Milestone Elements

FOURTH QUARTER 2012 NEWSLETTER

Branch Manager News

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Seasons Greetings to all of our clients and business partners. We are very excited about the year ahead and internally at Milestone we have been working very diligently on reformatting our financial planning process for 2013. One aspect of this focus is that we have spent a considerable amount of time working on the insurance side of the business.

The coming year will mark twenty years of us placing and servicing life insurance* and disability policies. Often these policies get placed, filed and then quietly slip off the radar. Our desire is to put them back on the radar and on an annual basis, revisit the adequacy or relevancy of these policies with our clients.

In addition to this, we will be extending this service to clients who may have obtained policies through other channels. There are a couple of ways of accomplishing this; one is for the client to provide the policy particulars to us in order to put on to our system. The more comprehensive alternative, however, is to complete an AOR change form (agent of record) which then designates Milestone as your quarterback on the policy. As the quarterback, we are able to then retrieve from the carrier all policy features that are pertinent to the coverage. We can run in-force projections and also assess whether the policy contains any imbedded cost increases (as most term insurance does).

To complement this we also subscribe to a system that anonymously shops out every insurance company by price based on the client age, smoker status and gender. Armed with these tools we then have a strong base to conduct a cost benefit analysis to determine whether a client is receiving the right benefit at the right price for their family.

If this service would be of value to you, please do be sure to mention it to your advisor. On our part, our goal is to roll this service out to our existing insurance clients in the first quarter of 2013.

In this holiday season we would like to extend our thanks to our clients and partners for all their support. We wish all of you a great finish to 2012 and an exciting and prosperous 2013.

*Offered through Canaccord Estate Planning Services Ltd.

TFSA: Your Tax-Saving Opportunity

Canadian residents aged 18 or older will gain an additional $5,500 in contribution room for their Tax-Free Savings Account (TFSA) as of January 1, 2013. That money will grow tax-free as long as it stays in the account, and it can be withdrawn tax-free at any time. Withdrawn amounts can be re-contributed in following calendar years, making TFSAs ideal for short-term, medium-term and long-term savings.

Here's a quick reminder of other key TFSA details:

- Contribution room is added every year and indexed to inflation on a cumulative basis, so anything you don't use is automatically carried forward.
- While you don't get a tax deduction for contributing, any investment income (whether interest, dividends or capital gains) is not taxed.
- You can hold a range of investments inside a TFSA, including cash, mutual funds, stocks, bonds, GICs and certain small business corporation shares.

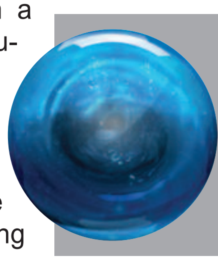
- You can contribute securities you already hold in nonregistered accounts "in kind" – though you will have to pay tax as if you had sold these investments at their fair market value at the time of the contribution, and you cannot claim a capital loss for a TFSA contribution.

- You can give your spouse or common-law partner money to contribute to a TFSA without the earnings on that amount being attributed back to you.

- Withdrawals don't affect federal income-tested benefits and credits such as Old Age Security, the Guaranteed Income Supplement, Employment Insurance, the Canada Child Tax Benefit, the Working Income Tax Benefit, the GST/HST credit or the age amount.

- TFSA assets can be transferred directly to your spouse's or common-law partner's TFSA upon death without affecting his or her contribution room; other beneficiaries generally also receive TFSA bequests tax-free and can contribute this money to their own TFSA if they have available contribution room.

A TFSA can be a valuable part of your overall financial strategy. If you already have a TFSA, contact us to discuss the investments that may be appropriate for your specific time horizon and risk tolerance. If you haven't opened one yet, consider taking advantage of this excellent tax-saving opportunity.



Where There's a Will, There's a Way

A clear, up-to-date, signed will is the best way to make sure your assets go to the beneficiaries you choose. It also opens the door to a range of estate planning strategies that can reduce taxes, enabling you to leave more to your loved ones.

Yet, despite these benefits, 56% of Canadian adults do not have a signed will, according to a recent survey If you're part of that majority, take a few minutes this holiday season to schedule an appointment with a lawyer so you can put this important document in place.

Similarly, if you have a will but haven't updated it in several years, this is a great time to review it to make sure it still reflects your wishes. Keep in mind that if you die "intestate" (without a will), provincial legislation will determine who gets what, and your beneficiaries may incur delays and additional legal costs while everything gets sorted out. A few hours and a modest cost today can clarify your intentions and give you and your family peace of mind.

Planning to Take Advantage of Tax-loss Selling?

If you are considering realizing capital losses to offset capital gains, the trade must settle before the end of the year in order for you to claim the loss on your 2012 Canadian tax return. Here are this year's deadlines:

- For shares traded on Canadian exchanges: the last day for tax-loss selling is Monday, December 24, 2012.

- For shares traded on U.S. exchanges: the last day for tax-loss selling is Wednesday, December 26, 2012.

Keep in mind that under Canadian tax law capital losses must first be applied against capital gains in the current year. Any excess losses can be applied against capital gains made in the previous three years or carried forward and applied against capital gains made in future years.

Also, you and your spouse or common law partner must wait at least 30 days before repurchasing a stock or it will be considered a "superficial loss" and the Canada Revenue Agency will deny you the benefits of the transaction.

Because tax laws can be complex, talk to us before implementing tax-loss selling strategies. Working together, we can determine the best approach for your situation.

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