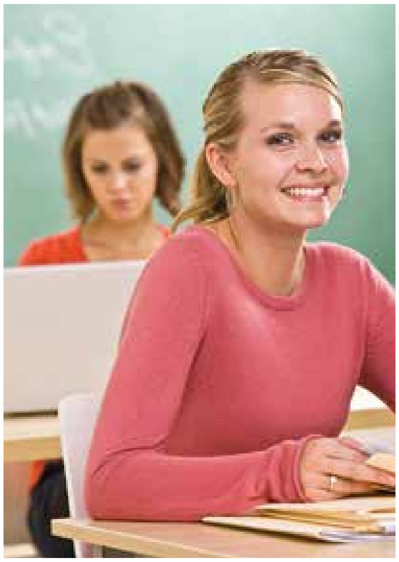
Safeguard your child's education savings

Opening a Registered Education Savings Plan (RESP) can be an effective way to help ensure that funds will be available for your child's post-secondary education. But what if you pass away before your child is able to use them?

You might think that the assets in the RESP would automatically pass to the person for whom the plan is intended (likely your child or grandchild). But that is not the case.

With most types of RESPs, those assets belong to the plan subscriber, not the plan's ultimate beneficiary. So in the event of your death, the proceeds become part of your estate.

Fortunately, we can take steps now to make sure the money does not become de-registered. One solution is to set up your plan so you and your spouse or common-law partner are joint subscribers. If one of you should die, the other can carry on as the plan's sole subscriber.*



To safeguard the plan should you and your spouse die at the same time, make a clear statement about what you wish to happen to the RESP's proceeds and name a successor subscriber in your will.

Talk to us to ensure the money will end up where it belongs: In the hands of your aspiring scholar. ■

* Please note that the concept of joint ownership with right of survivorship does not exist under Quebec Civil Law. If you live in Quebec, your executor would become subscriber or you could name a successor in your will.

TAX PLANNING

Time to assess year-end opportunities for tax-loss selling

As we approach year-end, many investors wonder about the merits of crystallizing their gains or losses for the current tax year. Of course, we would never recommend selling purely for tax purposes. But a strategic approach, with an eye on your overall financial picture, is always warranted.

For example, if you expect your income to take you into a higher bracket over the next few years, now might be a good time to take some of your gains. If you have capital losses carried forward from previous years, they can be used to reduce the tax hit further. Alternatively, you may want to consider triggering a capital loss to offset the gain.

Excess capital losses for 2014 can be carried back and applied against capital gains reported in the past three years or carried forward indefinitely. So if you are hanging on to some investments with a paper loss and you're thinking of selling, now might be the time.

In either case, let's not wait until the last minute. Let's find some time to review your portfolio, assess your capital gains and losses, and decide whether it makes sense to crystallize them this year. ■

EYEOPENER

graphic evidence of how investing works

Is your portfolio ready for the Millennials?

Move over boomers and Gen-Xers: The Millennials are taking their place among the markets' game changers. "Millennials" is the nickname for the population cohort aged 18-34. In the U.S. alone, Millennials are predicted to outnumber the baby boomers (78 million versus 56 million) in just 15 years. And how they spend, live, and invest will affect the markets for generations to come, in the same way railways flourished with the war generation and Wal-Mart soared with the Boomers.

What matters to Millennials	Investment sectors that could be affected
Hyper connectedness	Technology, social media, gadget makers
Working out, fitness	Health food stores, athletic apparel companies
Travel	Airlines, tour operators, resorts and spas
Adventure, excitement	Specialized/exotic tour planners, theme parks
Wellness	Vitamin and supplement producers, health food stores, organics

[1] The Boston Consulting Group, bcg.perspectives, "How Millennials are changing the face of marketing forever," Jan. 15, 2014

Life insurance alone is not enough

Life insurance plays an essential role in helping to protect your family from financial hardship if you should pass away. However, there are other unexpected events that can also pose substantial risks to the well-being of you and your loved ones. Fortunately, for almost every possible risk, there's insurance that's designed specifically to protect against it. Here's what you can do to provide full protection for your family.

Keeping the ability in disability

According to the Canadian Life and Health Insurance Association, 1 in 3 people will be disabled for 90 days or more at least once before turning 65.[1]

Disability doesn't just mean catastrophic trauma that confines you to a wheelchair. It can take many forms and, depending on the kind of work you do, your ability to earn a living could be compromised by even a relatively minor injury. Consider an entrepreneur having to close her yoga studio to recuperate after a car accident or a dentist forced to take time off because of a broken arm.

Disability insurance gives you the ability to provide for your family even though you aren't able to earn an income.

When we assess your need for this type of protection, we look at your lifestyle and cost of living expenses; your financial responsibilities to your children, spouse, or even parents; your debts and how much of a safety net you have in place; and your plans for the future. It's our job to ensure a disability or critical illness won't wipe out your savings and the dreams that go along with it.

Critical protection

Think a critical illness can't happen to you? The statistics suggest otherwise. Heart disease and stroke are the leading cause of hospitalization in Canada.[2] On average, an estimated 524 Canadians each day will be diagnosed with cancer in 2014.[3] And there are more than 41,000 Canadians living with end-stage kidney disease, with another 3,500 waiting for transplants.[4]

Critical illness insurance pays out a lump sum shortly after you are diagnosed with one of the covered ailments. This gives you the ability to decide on your best course of treatment and rehabilitation without fear of financial hardship.

Protection for the long term

Long-term care insurance is a relatively new, extremely welcome addition to our portfolio of insurance options. The cost of in-home care could tally between $35,000 and $65,000 a year depending on how specialized your needs are.[1] If you move out and into a private care home, you could end up paying between $1,000 and $6,700 a month depending on where you live.[1]

With long-term care insurance, costs like these could be covered without depleting your savings or relying on your loved ones for financial support.

To make sure you have all the insurance you need to protect against life's uncertainties, please call us. ■

1 Canadian Life and Health Insurance Association Inc., A guide to disability insurance, November 2012
2 Heart and Stroke Foundation of Canada, "Statistics"
3 Canadian Cancer Society, "Cancer statistics at a glance"
4 Canadian Institute for Health Information, "Organ transplants on the rise," Feb. 25, 2014; figures as of year-end 2012

Growth potential plus protection

You might think that because segregated funds are investments with an insurance-backed guarantee, that they're mostly for retirees. But segregated funds have become a lot more versatile since their early days, making them an attractive option even for younger investors. Here are three key ways that segregated funds can help protect you and your future.

1. Principal guarantee at maturity. Segregated funds safeguard your money with a maturity guarantee. This is your assurance that you'll get back a specific percentage of your investment when the fund matures — no matter what the markets have done during that time.

2. Ability to "reset." Some segregated funds allow you to lock in accrued gains at specific intervals. So over time, as the value of your portfolio changes, we can "reset" the principal guarantees so it keeps pace with the current market value of your holdings. This can offer tremendous peace of mind, particularly for risk-averse investors.

3. Death benefit guarantee. The amount you leave to your beneficiary is fully protected. Your beneficiary will receive 100% of your net deposits or the current market value of your investments, whichever is greater. In other words, even if the policy pays out during a down market, your loved ones will be protected.

Bottom line: If you have a need for life insurance and you also want some protection from market volatility, these flexible investments merit consideration at any life stage. Please contact us to find out how they can help you reach your financial goals and protect your loved ones. ■

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