THE NEWSLETTER OF
MONEY MANAGEMENT AND
FINANCIAL PLANNING IDEAS

Planning Ahead

Mike Antosik
CFP, FMA, FCSI, CIM, CIWM, CFDS
Financial Advisor

FundEX INVESTMENTS INC.

FundEX Investments
800-1730 St. Laurent Blvd.
Ottawa, ON K1G 5L1
Telephone: (613) 860-3863
Cell: (613) 262-3863
Fax: (613) 216-2637
Email: mikeantosik@gmail.com
Website: www.antosik.com

January/February 2015

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?

Give me a call today — when we meet to discuss your RRSP contribution, we can also take stock of these other important aspects of your financial life.

FOCUS ON RETIREMENT

Make the most of your peak earning years

Do you have less than 10 years to go until you leave the "daily grind" behind? Now is the perfect time to capitalize on those peak earning years to make sure you are on track to achieve the retirement lifestyle you want. And it might just be easier than you think.

More income, fewer expenses

As you head into your last decade of work, you are likely to be making more money than ever before. At the same time, many of the expenses you've been carrying for years have diminished or even disappeared.

There's a good chance your home is paid off and your kids are (hopefully) increasingly independent. That means you should now have more disposable income to put aside. The next step is to put those extra dollars to the best use.

Reassess and recalibrate

Start with a reality check: Where are you now and where do you want to be when you retire? By assessing how long you expect to continue working, how much you will earn, and how much you have already saved, we can identify how much further you have to go.

This is also the time to review your tax position, both what it is now and what it will be when you retire, to see whether you might be able to implement income-splitting strategies or benefit from a spousal RRSP.

Call us today for retirement pre-planning strategies that can help you realize your retirement vision. ■

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.

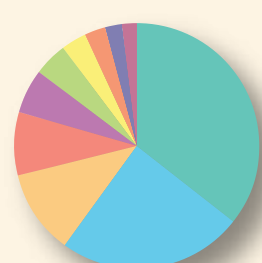
If you'd like to explore India in more detail, give us a call. We can help you select funds that are appropriate for you based on your investment objectives and risk tolerance level. ■

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

The MONEY file

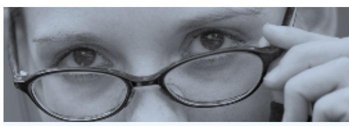
TIPS AND TACTICS TO HELP YOU GET AHEAD

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.

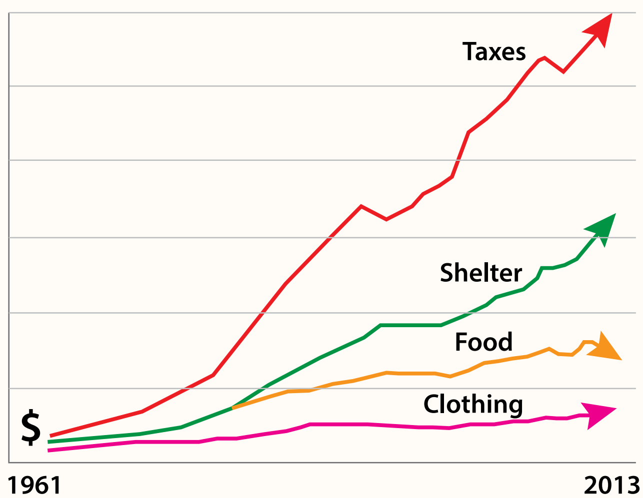
If you're using your TFSA only for cash investments, you may be missing out on valuable tax-free growth potential. With more than $35,000 in contribution room available, there is an opportunity for you to create a diversified portfolio of secure cash and cash equivalents, fixed-income holdings, and growth-oriented 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



[1]Source: The Fraser Institute, August 12, 2014

% of income in 1961	
Tax	34%
Basic necessities	57%

% of income in 2013	
Tax	42%
Basic necessities	36%

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. ■

 ISSN 1205-5840

FundEX INVESTMENTS INC.