Milestone Elements

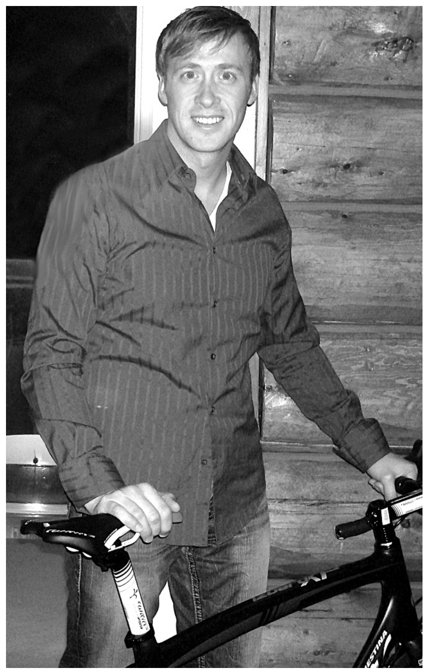
FIRST QUARTER 2013 NEWSLETTER

Branch Manager News

by Steve Booker BComm, CFP, CLU, CIM, FCSI

In our previous Elements Newsletter I had written about the initiatives we had undertaken to refresh the insurance* side of our operations. Primarily, this was to be more proactive in revisiting these policies on an annual basis. Furthermore, if clients had acquired policies through other channels and were no longer in touch with their representatives, they could assign us at Milestone to become their servicing agent.

I can now report back that through these concerted efforts and offering this servicing benefit to our clients that the total value of insurance that we administrate has grown from $120 million to $143 million. More to our objective however, is that our clients have the peace of mind knowing that this coverage is being monitored and revisited systematically to determine its cost effectiveness, and relevance, in their overall financial picture.



Shawn Boos celebrating his 15th Anniversary with Milestone Asset Management.

On the Canaccord front, there is a rebranding occurring this spring on a global scale. Effective May 1st, the new brand "Canaccord Genuity Wealth Management" will be launched and is intended to more accurately communicate the span of the wealth management business to clients and stakeholders while allowing greater ease of sharing resources across the geographic markets Canaccord operates in.

Lastly, on a social note, Shawn Boos in our office recently came upon his fifteen year anniversary with Milestone Asset Management. We value greatly, Shawn's expertise, insight and contribution to both the Milestone operations and with the clients he works with. Also, Shawn turned 40 on March 13th and plans to do a triathlon this spring to celebrate. As a token of our gratitude we hosted a triathlon themed party for him (see inset photo). We wish Shawn all the best in his competitions and look forward to many more years of working along side him.

*Offered through Canaccord Estate Planning Services Ltd.

Will current CPP changes affect you?

Between 2011 and 2016, the federal government is phasing in some important changes to the Canada Pension Plan (CPP). Expect higher payouts if you wait until after you turn 65 to collect; lower payouts if you collect earlier. Here are the details.

INCENTIVE TO DRAW CPP LATER

Over a five-year period that began last year, the early withdrawal penalty increases to 0.6% per month (from 0.5%) and over a three-year period that began in 2011, the late withdrawal benefit increases to 0.7% per month (from 0.5%). This makes it more attractive to delay receiving your first CPP cheque.

CONTRIBUTE LONGER

Under the new rules that started last year, if you start taking CPP before age 65 but continue working, you and your employer must continue to contribute until you reach age 65. After that, you and your employer can choose to continue until you reach age 70. These additional contributions can increase your CPP entitlement, with increased payments starting the year after you make your contributions. These extra contributions will be credited to what's called a Post-Retirement Benefit (PRB). In the past, you stopped making CPP contributions once you began receiving CPP payments or at age 70, whichever was earlier.

CONTINUED ON NEXT PAGE

CONTINUED FROM PREVIOUS PAGE

EASIER TO QUALIFY FOR THE MAXIMUM

Your CPP payments are calculated based on your average earnings during your career. Under the new rules, 16% of your career (up from 15%) can be disregarded to adjust for years of low income. This exemption will increase to 17% in 2014, which will allow up to eight years of low earnings to be dropped. This should mean more Canadians will qualify for the maximum pension amount.

CONTINUE WORKING AND TAKE CPP EARLY

Prior to 2012, people who began taking CPP payments before age 65 had an income cap in the month preceding and the month following the first withdrawal. So, if you wanted to receive payments and continue working, you had to take a two-month "vacation" to qualify for CPP. Under the new rules, employees who began to receive CPP payments in 2012 or later won't face this restriction.

Starting Early: Teaching your children or grandchildren the basics of investing

You don't have to be extraordinarily intelligent or lucky to become wealthy. You don't have to know what the market is going to do next month or next year, and you don't have to be the greatest stock picker. Investors need three things to dramatically increase their chance of becoming wealthy: time, patience, and discipline. All three can be taught at an early age.

> *To most teenagers, forty year olds are 'ancient', and money is simply a means to acquire 'stuff'.*

How many times have you heard someone say "If I had known these things about saving money twenty years ago…"? Unfortunately, when we are in our teens or early twenties, many of us don't really want to hear much about saving or retirement. To most teenagers, forty year olds are 'ancient', and money is simply a means to acquire 'stuff'.

But what if young people were given an early start to understanding their finances? How great of an impact would that have in getting them to start thinking about their financial future?

The key to long term investing is simple mathematics: the longer your money has to grow, the more likely your returns will become exponential. This is why it may take someone thirty years to acquire a million dollars, for example, and then the million doubles in just a few years, then in a few more years, it doubles again. The trick is to get your children interested in this, motivate them to learn, and then keep them disciplined. Here is one way to do it.

Teenagers are interested in things they know. They know about Coca-Cola, Google, The Gap, Disney and Apple. They know these companies' products and brands, and they will often be more interested in learning about these businesses as a result. Work with your children to pick a public company they are familiar with and purchase a few shares in one (or a couple) of these businesses. Then track the stock's performance. This process accomplishes four things. It:

1) Helps them understand the value of saving and builds the discipline necessary to put money aside;

2) Encourages them to understand how businesses operate and, if you're really ambitious, how to understand annual reports;

3) Teaches them how compounding works; and,

4) Develops an understanding of the relationship between stock prices and the value of a business.

In addition to developing an interest in investing, you can also get your teenagers into the routine of putting aside a set amount of money on a regular basis. Once this pattern is set in their minds, they tend to carry on with this disciplined approach.

Taking the time to teach your children the basics of saving and investing early on may be one of the best ways to ensure they start their adult life financially savvy. And in those trying teenage years, teaching them how to 'get rich' may even make you appear a little bit 'cooler' in their eyes.

CANACCORD Wealth Management

milestone ASSET MANAGEMENT