

# Planning Ahead



## 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](http://www.ifcg.com)

This winter just drawing to a close may well go down in the record books as one of the most extreme – in terms of weather, that is. And while there's not much we can do to protect you from extreme temperatures, you can feel confident that your portfolio is constructed to withstand market extremes.

The investments you hold have been carefully chosen to meet your need for security, income and growth -- regardless of market ups and downs. Regular reviews help us make sure it continues to meet your needs.

You might want to think of our approach as all-weather protection for your financial well-being.



### FOCUS ON INSURANCE

## Making a claim on your critical illness policy

**T**hink you're too young to face a critical illness? You're not. In fact, the risk of stroke for people between ages 20 and 64 has increased 25% over the past two decades.<sup>1</sup>

The good news is that you are much more likely to survive this kind of trauma than you were even 10 years ago.

### Financial support during recovery

Whether you've been diagnosed with a stroke, heart attack, cancer, or any other life-threatening condition, your recovery is likely to be less stressful and maybe even faster if you have critical illness insurance.

Critical illness insurance pays out a single, lump sum after you are diagnosed with one of your policy's covered ailments, which may include different types of cancer, heart attack, stroke, by-pass surgery, blindness, MS, and other serious conditions.

To make a claim, you must first survive

the initial diagnosis. This period varies from policy to policy, but it's usually 30 days.

### No restrictions on use

The money is tax-free (in almost all cases) and there are absolutely no restrictions on how you can spend it. So you could use it to make modifications to your home or vehicle, seek alternative healthcare options, or take the family on an unforgettable vacation.

If you also have disability insurance, we can investigate making a concurrent claim. The two policies are completely independent of each other and you may qualify for benefits under both.

If you don't have critical illness insurance, please contact our office at your earliest convenience. It can provide valuable financial support for you and your family. ■

<sup>1</sup> Institute for Health Metrics and Evaluations, "Global Burden of Diseases, Injury and Risk Factors Study, 2010"

# Global economic engines may help drive your portfolio



**F**or six long years, investors have worried that the crisis in Europe was virtually unfixable. Fears that the Euro itself would be dissolved only added to the malaise. But dramatic improvements in Japan and across much of Europe have combined to make many investors feel more optimistic than ever.

Is it even possible that Europe and Japan, two of the most downtrodden economies of the recent past, are now ripe with potential? Let's take a look at some of the signs and key indicators that may provide some insight into the potential of these regions.

## Economic indicators

The European Union is stabilizing, the economy is growing, and securities in the Eurozone may be underpriced relative to the U.S. and other developed markets. Even the so-called

PIIGS of Europe (Portugal, Italy, Ireland, Greece, and Spain) are showing signs of, if not actually gaining traction, at least no longer holding back the rest of the continent.

In fact, as a group, European equity funds have returned an average 23.1% for 2013,<sup>1</sup> their best showing since 2006.

Meanwhile, in Japan, the new prime minister has had more success kick-starting the economy over the last 12 months than the nation has seen over the past 20 years. Exports are up, consumer spending is up, and infrastructure spending is way up and will continue to grow as the clock ticks toward the 2020 Olympics in Tokyo. The list of improvements is so long and dramatic, the global press has dubbed Prime Minister Abe's policies "Abenomics."

As 2013 drew to a close, the Bank of

Japan's closely watched Tankan survey added even more fuel to the economic fire when it revealed that business sentiment among both small and mid-sized companies was positive for the first time in 22 years.<sup>2</sup> This suggests that Abenomics is not just taking hold among the largest companies, but that optimism and genuine reform are trickling down throughout the economy.

## Confidence indicators

How else do people signal their confidence in an economy? Well, in part, by visiting the region. Here again, we see evidence of real improvements.

International tourism is up across both Europe and Japan. In the first nine months of 2013, Europe saw a 6% jump overall, with a big spike in the UK, where visitorship was up 18%. Even beleaguered Greece welcomed 15% more foreign visitors. Japan notched up an impressive 23% increase.<sup>3</sup> That's a lot of people infusing these economies with cash and economic stimulation.

Even if your plans don't include a vacation in Europe or Japan this year, you can still participate in these economies by investing in them. Yes, there are risks, which is why it's best to invest only as part of a diversified portfolio. For most investors, professionally run, actively managed segregated funds provide an appropriate way to access the potential growth of international markets.

If you'd like to learn more about opportunities in Europe, Japan, or any international market, please speak with us. We can help you review the opportunities and select specific funds based on your objectives, time horizon, and current holdings. ■

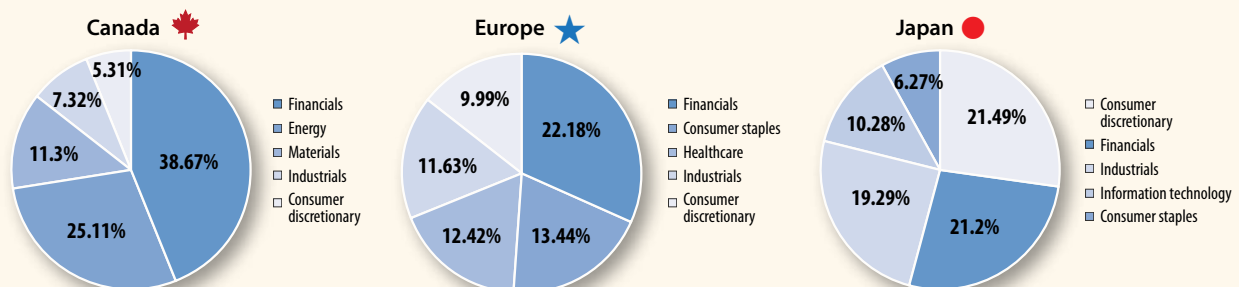
<sup>1</sup> To Dec. 20, 2013. Source: Morningstar.

<sup>2</sup> The Yomiuri Shimbun, The Japan News, Dec. 16, 2013.

<sup>3</sup> UNWTO Tourism Highlights, 2013 Edition.

## Boost diversification

In addition to growth potential, adding international funds to your portfolio can enhance your portfolio's diversification. As you can see from the charts below, Canada's markets are dominated by the financials and energy sectors, while Europe has significant exposure to healthcare and industrials and Japan to information technology.



Source: MSCI Canada Index (gross returns, Canadian dollar), MSCI Europe Index (gross returns, euro), and MSCI Japan Index (gross returns, Japanese yen), November 2013

**ESTATE PLANNING**

## 4 ways we can facilitate a smooth, effective family meeting

According to a recent poll from a major Canadian financial institution, more than half of Canadians are expecting an inheritance.<sup>1</sup> And yet, few of us actually discuss this with our families. In that same survey, 61% of Canadians whose mother or father had died with a will had never spoken to their parents about the terms of those wills.

The fact is, most of us dread talking about estate planning, family finances, and just about everything related to aging, illness, or death. Procrastinate no longer! Let's work together to take charge of having this important dialogue with your aging parents and/or your adult children. Specifically, we can help you in the following areas.

**Establishing parameters**

A good place to start is by determining the specific points you want to discuss. Your will? Ownership of the family cottage or other sentimental assets? Healthcare, long-term care, or end-of-life decision-making?

Beware of overwhelming yourself or your participants by trying to do too much in one sitting. It's possible that two (or more) meetings could be more productive and constructive than one.

**Choosing attendees**

Depending on the specifics of the meeting's agenda, you might want to ask your children and/or parents, siblings, or other beneficiaries to attend. It may also be appropriate to invite people from outside your immediate family — for example, your legal counsel, accountant, caregiver, or power of attorney.

**Facilitating the meeting**

There are a number of ways you might choose to conduct your meeting, such as a workshop or roundtable discussion, rather than as a presentation. You may find it useful to have us act as your facilitator, to guide the discussion and keep things on topic.

With a clear agenda and an impartial third-party facilitator, the meeting may be more productive and less emotional.

**Following up**

After the meeting, we can help you reach out to the attendees to make sure your key points were clearly communicated. If there were any next steps to be carried out (for example, forms to be filled out or documents notarized), we can ensure they are being completed. ■

1 Investors Group, "Trillion Dollar Wealth Transfer — Myth or Reality?" February 2012.

**ESTATE PLANNING**

## Protect your executor with liability insurance

Most of us know that acting as executor for an estate carries a significant burden of responsibility. But what you might not realize is that the executor is personally liable for any errors or omissions that happen while the estate is under the executor's watch.

Given that executors frequently are trusted family members with little or no experience in the role, this opens up the possibility that your executor could be held financially responsible for mistakes or negligence in settling your estate. Likewise, if you have been named as a loved one's executor, that onus could fall on you.

In addition to seeking financial restitution for mistakes and oversights (whether intentional or not), beneficiaries may seek compensation for anything from favouritism, diminishing the value of the estate, conflict of interest, and poor decision-making, to fraud.

One way to protect your estate, your heirs, and your executor from the costly consequences of such errors is with executor insurance. This is an insurance policy that specifically covers the costs of negligence, errors, omissions, and legal fees should your executor need to go to court to defend his or her actions.

Executor insurance can be a small price to pay for peace of mind. Policies are remarkably affordable for the protection and security they offer and they are available for virtually any size of estate.

Please call our office to discuss how this kind of policy might benefit your family. ■



# Win-win-win with this charitable giving strategy

**C**anadians are among the most generous people in the world. According to Statistics Canada, we gave some \$8.5 billion to charities in 2011, and fully 23% of us claimed a charitable tax deduction that year, with a median donation of \$260.<sup>1</sup>

Given our collective philanthropic spirit, it's not surprising that many of us also hope to make charitable giving part of our estate plan, to share our good fortune and to stand as a legacy after we're gone. Enter the Charitable Remainder Trust (CRT). This is a truly flexible, powerful tool that can deliver generous tax benefits today, provide a life-long income for you and your surviving spouse (or other loved one), and still leave a very generous legacy to your alma mater or favourite charity at death.

## How it works

Briefly, a CRT is a trust into which you would usually place an income-producing asset. There is tremendous latitude with respect to the assets that can be used to fund a CRT. They include life insurance, annuities, cash, securities, and even real estate. You then name your school or other registered charity as the trust's irrevocable beneficiary.

You retain control of the asset for as long as you live, which means that you make the decisions about it and you receive all of the income it produces for as long as you live. At death (or after the deaths of you and your spouse or other

designate), the asset and all of its residual value are transferred to your chosen charity.

From a tax perspective, you are considered to have donated the asset at the time the trust is established. You will receive a tax credit that year based on the fair-market value of the asset.

## Why it's so valuable

One of the key benefits of a CRT is that you retain control of its assets. In the case of a family cottage, for example, you might not get an income stream from the donation. But you would enjoy a lifetime's access to property and a sizeable tax credit for donating it. The CRT could also be a way to avoid the prickly subject of who might otherwise inherit the asset and pay the tax bill on its deemed disposition.

Another benefit is that assets assigned to a CRT do not have to pass through probate and so will not leave your estate with any probate or administration fees.

As you would expect, careful planning when establishing the trust will help secure the most benefit now and for your beneficiary down the road.

These types of gifts are much sought after by charities and many organizations have full-time staff to answer your questions and administer your gift. It may even be possible to establish an endowment fund or program that will carry your name forever. We can help you get started. ■

<sup>1</sup> Statistics Canada, *The Daily*, February 13, 2013.

## Could you outlive your income?

We don't hesitate to insure our most important assets — our lives, our homes, our ability to earn a living. But what have you done to protect your retirement lifestyle from the possibility that you will run out of money before you run out of living?

Consider the statistics: If you're a 60-year-old woman, you can expect to live to almost 90. If you're a man that same age, you should plan on celebrating your 87th birthday.<sup>1</sup>

## Safeguard your income

A longer life means more years in retirement. If you are expecting to fund those years with payments from a pension plan, your Registered Retirement Savings Plan (RRSP), and other investments, you can take steps now to safeguard that income. One option to consider is an annuity.

An annuity can help protect the lifestyle you envision: It guarantees you will not outlive your income.

## Flexible options

You can set up an annuity to guarantee your income for as long as you (or you and your spouse) are living. You can purchase it with either registered or non-registered money. And, for even more peace of mind, your payments can be set to increase each year, to counter the effects of inflation.

As you're contemplating the best way to safeguard your retirement lifestyle, know this: We can't help you live long, but we can definitely help you prosper. ■

<sup>1</sup> Canadian Institute of Actuaries, Canadian Pensioners Mortality, July 2013.

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